TORYS LLP

79 Wellington St. W., 30th Floor
Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada
P. 416.865.0040 | F. 416.865.7380
www.torys.com

December 21, 2017

To the Parties Listed on Schedule "A"

Dear Sirs/Mesdames:

Re: Fair Hydro Trust – Issuance of the Warehouse Notes

We have acted as counsel to Ontario Power Generation Inc., in its own capacity ("**OPG**") and in its capacity as Manager (the "**Manager**") and as Financial Services Manager (the "FSM") under *the Ontario Fair Hydro Plan Act, 2017* (the "**OFHPA**") to the Fair Hydro Trust (the "**Trust**") in connection with (each dated as of December 21, 2017 unless expressly stated otherwise):

(a) a declaration of trust dated December 20, 2017 (the "**Declaration of Trust**") by Computershare Trust Company of Canada ("**Computershare**" or "**Issuer Trustee**"), as issuer trustee of the Trust, establishing the Trust;

(b) a management agreement dated December 20, 2017 (the "**Management Agreement**") between the Issuer Trustee and the Manager;

(c) a master transfer and servicing agreement between the Trust and the Independent Electricity System Operator ("**IESO**");

(d) an indemnity agreement in favour of the Indenture Trustee by the Manager (the "**Manager Indemnity**");

(e) a master trust indenture (the "**Master Trust Indenture**") between the Trust, as issuer, and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**");

(f) a warehouse supplemental indenture to the Master Trust Indenture between, among others, the Trust and the Indenture Trustee providing for the issuance of the Floating Rate Variable Funding Senior Notes, Series 2017-1 (the "**Senior Notes**");

(g) definitive forms of Senior Notes of the Trust in the principal amounts of \$325,000,000, \$325,000,000 and \$150,000,000 registered in the names of Canadian Imperial Bank of Commerce, Royal Bank of Canada and Goldman Sachs Bank USA, respectively (the "**Senior Note Certificates**");

(h) a warehouse supplemental indenture to the Master Trust Indenture between the Trust and the Indenture Trustee providing for the issuance of the Floating Rate Variable Funding Subordinated Notes, Series 2017-1 (the "**Subordinated Notes**");

(i) a definitive form of Subordinated Note of the Trust in the aggregate principal amount of $611,764,705.88 registered in the name of OPG (the "**Subordinated Note Certificate**");

(j) a warehouse supplemental indenture to the Master Trust Indenture between the Trust and the Indenture Trustee providing for the issuance of the Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1 (the "**Junior Subordinated Notes**");

(k) a definitive form of Junior Subordinated Note of the Trust in the aggregate principal amount of $156,862,745.10 registered in the name of OPG (the "**Junior Subordinated Note Certificate**" together with the Senior Note Certificates and the Subordinated Note Certificate, collectively, the "**Warehouse Note Certificates**"); and

(l) a change of law protection agreement between Her Majesty the Crown as represented by the Minister of Energy and the Minister of Finance, the Trust, the Manager and the Indenture Trustee (the "**Change of Law Protection Agreement**"),

(collectively, the "**Documents**").

All capitalized terms used but not otherwise defined herein have the meanings ascribed thereto in the Master Trust Indenture or the OFHPA and the related regulations, as applicable.

We have examined executed copies of the Documents. We have also examined such statutes and regulations, public records, corporate records, certificates of government officials, and such other similar documents, and have made such further investigations and searches and considered such questions of law as we have considered relevant and necessary as a basis for the opinions hereinafter expressed, including the following:

(a) an opinion support certificate from OPG dated the date hereof, a copy of which has been delivered to you;

(b) an opinion support certificate for the Trust from the Manager dated the date hereof, a copy of which has been delivered to you;

(c) an opinion support certificate from the Issuer Trustee dated the date hereof, a copy of which has been delivered to you;

(d) an opinion support certificate for the Trust from the Issuer Trustee dated the date hereof, a copy of which has been delivered to you;

(e) a certificate of status for OPG dated December 18, 2017 issued by the Ontario Ministry of Government Services, a copy of which has been delivered to you (the "**Certificate of Status**"); and

(f) a certificate of confirmation issued by the Office of Superintendent of Financial Institutions (Canada) dated December 18, 2017 (the "**Certificate of**

Confirmation") and certificate as to registration (Ontario) with respect to the Issuer Trustee dated December 20, 2017 (the "**Certificate of Registration**"); and

(g) an executed copy of the Acknowledgment and Indemnity dated December 21, 2017 from IESO in favour of the Indenture Trustee.

Where any reference is made in this opinion to an act to be performed by or for or on behalf of or a right or obligation of the Trust, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by or a right or obligation of the Issuer Trustee for and on behalf and in its capacity as trustee of the Trust and, where any reference is made in this opinion to an act to be performed by or for or on behalf of or a right or obligation of the Issuer Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by or for or on behalf of or a right or obligation of the Issuer Trustee in its capacity as trustee of the Trust.

For the purpose of our opinions which are expressed to be given based on our knowledge, our knowledge means our actual knowledge of facts or other information by those lawyers in our firm who were involved in representing OPG, the Manager, the FSM and the Trust in the transactions contemplated by the Documents.

Assumptions

For the purposes of the opinions contained herein, we have assumed the following:

(a) the genuineness of all signatures, the legal capacity of all individuals, the authenticity of all documents submitted to us as originals and the conformity to originals of all documents submitted to us as certified or photostatic copies or facsimiles thereof;

(b) each of the parties to each of the Documents (other than OPG, the Manager, the Trust and Computershare) is existing under the laws of its jurisdiction of incorporation or formation, has the corporate or other power and capacity to enter into, and to perform its obligations under, each Document to which it is a party, has duly authorized, executed and delivered each Document to which it is a party, has satisfied those legal requirements that are applicable to it to the extent necessary to make the Document enforceable against it, and has complied with all legal requirements pertaining to its status as such status relates to its rights to enforce the Document against the other parties thereto;

(c) each of the Documents is a legal, valid and binding obligation of the parties thereto (other than OPG, the Manager, the Trust and Computershare), enforceable against each of those parties in accordance with its terms;

(d) that the parties to the Master Trust Indenture have not agreed orally or in any written agreement to postpone the time for attachment of the security interests created by the Master Trust Indenture;

(e) that none of the Collateral constitutes consumer goods (as defined in the *Personal Property Security Act* (Ontario) (the "**PPSA**");

(f) each of the Certificate of Status, the Certificate of Confirmation and the Certificate of Registration continues to be accurate on the date of this opinion as if issued on that date; and

(g) the accuracy, currency and completeness of the indices and filing systems maintained at the public offices and registries where we have searched or made enquiries or have caused searches or enquiries to be made and the information and advice provided to us by appropriate government, regulatory or other like officials with respect to those matters referred to herein.

The opinions expressed in this letter are limited to the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Opinions

Based upon and subject to the foregoing, and to the qualifications expressed below, we are of the opinion that:

1. Relying solely on the Certificate of Confirmation and Certificate of Registration, Computershare is a trust company existing under the laws of Canada and is licensed under such laws to carry on the business of a trust company as defined in the *Trust and Loan Companies Act* (Canada).

2. Computershare has the requisite corporate power and capacity to execute and deliver the Documents to which it is a party and to perform its obligations as provided for in the Documents.

3. Relying solely on the Certificate of Confirmation and Certificate of Registration, Computershare is duly qualified as a trust company to carry on business in Ontario.

4. Computershare has taken all necessary corporate action to authorize the execution and delivery of each of the Documents to which Computershare is a party and the performance of Computershare's obligations under the Documents to which it is a party.

5. The Documents to which Computershare is a party have been duly executed and delivered by Computershare.

6. The execution and delivery by Computershare of the Documents to which it is a party, and the performance of Computershare's obligations under such documents to which it is a party, do not violate, result in a breach of, or constitute a default under (i) its letters patent or bylaws, or (ii) any statute or regulation applicable to Computershare in the Province of Ontario or under the federal laws of Canada applicable therein to which Computershare is subject.

7. OPG is a corporation incorporated under the *Business Corporations Act* (Ontario).

8. OPG has all necessary corporate power and authority to enter into the Management Agreement and to perform its obligations thereunder.

9. The execution and delivery by OPG of the Management Agreement and the performance by OPG of its obligations thereunder, do not and will not contravene, breach or result in any default under any provision of (i) its articles or by-laws; or (ii) any statute, law or regulation of the Province of Ontario or of Canada applicable therein to which OPG is subject.

10. The execution and delivery by OPG of the Management Agreement, and the performance by OPG of its obligations thereunder, have been duly authorized by all necessary corporate action on the part of OPG and the Management Agreement has been duly executed and delivered by OPG.

11. The Trust has been constituted as a trust and is existing under the laws of the Province of Ontario. Pursuant to the Declaration of Trust, the Issuer Trustee has the power and capacity to execute and deliver, and to perform the obligations of the Trust under, those Documents to which the Trust is a party.

12. Pursuant to the Declaration of Trust, the Issuer Trustee, as trustee of the Trust, has the power and capacity to own the assets and conduct the business of the Trust.

13. The Management Agreement constitutes a legal, valid and binding obligation of the Issuer Trustee, as trustee of the Trust, and OPG, enforceable against each of them in accordance with its terms.

14. The Change of Law Protection Agreement constitutes a legal, valid and binding obligation of the Manager, enforceable against it in accordance with its terms.

15. The Manager Indemnity constitutes a legal, valid and binding obligation of the Manager, enforceable against it in accordance with its terms.

16. The execution and delivery by the Issuer Trustee or the Manager on behalf of the Issuer Trustee of the Documents to which the Trust is a party, and the performance by the Trust of its obligations thereunder do not and will not contravene, breach or result in any default under any provision of (i) the Declaration of Trust; or (ii) any statute, law or regulation of the Province of Ontario or of Canada applicable therein to which the Trust is subject.

17. No authorization, consent or approval, or other notice, order or action of, or registration, recording or filing with any court, administrative agency or other governmental or regulatory body or authority is required for the execution and delivery by the Trust of those Documents to which it is a party and the performance by it of its obligations thereunder or the consummation by it of any of the transactions contemplated thereby except such as have been obtained or completed, as the case may be.

18. The Manager is authorized by the Management Agreement to execute and deliver on behalf of the Issuer Trustee the Documents to which the Trust is a party that have been executed by the Manger in such capacity and all action required by the terms and provisions of the Management Agreement and the other Documents to authorize the execution and delivery of such Documents by the Manager on behalf of the Issuer Trustee has been taken. Such Documents have been duly executed and delivered on behalf of the Trust by the Manager.

19. Each of the Documents (other than the Warehouse Note Certificates) to which the Trust is a party constitutes a legal, valid and binding obligation of the Trust, enforceable against the Trust in accordance with its terms. Each of the Warehouse Note Certificates, when duly certified by the Indenture Trustee in accordance with the terms of the Master Trust Indenture, and delivered for value, will be legal, valid and binding obligations of the Trust, enforceable against the Trust in accordance with their terms.

20. The Master Trust Indenture creates a valid security interest in favour of the Indenture Trustee in the Collateral in which the Trust now has rights, and is sufficient to create a valid security interest in favour of the Indenture Trustee in any Collateral in which the Trust hereafter acquires any rights when any such rights are acquired by the Trust.

21. Registration has been made in all public offices provided for under the laws of Ontario or the federal laws of Canada applicable therein where such registration is necessary to perfect the security interests created by the Master Trust Indenture in favour of the Indenture Trustee. We registered a financing statement naming the Trust as debtor on behalf of the Indenture Trustee under the PPSA on December 18, 2017 as registration no. 735003099, reference file no. 20171218083418622055, for an unlimited period. Except as provided in Schedule B hereto, no further renewal or amendment of such registration is required in the Province of Ontario. No further or subsequent filings, recordings or registrations in the Province of Ontario or the federal laws of Canada applicable therein are necessary in order to preserve or perfect the security interest in the Collateral created by the Master Trust Indenture.

22. Each of the Warehouse Note Certificates delivered by the Trust for certification are in the form contemplated by the Master Trust Indenture.

23. All conditions precedent contained in the Master Trust Indenture for the issuance of each of the Senior Notes, the Subordinated Notes and the Junior Subordinated Notes have been complied with.

24. To our knowledge, there are no actions, suits or proceedings at law or in equity by or before any Governmental Authority of the Province of Ontario now pending or threatened against or affecting OPG or the Trust or any business, property or rights of OPG or the Trust that, if determined adversely, would prohibit the execution, delivery and performance of the Documents or the transactions contemplated thereunder.

25. The Trust is not a non-resident of Canada within the meaning of the Tax Act.

Qualifications

The foregoing opinions are subject to the following qualifications:

(a) applicable bankruptcy, insolvency, moratorium, reorganization, arrangement, fraudulent preference and conveyance, assignment and preference and other similar laws of general application affecting the enforceability of creditors' rights generally;

(b) general equitable principles, including the fact that equitable remedies such as specific performance and injunctions are in the discretion of a court and may not be awarded where damages are considered an adequate remedy;

(c) indemnification provisions set out in any of the Documents may be unenforceable to the extent that a court decides that any payment required thereunder would derogate from the court's discretion in respect of indemnified amounts, or would be inconsistent with the court's determination by whom and to what extent indemnified amounts shall be paid;

(d) we express no opinion as to the enforceability of any provision of any Document which requires a party to pay, or to indemnify another party for, the costs and expenses of that other party in connection with judicial proceedings, since those provisions may derogate from a court's discretion to determine by whom and to what extent those costs should be paid;

(e) we express no opinion as to the enforceability, in any particular circumstances, of any provision in any of the Documents which provides for the severability of illegal or unenforceable provisions;

(f) no opinion is expressed regarding the existence of, or the right, title or interest of the Trust to, any property which forms part of the Collateral, nor the ranking or priority of the Trust's interest in the Collateral;

(g) the records or a certificate, determination, notification or opinion of a party to the Documents as to any matter provided for in the Documents 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;

(h) 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;

(i) the right of the parties to the Documents to exercise any unilateral and unfettered discretion set forth therein will not prevent an Ontario court from requiring such discretion to be exercised reasonably and in good faith;

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

(k) no opinion is expressed as to the security interest constituted by the Master Trust Indenture with respect to any Collateral (including proceeds of any such Collateral) that is not identifiable or traceable;

(l) 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;

(m) any requirement in any of the Documents that interest be paid at a higher rate after than before default may not be enforceable;

(n) the Indenture Trustee and the Specified Creditors may be required to give the Trust a reasonable time to repay following a demand for payment prior to taking any action to enforce its right of repayment or before exercising any of the rights and remedies expressed to be exercisable by the Indenture Trustee and the Specified Creditors in the Master Trust Indenture;

(o) we have taken no steps to provide the notices or to obtain the acknowledgement prescribed in Part VII of the *Financial Administration Act* (Canada) relating to the assignment of federal Crown debts or similar provisions of provincial legislation. An assignment of federal Crown debts which does not comply with that Act is ineffective as between the assignor and the assignee and as against the Crown. Consequently, the Indenture Trustee (on behalf of the Specified Creditors) would not have a valid security interest in federal Crown debts unless that Act is complied with;

(p) enforceability of the Documents will be subject to the limitations contained in the *Limitations Act*, 2002, and we express no opinion as to whether a court may find any provision of the Documents to be unenforceable as an attempt to vary or exclude a limitation period under that Act;

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

(r) the PPSA imposes certain obligations on secured creditors which cannot be varied by contract; the PPSA may also affect the enforcement of certain rights and remedies contained in the Master Trust Indenture to the extent that those rights and remedies are inconsistent with or contrary to the PPSA including, without limitation, sections 16, 17 and 39 and Part V of the PPSA;

(s) notwithstanding that, subject to attachment, registration under the PPSA will generally perfect a security interest in all forms of personal property to the extent that the PPSA applies to such personal property, perfection by possession or control of certain types of personal property may provide additional rights to the Indenture Trustee;

(t) no opinion is expressed regarding the creation, validity, enforceability or perfection of any security interest or other interest in, or the enforceability of any Document insofar as it relates to, any of the following property or any interest therein:

  (i) any real property, fixtures, crops or mineral claims;

  (ii) any policy of insurance or contract of annuity;

  (iii) any permits, quotas, licences or other similar property which is not personal property other than the Issuer Investment Interest;

  (iv) any contractual rights (other than an account or chattel paper subject to section 40(4) of the PPSA), which by its terms or by the nature of the contract, or any permits, quotas, licences or other similar property, which by its terms, its nature or by the nature of the business of the Trust, cannot be the subject of a security interest or other interest, without the consent, authorization or approval of a third person; and

  (v) any debt owing to the Trust by the Crown in right of Canada or any agent thereof;

(u) no opinion is expressed as to the enforceability of any provision of the Documents:

  (i) which purports to waive all defences which might be available to, or constitute a discharge of the liability of, OPG or the Trust;

  (ii) which purports to exculpate a party from a liability or a duty otherwise owned by it to another person;

  (iii) which purports to release, exculpate or exempt a party, its agents or any receiver, manager or receiver-manager appointed by it from, or require indemnification of a party, its agents or any receiver, manager or receiver-manager appointed by it for, liability for its own action or inaction, to the extent the action or inaction involves gross negligence, recklessness, willful misconduct, unlawful conduct or fraud;

(iv) which states that amendments or waivers of or with respect to the Documents that are not in writing will not be effective; or

(v) which purports to prevent any party from initiating or participating in any bankruptcy case or other insolvency or similar proceeding.

(v) no opinion is expressed as to any licences, permits or approvals that may be required in connection with the enforcement of the Master Trust Indenture by the Indenture Trustee or by a person on its behalf, whether such enforcement involves the operation of the business of the Trust or a sale, transfer or disposition of their respective property and assets;

(w) no opinion is expressed as to the effect on the opinions expressed herein of the compliance or non-compliance of the Indenture Trustee, the Specified Creditors or any party (other than OPG and the Trust) to the Documents with any provincial, federal or other laws or regulations applicable to them;

(x) an assignment of an account or chattel paper will not be binding on the obligor to the extent that such account or chattel paper is paid or otherwise discharged before notice of the assignment is given to the obligor;

(y) a receiver or receiver and manager appointed pursuant to the provisions of any Document may, for certain purposes, be treated by a court as being the agent of the Indenture Trustee and not solely the agent of the Trust (and the Indenture Trustee may be deemed not to be acting as the agent and attorney of the Trust in making such appointment), notwithstanding any agreement to the contrary; and

(z) no opinion is expressed regarding the perfection of a security interest in any real or personal property referred to in the Master Trust Indenture that is not subject to the PPSA.

This opinion is given to the addressees hereof in connection with the transactions contemplated by the Documents and is not to be relied upon for any other purposes or by any other party, nor is it to be quoted from or made public in any way, without our prior written consent.

Yours very truly,

TORYS LLP

SCHEDULE A

LIST OF ADDRESSEES

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.
700 University Avenue
Toronto, Ontario M5G 1X6

Administrative Agent, Funding Agent and Group Bank
Royal Bank of Canada
200 Bay Street, Royal Bank Plaza, North Tower, 2nd Floor
Toronto, Ontario M5J 2W7

Her Majesty the Queen in right of Ontario, as represented by the Minister of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7

Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy
Hearst Block 4th Floor
900 Bay St, Toronto, Ontario M7A 2E1

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

CP Conduit Purchaser
Lakeshore Trust
200 Bay Street, Royal Bank Plaza, North Tower, 2nd Floor
Toronto, Ontario M5J 2W7

CP Conduit Purchaser
SOUND Trust
161 Bay Street, Brookfield Place, 5th Floor
Toronto, ON M5J 2S8

CP Conduit Purchaser
SURE Trust
161 Bay Street, Brookfield Place, 5th Floor
Toronto, Ontario M5J 2S8

Funding Agent and Group Bank
Canadian Imperial Bank of Commerce
161 Bay Street, Brookfield Place, 5th Floor
Toronto, Ontario M5J 2S8

Non-Conduit Purchaser
Goldman Sachs Bank USA
200 West Street
New York, NY 10282
Fax No.: 646-769-5285

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

SCHEDULE B

MAINTAINING PERFECTION OF SECURITY INTERESTS

The following actions are required in order to maintain perfection of the security interests created by the Documents:

(a) Any change in the name of a debtor and any transfer by a debtor of any or all of the Collateral will require the filing of a financing change statement under the PPSA:

 (i) within 15 days of the secured party consenting to the transfer of Collateral, or

 (ii) within 30 days of the secured party learning of the transfer of Collateral or change of name, as the case may be, and the information necessary to register the financing change statement.

 We assume no responsibility for making this type of registration nor for notifying you if circumstances arise which necessitate this type of registration.

(b) Additional registrations may be required in other jurisdictions if any of the Collateral is removed from Ontario or if the debtor moves its chief executive office from Ontario.