

NUG (ORIGINAL) CONTRACTMRP CONTRACT AMENDMENT TERM SHEET

Heading	Provisions
1. Applicability	<p>(a) This Term Sheet has been drafted with reference to a generic Non-Utility Generator (NUG) Contract originally entered into by the IESO on or before December 31, 2014 (each, a “<b>Contract</b>”). This Term Sheet does <u>not</u> apply to contracts with NUGs entered into after December 31, 2014 (which will be dealt with separately) nor to contracts with NUGs with any person other than the IESO.</p> <p>(b) Capitalized terms used but not defined in this Term Sheet have the meanings given to such terms in the applicable Contract.<sup>1</sup></p>
2. Context	<p>(a) In connection with the IESO’s Market Renewal Program (“<b>MRP</b>”), in 2019 the IESO published high-level designs (“<b>HLDs</b>”) for the Day-Ahead Market (“<b>DAM</b>”), Single Schedule Market (“<b>SSM</b>”) and Enhanced Real-time Unit Commitment (“<b>ERUC</b>”) projects. The IESO subsequently published detailed design documents for the energy-stream of market renewal (the “<b>Detailed Design Documents</b>”) and has now prepared market rule amendments which have been provisionally approved by the IESO board.</p> <p>(b) Based on the Detailed Design Documents and the provisional market rule amendments, the IESO anticipates that a requirement for a Replacement Price and other amendments will be triggered under (i) Section 1.7 of the Contract, addressing the opening of a Day Ahead Energy Forward Market and (ii) Section 1.8 of the Contract, addressing the occurrence of a Price Evolution Event (namely the implementation of Locational Marginal Pricing<sup>2</sup>).</p> <p>(c) This Term Sheet defines the Replacement Price and other amendments anticipated to be required by Sections 1.7 and 1.8 of the Contract (the “<b>Proposed Amendments</b>”), and is based on the assumption that (i) the Day Ahead Energy Forward Market is opened at the same time as the implementation of Locational Marginal Pricing, and (ii) the DAM and SSM are ultimately designed and implemented on the same basis as the Detailed Design Documents and provisional market rule amendments. If either of these assumptions turns out to be incorrect, then the Proposed Amendments set forth in this Term Sheet may require further revision.</p>
3. Timing & Process	<p>(a) Negotiations of this Term Sheet are being done on a without prejudice basis. The Term Sheet is non-binding on either Party.</p>

<sup>1</sup> This Term Sheet is based on generic NUG contract language. There may be minor variations in the defined terms between contracts and accordingly, once facility-specific amending agreements are drafted, they will be drafted with reference to the applicable defined terms.

<sup>2</sup> The implementation of Locational Marginal Pricing is one of the effects of moving to a single schedule market.

	<p>(b) The Term Sheet will remain as a working draft while MRP continues to be developed. As more details are published about MRP (e.g. through the finalization of draft IESO Market Rule amendments) and as discussions with Suppliers progress, the Term Sheet will be updated on an ongoing basis, as required to reflect the updated design of MRP and ongoing discussions.</p> <p>(c) On or about the same time as final or near-final IESO Market Rules for MRP are published, amending agreements based on the Term Sheet can be finalized. If a Secured Lender Consent and Acknowledgement Agreement has been entered into in respect of a Contract, the amending agreement will require consent of the Secured Lender.</p> <p>(d) The Replacement Price and other amendments will be made effective from and after the date the DAM is opened and the SSM is implemented.</p> <p>(e) The generic Term Sheet and any comments on it are generally <u>not</u> considered to be confidential. As the Parties move to contract-specific discussions, it may be necessary to switch to confidential discussions to protect the confidentiality of the agreements.</p>
4. Proposed Amendments	<p>(a) Schedule "A" to this Term Sheet sets out the Proposed Amendments.</p>
5. Further Evolution	<p>(a) In entering into the amending agreements, the Parties will agree that the Replacement Price and other amendments satisfy any and all obligations either Party has to the other under the applicable Contract in connection with the IESO Market Rule amendments implementing the energy stream of MRP. Any further new or amended IESO Market Rules will be addressed in accordance with relevant provisions of the Contract.</p>

**Schedule “A” – Proposed Amendments**

1. Create the following new defined terms:
  - (a) “Applicable Day-Ahead Locational Marginal Price” or “ADALMP” means, with respect to any hour the DAM locational marginal price for energy (in \$/MWh) at the delivery point that corresponds to the Facility’s Connection Point.
  - (b) “DAM” means the IESO-Administered Market known as the “Day-Ahead Market”.
  - (c) “Electricity Scheduled For DA Delivery” means, with respect to any hour the quantity of Electricity (in MWh) scheduled in the DAM for injection by the Supplier at the delivery point that corresponds to the Facility’s Connection Point.  
  
**[NTD: These defined terms have been aligned with the MR 456 market rule amendments approved by the IESO board on a provisional basis, and would be subject to any further amendments that may arise in the finalization of the market rules.]**
2. Amend the definition of “Day-Ahead Energy Forward Market” by adding the following to the end: “For greater certainty, the DAM is a Day-Ahead Energy Forward Market.”
3. Amend the definition of “HOEP” by inserting the words “on the Effective Date” immediately after “IESO Market Rules”.
4. In Section 1(a)(i) of Exhibit F, replace “day-ahead commitment process” with “DAM” and throughout the Contract replace “DACP Must-Offer Obligations” with “DAM Must-Offer Obligations”.
5. In Exhibit G, replace “HOEP” with “ADALMP” and replace “Delivered Electricity” with “Electricity Scheduled for DA Delivery”. **[NTD: Conforming changes to this provision may be required to certain contracts.]**
6. In the definition of Sharing Hour ( $SH_m$ ) in Section 2.1 of Exhibit J and in the calculation of Shared Revenue in Section 2.2 of Exhibit J, replace all references to “HOEP” with “ADALMP”.
7. In the definition of Sharing Hour ( $SH_m$ ) in Section 2.1 of Exhibit J, replace “the Delivery of Electricity” with “Electricity Scheduled for DA Delivery”.
8. In the row corresponding to  $TQ_m$  of the table in Section 2.1 of Exhibit J, replace “Electricity Delivered” with “Electricity Scheduled for DA Delivery”.
9. In the row corresponding to  $Q_h$  of the table in Section 2.2 of Exhibit J, replace “Electricity Delivered” with “Electricity Scheduled for DA Delivery”.