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December 21, 2017

Reference: 00014229/000001

To the Parties Listed on Schedule "A"

Dear Sirs/Mesdames:

Re: Change of Law Protection Agreement

We have acted as counsel for Her Majesty the Queen in the right of Ontario (the "Crown") in connection with the Change of Law Protection Agreement dated as of December 21, 2017 (the "Agreement") among the Crown, Computershare Trust Company as Trustee of Fair Hydro Trust, Ontario Power Generation Inc. as Financial Services Manager and as Manager of Fair Hydro Trust, and BNY Trust Company of Canada as Indenture Trustee.

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.

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 Crown, to the Agreement has all requisite corporate power and capacity to execute and deliver the Agreement and to perform its obligations thereunder, and has taken all necessary corporate action to authorize the execution and delivery of each of the Agreement and the performance of its obligations thereunder;
- (d) that Fair Hydro Trust is a "financing entity" as defined in subsection 1(1) of the *Ontario Fair Hydro Plan Act*, 2017 S.O. 2017 c. 16, Sched 1 (the "Act"), in respect of which we express no opinion;

- (e) that each of the parties, other than the Crown, to the Agreement has duly executed and delivered the Agreement; and
- (f) that the Agreement is a legal, valid and binding obligation of each of the parties thereto, other than the Crown, enforceable against each such party by each other party thereto, in accordance with its terms.

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 Crown has all necessary power and capacity to execute and deliver the Agreement and to perform its obligations thereunder.
2. All necessary action has been taken by the Crown, including, without limiting the foregoing, under the Act and the *Financial Administration Act* R.S.O. 1990 c. F.12, to authorize the execution and delivery of the Agreement by the Crown and the performance by the Crown of its obligations thereunder.
3. The Agreement has been duly executed and delivered on behalf of the Crown.
4. The Agreement constitutes a legal, valid and binding obligation of the Crown enforceable against the Crown in accordance with its terms.
5. The execution and delivery by the Crown of the Agreement does not, and the performance of its obligations thereunder would not, violate or result in a breach of any statute or regulation of the Province or of Canada that is applicable to the Crown as of the date hereof.
6. The execution and delivery by the Crown of the Agreement and the performance of its obligations thereunder do not require the Crown to obtain any consent, order, authorization or approval of any court, tribunal, governmental authority or regulatory body in the Province, or to make any filing or provide any notice, under the laws of the Province or the federal laws of Canada applicable in the Province as of the date hereof other than such consents, orders, authorizations and approvals as have been obtained and are in full force and effect.
7. The Act has been passed by the Ontario Legislative Assembly and all of its sections have been proclaimed into force.

8. The Lieutenant Governor in Council has by order in council adopted Ontario Regulation 206/17 (as amended by Ontario Regulations 415/17 and 446/17) and the steps prescribed by the *Legislation Act, 2006* have been taken to bring this regulation into force.

Assumptions, Limitations and Qualifications

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

- (a) the enforceability of the Agreement may be limited by any applicable bankruptcy, insolvency, winding-up, reorganization, arrangement, moratorium or other similar laws affecting creditors' rights generally;
- (b) the enforceability of the Agreement may be limited by general principles of equity and the obligation to act in a reasonable manner;
- (c) a court may not grant an injunction or make an order for specific performance against the Crown but may in lieu thereof make an order declaratory of the rights of the parties;
- (d) no execution or attachment or process in the nature thereof may be issued out of any court against the Crown in respect of the Crown's obligations under the Agreement;
- (e) a court shall not make an order for the recovery or delivery of real or personal property against the Crown but may in lieu thereof make an order declaring that the claimant is entitled as against the Crown to the property claimed or to the possession thereof;
- (f) the enforcement of the Agreement is subject to the discretion of a court of competent jurisdiction to impose restrictions on the rights of creditors to enforce immediate payment of amounts stated to be payable on demand;
- (g) the enforceability of the Agreement will be subject to the limitations contained in the *Limitations Act, 2002* (Ontario);
- (h) the opinion in paragraph 4 is qualified by reference to section 11.3(2) of the *Financial Administration Act* (Ontario), which provides, in effect, that it is a term of every contract providing for the payment of money by the Crown that payment by the Crown of moneys that come due under the contract shall be subject to an appropriation for each such payment;
- (i) the opinion in paragraph 4 is qualified by reference to section 43 of the *Financial Administration Act* (Ontario), which provides, in effect, that where in the opinion of the Minister of Finance, a person is indebted to the Province or any agency of the Province, the Minister of Finance has the discretion to retain by way of deduction or set-off, out of the money that is due and payable by the Province to the person, such sum as such Minister considers fit in the circumstances to be applied against the indebtedness of the person;

- (j) the opinion in paragraph 4 is qualified by the ability of the Legislature to abrogate the Crown's contractual obligations by statute;
- (k) no opinion is expressed as to the validity of the Act or the regulations referred to in paragraph 8;
- (l) at least sixty days' notice containing sufficient particulars to identify the occasion out of which the claim arose must be given to the Crown in order to commence an action against it;
- (m) a court may not treat as conclusive those certificates and determinations that the Agreement states are to be so treated;
- (n) no opinion is expressed regarding the enforceability of section 1.08 of the Agreement (Severability);
- (o) no opinion is expressed regarding the enforceability of any provision in the Agreement to the effect that modifications, amendments or waivers of or with respect to the Agreement that are not in writing will be ineffective;
- (p) any requirement that interest (as defined in the *Criminal Code* (Canada)) be paid at a rate in excess of 60% per annum may contravene section 347 of the *Criminal Code* (Canada) and may not be enforceable;
- (q) no opinion is expressed with respect to the effectiveness of any covenant not to institute bankruptcy or insolvency proceedings against another person;
- (r) under the *Courts of Justice Act* (Ontario), interest after judgment may be limited to a rate which is less than a rate specified in the Agreement; and
- (s) no opinion is expressed as to the existence or enforceability of any of the "Obligations Secured" as defined for the purposes of the Agreement.

This opinion is provided solely for the benefit of each addressee of this opinion and its successors and permitted assigns.

This opinion may not be relied upon by or disclosed to anyone else or used for any other purpose, without our prior written consent.

Yours very truly

BLAKE, CASSELS & GRAYDON LLP



SCHEDULE "A"

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