Ontario Power Generation

AUDIT and RISK COMMITTEE

OPG Confidential Exclusive

Minutes of meeting of the Audit and Risk Committee held in the OPG Boardroom of the Head Office of the Company at 700 University Avenue, Toronto, Ontario, on November 7, 2017 at 9:02 a.m.

Present	
George Lewis	Committee Chair
Elisabeth DeMarco	Member *(via telephone)*
Ani Hotoyan-Joly	Member
Wendy Kei	Member
Yezdi Pavri	Member
Gerry Phillips	Member

being a quorum of the Committee, and

Bernard Lord	Board Chair
Jeff Lyash	Director and President and CEO
Catriona King	Vice President, Corporate Secretary

[redacted]

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[redacted]

a) *Results*

[redacted]

Mr. Mauti reviewed key disclosures in the Q3 Report including [redacted] the Fair Hydro Plan [redacted]

The Committee asked a number of questions on topics which included the public debt issuance, the Fair Hydro Plan [redacted] to all of which Mr. Hartwick and Mr. Mauti responded [redacted]

[redacted]

b) *Report from Ernst & Young on Review of the Third Quarter 2017 Financial Statements*

Mr. Scullion, Ms. Fabin and Ms. Brittany Keenan of Ernst & Young (E&Y) presented the report on its review of OPG's third quarter 2017 financial statements and indicated that E&Y is comfortable with the disclosures related to three areas of focus Redacted - Commercially Sensitive, the Fair Hydro Plan Redacted - Commercially Sensitive Additionally, there were no significant issues, errors or accounting issues to report. In response to E&Y's standard inquiry, the Committee confirmed there were no whistle blower claims or fraud claims to be brought to E&Y's attention.

The Committee asked a number of questions to which Mr. Hartwick and Mr. Mauti responded.

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

13. Pre-Approval Additional Audit and Audit-Related Services and Fees by Ernst & Young

Mr. Hartwick and Mr. Mauti advised that the pre-approval for additional services and fees for Ernst & Young are being sought in relation to E&Y's work on the Fair Hydro Plan and the Fair Hydro Trust. It was noted that under the Committee's Charter, the Committee Chair has the authority to pre-approve additional services and fees up to a limit of $250,000 per year, and if which exercised, must be presented to the Committee at its next scheduled meeting.

For 2017, the Committee Chair's pre-approval limit was reached in February upon the Chair's pre-approval of an additional $250,000 in fees for E&Y in relation to detailed accounting concurrence requested by the Province to be obtained by OPG from its external auditors to support OPG's accounting and the accounting for any special purpose entity which OPG may consolidate relating to OPG's potential participation in the Province's Fair Hydro Plan. Accordingly, Committee approval is required at this time for the additional services and fees needed as set out in the Board memorandum.

The Committee asked a number of questions on topics that included the regulatory fee threshold in order for auditors to maintain their independence, and prior pre-approvals of audit and audit-related services and fees within the current fiscal year. Mr. Hartwick and Mr. Mauti concurred that
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Upon a motion duly made, seconded and unanimously agreed to, it was RESOLVED THAT the Audit and Risk Committee:

i) approve additional audit and audit-related services and fees to be provide by Ernst & Young in support of OPG's involvement in the Province's Fair Hydro Plan, the amount of which is not to exceed $500,000, comprising of:
ii) Up to $175,000 for the audit of the financial statements of the Trust entity, on a fixed fee basis;
    a. $25,000 for the report on third party costs incurred by OPG on behalf of the Trust, on a fixed fee basis;
    b. Up to $100,000 for audit-related services performed in connection with the debt issuance of the Trust, on a time and materials basis; and
    c. A maximum of $200,000 for additional audit-related accounting advisory services, on a time and materials basis,

as described in the Board memorandum dated November 7, 2017.

14. Appointment of External Auditors for 2018

Mr. Hartwick and Mr. Mauti spoke to the highlights of the Board memorandum proposing the appointment of Ernst & Young as OPG's external auditor for 2018, including that:

[redacted]

- the quality of Ernst & Young's work with and services provide to OPG on the Fair Hydro Plan has been notable

[redacted]

[redacted]