ONTARIO POWER GENERATION

Minutes of meeting of the Directors of Ontario Power Generation Inc. held by teleconference and in the Boardroom of the Head Office of the Company at 700 University Avenue, Toronto, Ontario, on November 22, 2017.

Present

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| Bernard Lord | Chair |
| Jeff Lyash | Director and President and Chief Executive Officer |
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| Bill Coley | Director |
| Elisabeth DeMarco | Director |
| John Herron | Director |
| Ani Hotoyan-Joly | Director *(in person)* |
| Wendy Kei | Director *(in person)* |
| George Lewis | Director *(in person)* |
| Peggy Mulligan | Director |
| Gerry Phillips | Director |
| Yezdi Pavri | Director |
| Jim Reinsch | Director |
| Joe Sheppard | Director |

being a quorum of the Board of Directors, and

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| Catriona King | Vice President, Corporate Secretary |

Regrets

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| JP Gladu | Director |

[redacted]

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2. Reports from Committees

a) Special Committee – November 20, 2017

Mr. Lewis reported that the Committee met on November 20, 2017, and confirmed that the Committee is making two recommendations to the Board for approval.

i) Conditions to the Special Committee's Recommendation Regarding OPG's Participation in the Province's Fair Hydro Plan

In support of the Committee's recommendation to the Board, that the Board confirm its prior conditional approval of OPG's participation in the Fair Hydro Plan, Mr. Lewis first summarized and highlighted aspects of two information items that were presented to and discussed by the Committee in detail, copies of which were provided in the Board binder for today's meeting:

- Fair Hydro Trust Governance, Financing Plan and Economic Analysis:
  - *Governance*: A Management Oversight Committee comprised of OPG's (1) President and Chief Executive Officer, (2) the Chief Financial Officer, and (3) the Chief Administration Officer, will oversee the Fair Hydro Trust. Mr. Lewis advised that the creation and role of such a committee is consistent with best practices when an operating corporation is the sponsor of a third party trust. The Management Oversight Committee will report the results of its oversight to the OPG Board. Given that the materiality of the investment grows over time, the Committee requested that the charter governing the Management Oversight Committee be reviewed by the Audit and Risk Committee on a periodic basis.

  - *Economic Analysis*: The economics of the business case for OPG's participation in the Fair Hydro Plan are largely unchanged from the submissions made to the Board on May 12, 2017. OPG's fee for being the Financial Services Manager is higher than assumed in the initial business case. Interest income (net of financing cost) is below the initial plan because the forecast debt is expected to be only $20 billion at peak (compared to the Province's initial forecast of $25-$30 billion), but participation in the Fair Hydro Plan nonetheless remains an attractive business case for OPG.

  - *Financing Plan*: OPG, as financial services manager, is obliged to prepare a financing plan and provide it to the Minister of Energy. OPG expects that the Financing Plan will be presented and delivered once every two years. The Financing Plan is presented to the Province as OPG's recommendation and intention on how the Fair Hydro Trust is to be operated from a financing perspective for the interval period.

- Communication Strategy:
  - OPG's communication strategy continues to emphasize a separation between OPG's implementation role, as the Financial Services Manager of the Fair Hydro Trust, and the Government's ownership of the policy of the Fair Hydro Plan.

- the Global Adjustment Refinancing Plan ("Refinancing Plan") accounts for only 17% of the Fair Hydro Plan's 25% overall reduction in consumer bills,
- if required, OPG's communication strategy may, in the future, emphasize that OPG is the lowest cost option for financing the 17% rate reduction for ratepayers.

Mr. Lewis then reviewed the key aspects of the Report of the Special Committee to the Board, which addresses each of the conditions of the Board's conditional approval on May 12, 2017 for OPG's participation in the Fair Hydro Plan (the "Conditions"). He noted that the Committee's report addresses: (i) the legislation and regulations that have been or will shortly be in place and that are consistent with OPG's requirements and objectives for participating in the Fair Hydro Plan, (ii) confirmation of the amendment to OPG's Articles of Amalgamation to permit OPG's participation in the public debt market without restrictions, (iii) the Province's confirmation that the Fair Allocation Amount is eligible for refinancing, (iv) the Fair Hydro Program Agreements, including the Change of Law Protection Agreement formerly referred to as the Guarantee, and (v) risk mitigation efforts that OPG has put in place. Among the highlights and conclusions from the Special Committee Report to the Board presented by Mr. Lewis, he noted:

- A revised and final report from the Committee was circulated to the Board on November 20th, (following the draft report that was initially included in the Board's meeting materials), to reflect that OPG has reached agreement with the Province on the main elements Change of Law Protection Agreement.
- As a result, the Committee has concluded that OPG has reached satisfactory conclusion on all matters of the Board's May 12, 2017 conditional approval for OPG's participation in the Province's Fair Hydro Plan.
- That the Committee specifically asked its independent legal counsel, Mr. Bill Orr of Fasken Martineau DuMoulin LLP, his opinion on whether the Committee on behalf of the Board has satisfied its obligations of oversight in respect of its role in relation to OPG's potential participation in the Fair Hydro Plan, to which independent legal counsel responded in the affirmative.

The Board asked a number of questions regarding: the resourcing and leadership of the Fair Hydro Trust, whether there were any remaining known risks that had not been addressed, the affirmation by the Special Committee's independent legal counsel, OPG's reputational risk and justification for the management fees, OPG's benchmarking of its management fees the role of the OEB, and implications of a change in government, to which Mr. Lewis, Mr. Lyash, Mr. Hartwick, and Mr. Lee responded to the satisfaction of the Board.

Mr. Lewis advised that based on the updates provided by OPG's management, including the information and documentation attached to the Special Committee's Report, and after consultation with its independent legal counsel, the Committee recommends that the Board finalize its approval of OPG's participation in the Fair Hydro Plan.

Upon a motion duly made, seconded and unanimously agreed to, it was RESOLVED THAT:

- The Board of Directors, on the recommendation of the Special Committee, is satisfied that the Conditions have been satisfied, and that the Board:

  i) Ratifies the actions taken to date by OPG to advance the Refinancing Plan, and
  ii) Confirms that its conditional approval provided on May 12, 2017 for OPG to proceed with participation in, and implementation of, the Refinancing Plan is now final.

b) OPG's Investment Program and Equity Subscription Plan for the Fair Hydro Plan

Mr. Lewis spoke to the Board Memorandum on OPG's Investment Program and Equity Subscription Program as part of the implementation of OPG's participation in the Fair Hydro Plan. Mr. Lewis advised the Board that the Committee recommended that the Board approve the issuance of up to $2 billion of Class A Shares to the Province.

Mr. Lewis opened the floor to questions on the information provided in the Board Memo and no additional questions were asked.

Upon a motion duly made, seconded and unanimously agreed to, it was RESOLVED THAT:

- The Board of Directors, on the recommendation of the Special Committee, approve:

  i) The request to seek a Shareholder Resolution to amend OPG's Articles of Amalgamation to create a new class of Class A Shares, substantially as described in the Board Memo;

  ii) The issuance of up to $2 billion of Class A Shares to the Province, in accordance with the Board Resolution attached as Appendix 1 to the Board Memorandum dated November 22, 2017 (and attached to the Board minutes of November 22, 2017 for ease of reference as Attachment A); and

  iii) Delegation of authority to any two officers of OPG, including at least one of the Chief Financial Officer or Vice President-Treasurer, to acquire debt of the Financing Entity in accordance with the resolution attached as Appendix 1 to the Board Memorandum dated November 22, 2017 and attached to the Board minutes of November 22, 2017 for ease of reference as Attachment A).

3. Conclusion of the Mandate of the Special Committee

Mr. Lewis noted that with the Board's ratification of OPG's actions to satisfy the Board's conditions and the Board's granting of final approval of OPG's participation in the Fair Hydro Plan, the Special Committee and its mandate are now sunsetted. Oversight of OPG as the Financial Services Manager transitions to the Audit and Risk Committee.

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**ATTACHMENT A**

**RESOLUTION OF THE BOARD OF DIRECTORS**

**OF**

**ONTARIO POWER GENERATION INC.**
(the "**Corporation**")

WHEREAS:

A. The Corporation is authorized to issue an unlimited number of Class A Shares;

B. The Government of the Province of Ontario (the "**Province**") may from time to time subscribe for Class A Shares at a per share price equal to the value of Shareholder's Equity, as determined by the most recently approved quarterly financial statement of the Corporation, divided by the aggregate number of issued and outstanding Common Shares and Class A Shares (a "**Share Price**");

C. At the time of each such Class A Share issuance, the Corporation will receive payment in full for the purchase price of each such Class A Share;

D. The Province will represent and warrant to the Corporation at the time of each Class A Share issuance that it is purchasing such shares as principal and is a "security holder of the Corporation" within the meaning referred to in subsection (2) of section 2 of National Instrument 45-106 of the Canadian Securities Administrators; and

E. The Corporation intends to lend to one or more financing entities (each, a "**Financing Entity**") in connection with the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), to fund the acquisition of investment interests (as defined in the Act).

NOW THEREFORE BE IT RESOLVED THAT:

1. The Corporation approves the acceptance of the subscription by the Province for up $2,000,000,000 in aggregate of Class A Shares;

2. The Corporation approves the issuance, in one or more transactions, of up to $2,000,000,000 in aggregate of Class A Shares of the Corporation (collectively the "**Share Issuances**" and each a "**Share Issuance**") as fully-paid and non-assessable to the Province upon receipt of the applicable aggregate Share Price for the applicable Share Issuance;

3. The Corporation approves an addition to the stated capital account maintained for the Class A Shares equal to the aggregate proceeds of each Share Issuance;

4. Any two officers of OPG, including at least one of the Chief Financial Officer or Vice President-Treasurer, are hereby authorized to approve and deliver all such documents, agreements, and instruments, including, for clarity, a subscription agreement with the Province, and to do all such other acts and things as may, in the opinion of such persons be necessary or desirable to facilitate the Share Issuances and to implement the intent of this resolution;

5. The Corporation hereby approves and authorizes the lending to one or more Financing Entities, from time to time, for the purpose of funding the acquisition by the Financing Entity of investment interests (as defined in the Act) (the "**Debt Financing**"), such Debt Financings to be comprised of the aggregated proceeds of the Share Issuances and debt issued from time to time by the Corporation; and

6. Any two officers of OPG, including at least one of the Chief Financial Officer or Vice President-Treasurer, are hereby authorized to execute and deliver all such documents, agreements, and instruments, and to do all such other acts and things as may, in the opinion of such persons be necessary or desirable to facilitate the Debt Financings and to implement the intent of this resolution.