

Ministry of Energy

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DEC - 1 2015

Mr. Bruce Campbell
President and Chief Executive Officer
Independent Electricity System Operator
1600-120 Adelaide Street West
Toronto ON M5H 1T1

Dear Mr. Campbell:

RE: Amended and Restated Bruce Power Refurbishment Implementation Agreement and Amended and Restated Bruce Power Sharing in Transfers and Refinancings Agreement and IESO-OPG Agreement

I write in my capacity as the Minister of Energy, in order to exercise the statutory power of ministerial direction I have in respect of the Independent Electricity System Operator (the "IESO") under the Electricity Act, 1998, as amended (the "Act").

Background

As the government of Ontario (the "Province") expressed in its 2013 Long-Term Energy Plan ("2013 LTEP"), it is committed to maintaining a reliable long-term supply of electricity by proceeding with the refurbishment of the province's existing nuclear fleet. In furtherance of this initiative, the IESO proceeded to negotiate amendments to the existing Bruce Power Refurbishment Implementation Agreement (the "BPRIA") to secure the continued operation of all eight nuclear generating units at the Bruce Nuclear Generation Station (the "Bruce NGS") beyond their current expected end of life through a program of refurbishments and asset management. The Ministry participated as an observer during the negotiations between IESO and Bruce Power L.P. ("Bruce Power").

The IESO has now concluded the terms of an Amended and Restated Bruce Power Refurbishment Implementation Agreement (the "ARBPRIA") with Bruce Power, a copy of which is attached to the IESO's letter to me dated November 30, 2015 (the "IESO Letter"). The IESO has recommended to the Province that the IESO enter into the ARBPRIA. The ARBPRIA amends and restates the BPRIA in order to secure the refurbishment and asset management of all as yet to be refurbished nuclear generating units at the Bruce NGS. The IESO has advised that under the ARBPRIA this would be done in a manner that adheres to the principles set out in the 2013 LTEP. The IESO has also advised that the ARBPRIA provides a commitment by Bruce Power to continue to provide flexible nuclear generation (i.e., a unique characteristic of the Bruce NGS in Ontario), an important resource to maintain the reliability of the Ontario electricity system.

The ARBPRIA was reviewed by Cabinet, and Cabinet gave approval for the ARBPRIA to be executed.

The IESO has also concluded the terms of an Amended and Restated Bruce Power Sharing in Transfers and Refinancings Agreement (the "ARSTAR Agreement") between the IESO, Bruce Power, OMERS Administration Corporation and TransCanada Corporation, a copy of which is attached to the IESO Letter. The IESO has recommended to the Province that IESO enter into the ARSTAR Agreement.

In connection with this initiative, Ontario Power Generation Inc. ("OPG") and Bruce Power have updated the lease for the site of the Bruce NGS and certain ancillary agreements relating to used fuel and waste. The IESO has advised that it is in the interests of ratepayers of Ontario for there to be an agreement (the "IESO-OPG Agreement") between IESO and OPG (for itself and as agent for OPG-Huron Common Facilities Inc.) in relation to the lease and ancillary agreements, a copy of which is attached to the IESO Letter.

Direction

Therefore, pursuant to Section 25.32 of the Act, I hereby direct IESO as follows:

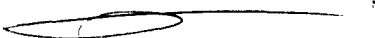
1. Execute and deliver to the relevant counterparties the following contracts:
 - 1.1. The ARBPRIA, in the form attached to the IESO Letter, with such amendments and additions thereto and deletions therefrom as any officer of IESO executing the same on behalf of IESO may determine to be necessary or advisable, such determination to be conclusively evidenced by such officer's execution of the ARBPRIA.
 - 1.2. The ARSTAR Agreement, in the form attached to the IESO Letter, with such amendments and additions thereto and deletions therefrom as any officer of IESO executing the same on behalf of IESO may determine to be necessary or advisable, such determination to be conclusively evidenced by such officer's execution of the ARSTAR Agreement.
 - 1.3. The IESO-OPG Agreement, in the form attached to the IESO Letter, with such amendments and additions thereto and deletions therefrom as any officer of IESO executing the same on behalf of IESO may determine to be necessary or advisable, such determination to be conclusively evidenced by such officer's execution of such IESO-OPG Agreement.
2. Execute and deliver such ancillary documents, agreements, deeds or instruments as are required in connection with, pertaining to, or arising out of, the execution of the above noted agreements.
3. Report back on the ongoing implementation of the ARBPRIA at such times as IESO considers appropriate, and at such other times as the Ministry may request.

General

4. This direction supplements or amends directions previously issued to the Ontario Power Authority or IESO only to the extent that previous directions are inconsistent with the provisions of this direction, and the provisions of this direction shall prevail to the extent of any conflict or inconsistency.
5. All other terms of any previous direction remain in full force and effect.

This direction takes effect on the date it is issued.

Sincerely,



Bob Chiarelli
Minister

- c: Serge Imbrogno, Deputy Minister, Ministry of Energy
Carolyn Calwell, Director, Legal Services Branch, Ministry of Energy, MEDEI/MRI