

RES I & II (IESO AS MMP)**MRP CONTRACT AMENDMENT TERM SHEET**

Heading	Provisions
1. Applicability	<p>(a) This Term Sheet has been drafted with reference to the RES II Contract as issued for RFP (the “Contract”) as amended by the RES II Contract Amendment Agreement re IESO Market Rule Amendment MR-381 for both wind and solar (the “Curtailment Amendment”).</p> <p>(b) While the references and terminology set out in this Term Sheet have been drafted with specific reference to the Contract, the same principles apply with the necessary conforming changes to both RES I and II contracts, <u>where the IESO is the Metered Market Participant</u>.</p> <p>(c) This Term Sheet does <u>not</u> apply to any contract that has not been amended by the Curtailment Amendment, nor to the following types of renewable contracts, which will be addressed separately: FIT, RES I and II (where the Supplier is the Metered Market Participant), RES III, and LRP.</p> <p>(d) The amendments set forth in this Term Sheet have been previously discussed with stakeholders and reflect the implementation of the approach the IESO presented to stakeholders on October 16, 2018¹ and April 1, 2019², with the necessary conforming changes to account for the IESO being the Metered Market Participant.</p> <p>(e) Capitalized terms used in this Term Sheet not otherwise defined herein have the meaning given to such terms in the Contract.</p>
2. Context	<p>(a) In connection with the IESO’s Market Renewal Program (“MRP”), the IESO has published high-level designs (“HLDs”) for the Day-Ahead Market (“DAM”), Single Schedule Market (“SSM”) and Enhanced Real-time Unit Commitment (“ERUC”) projects.</p> <p>(b) Based on the design contemplated for the SSM as set out in the HLD, references in the Contract to Market Clearing Price and HOEP will need to be updated to their successor, the Applicable Real-Time Locational Marginal Price (as defined in Schedule “A” to this Term Sheet). This update is required to reflect the implementation of the SSM and will apply to all affected contracts.</p> <p>(c) With respect to the DAM, the HLD provides that an explicit obligation for resources to participate in the DAM is not required as long as all resources have proper incentives to do so, failing which, the HLD provides that an “availability declaration envelope” would be implemented in the DAM as</p>

¹ Available online at <http://www.ieso.ca/-/media/Files/IESO/Document-Library/market-renewal/MRP-VGCS-Day-Ahead-Market-20181016.pdf?la=en>.

² Available online at <http://www.ieso.ca/-/media/Files/IESO/Document-Library/market-renewal/MRP-VGCS-Day-Ahead-Market-20190401.pdf?la=en>.

	<p>a transitional measure. Absent other changes, Suppliers would have to bear day-ahead forecast risk that does not exist when operating in the real-time market only, which could create a disincentive to participating in the DAM. In order to address this, the IESO has determined that it is desirable for the IESO and Suppliers to amend contracts based on this Term Sheet to enable Facilities to participate passively in the DAM without having to assume this risk, but providing them with the flexibility to participate actively in the DAM should they choose to. This amendment is being proposed on the expectation that it will be accepted by all Suppliers in order to obviate the need for an availability declaration envelope and to prevent any market power mitigation issues that might otherwise arise from Suppliers failing to offer into the DAM. If an availability declaration envelope is implemented in the DAM, this may necessitate further revisions to this Term Sheet.</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> <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 publication of detailed designs and ultimately draft IESO Market Rule amendments) and as discussions with Suppliers progress, the Term Sheet will be updated on an ongoing basis 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 amendments will require the consent of the Secured Lender.</p> <p>(d) The amendments will be made effective from and after the date the DAM is opened and LMP 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 to the Contract, including the Curtailment Amendment.</p>
5. Further Evolution	<p>(a) In entering into the amendments, the Parties will agree that the amendments satisfy any and all obligations each Party has to the other under the applicable Contract in connection with the IESO Market Rule amendments implementing 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. The following new defined terms are added:
 - (a) **“Reference Offer”** means an offer by the Supplier to supply Electricity from the Facility to the day-ahead IESO-Administered Market for Electricity where the price component of the offer is set at \$0.00/MWh and the quantity component of the offer is equal to the amount of energy that is forecasted to be available from the Facility in the day-ahead timeframe by the “forecasting entity” (as that term is used in the IESO Market Rules).
 - (b) **“Applicable Day-Ahead Locational Marginal Price”** or **“ADALMP”** means, with respect to any Dispatch Interval, the locational marginal price applicable to the Facility’s Connection Point in the day-ahead IESO-Administered Market for Electricity for that Dispatch Interval.
 - (c) **“Applicable Real-Time Locational Marginal Price”** or **“ARTLMP”** means, with respect to any Dispatch Interval, the locational marginal price applicable to the Facility’s Connection Point in the real-time IESO-Administered Market for Electricity for that Dispatch Interval.

[NTD: Defined terms to be finalized to align with the terminology used in final market rules.]

2. Section 3.4(a) of the Contract is deleted and replaced with the following:

“(a) the Monthly Base Contract Amount for the applicable month, determined in accordance with Section 3.10;”
3. A new Section 3.10 of the Contract is added as follows:

“3.10 Calculation of the Monthly Base Contract Amount

The Monthly Base Contract Amount for a given month shall be equal to the sum of the Interval Base Contract Amount for each Dispatch Interval “n” during such month.

For each Dispatch Interval “n” in a Settlement Period, the Interval Base Contract Amount shall be an amount expressed in Dollars and is calculated as follows:

$IBCA_n = [DIDE_n \times CP_n] + [(ADAQ_n - RDAQ_n) \times (ADALMP_n - ARTLMP_n)]$	
where:	
$IBCA_n$	is the Interval Base Contract Amount applicable to Dispatch Interval “n”.
$DIDE_n$	is the Dispatch Interval Delivered Electricity applicable to Dispatch Interval “n”.
CP_n	is the Contract Price applicable during the calendar year containing Dispatch Interval “n”.
$ADAQ_n$	is the is the Actual Day-Ahead Quantity applicable to Dispatch Interval “n”, and is equal to the amount of Electricity that the Facility was scheduled for

	in the day-ahead market for the hour containing Dispatch Interval “n”, divided by the number of Dispatch Intervals in one hour.
RDAQ _n	is the Reference Day-Ahead Quantity applicable to Dispatch Interval “n”, and is calculated as follows: (i) where ADALMP _n is greater than zero, RDAQ _n is equal to FDAQ _n , (ii) where ADALMP _n is equal to zero, RDAQ _n is equal to the lesser of FDAQ _n and ADAQ _n , and (iii) where ADALMP _n is less than zero, RDAQ _n is equal to zero.
FDAQ _n	is the Forecast Day Ahead Quantity for Dispatch Interval “n”, and is equal to the quantity component of the Reference Offer in respect of the hour containing Dispatch Interval “n”, divided by the number of Dispatch Intervals in one hour.
ADALMP _n	is the Applicable Day-Ahead Locational Marginal Price applicable to Dispatch Interval “n”.
ARTLMP _n	is the Applicable Real-Time Locational Marginal Price applicable to Dispatch Interval “n”.

4. The Curtailment Amendment is revised as follows:

- (a) All references to MCP are changed to ARTLMP; and
- (b) All references to CMSC and CMSC Payments are deleted and replaced by new terms which will be defined with reference to the revised IESO Market Rules to capture any make whole payments to the Supplier that may be applicable in respect of Foregone Energy.

For greater certainty, subject to the foregoing, the Foregone Energy provisions of the Curtailment Amendment would generally continue to apply.