

ENERGY STORAGE FACILITY AGREEMENTMRP CONTRACT AMENDMENT TERM SHEET

Heading	Provisions
1. Applicability	<p>(a) This Term Sheet has been drafted with reference to a the Energy Storage Facility Agreements (ESFA) entered into by the IESO as a result of the Phase II Energy Storage RFP it conducted in June 2015 (each, a “Contract”).</p> <p>(b) This Term Sheet does <u>not</u> apply to any other contracts with storage facilities entered into by the IESO or that otherwise fail to meet the conditions set out in Section 1(a) of this Term Sheet.</p> <p>(c) Capitalized terms used but not defined in this Term Sheet have the meanings given to such terms in the applicable Contract.</p>
2. Context	<p>(a) In connection with the IESO’s Market Renewal Program (“MRP”), in 2019 the IESO published high-level designs (“HLDs”) for the Day-Ahead Market (“DAM”), Single Schedule Market (“SSM”) and Enhanced Real-time Unit Commitment (“ERUC”) projects. The IESO subsequently published detailed design documents for the energy-stream of market renewal (the “Detailed Design Documents”) 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 Pricing¹).</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 “Proposed Amendments”), 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> <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</p>

¹ The implementation of Locational Marginal Pricing is one of the effects of moving to a single schedule market.

	<p>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	(a) Schedule "A" to this Term Sheet sets out the Proposed Amendments.
5. Further Evolution	(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.

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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) “Applicable Real-Time Locational Marginal Price” or “ARTLMP” means, with respect to any hour, the real-time locational marginal price for energy (in \$/MWh) at the delivery point that corresponds to the Facility’s Connection Point.
 - (c) “DAM” means the IESO-Administered Market known as the “Day-Ahead Market”.
 - (d) “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 Connection Point.
 - (e) “Electricity Scheduled For DA Withdrawal” means, with respect to any hour the quantity of Electricity (in MWh) scheduled for Withdrawal in the DAM by the Supplier at the Delivery Point that corresponds to the 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. Amend the definition of “Regulatory Energy Charges” by replacing “HOEP” with “ARTLMP, ADALMP”.
5. In section 3.2(b)(i), replace “By no later than 3:00 pm EST on the immediately preceding calendar day” with “By no later than 3:00 pm EST on the calendar day that is two days prior to the applicable Storage Day”.
6. In Section 3.2(b)(iv)(A), replace “Withdraw Electricity” with “have Electricity Scheduled For DA Withdrawal”;
7. In Section 3.2(b)(iv)(B), replace “Withdraw” with “have Electricity Scheduled For DA Withdrawal with respect to”, and replace “Delivery obligation set out in Section 3.2(b)(iii)(C)” with “obligation set out in Section 3.2(b)(iv)(C)”;
8. In Section 3.2(b)(iv)(C), replace “Deliver Electricity” with “have Electricity Scheduled For DA Delivery”; replace “discharge” with “have Electricity Scheduled For DA Delivery”, and replace “Delivered Electricity” with “Electricity Scheduled For DA Delivery”.

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9. In Section 15.2 replace “Delivered Electricity and Withdrawn Electricity” with “Delivered Electricity, Withdrawn Electricity, Electricity Scheduled For DA Delivery and Electricity Scheduled For DA Withdrawal”.

10. Make the following changes to Exhibit G:

- (a) in Section 1.a., replace both references to “HOEP” with “ADALMP”;
- (b) in Section 1.d., replace “Delivered Electricity” with “Electricity Scheduled For DA Delivery”;
- (c) in Section 2.b.i., replace “Delivered Electricity” with “Electricity Scheduled For DA Delivery”;
- (d) in Section 2.b.ii., replace “Withdrawn Electricity” with “Electricity Scheduled For DA Withdrawal”; and
- (e) in the last paragraph of Section 2.b., replace “Delivered or Withdrawn Electricity” with “Electricity Scheduled For DA Delivery or Electricity Scheduled For DA Withdrawal.”.

11. In Section 2.1 of Exhibit J:

- (a) replace all references to “HOEP” with “ADALMP”;
- (b) replace all references to “Hourly Ontario Energy Price” with “Applicable Day-Ahead Locational Marginal Price”;
- (c) delete the first row of the table and replace it with the following:

$$\text{If } [\sum_{OCH=1}^{OCHn} ADALMP_{OCH} \times ADAQW_{OCH}] \geq [\sum_{DH=1}^{DHn} ADALMP_{DH} \times ADAQD_{DH}],$$

$$\mathbf{SSOP}_m = \sum_{OCH=1}^{OCHn} ADALMP_{OCH} \times ADAQW_{OCH} - [\sum_{DH=1}^{DHn} ADALMP_{DH} \times ADAQD_{DH}],$$

$$\text{If } \sum_{OCH=1}^{OCHn} ADALMP_{OCH} \times ADAQW_{OCH} < [\sum_{DH=1}^{DHn} ADALMP_{DH} \times ADAQD_{DH}],$$

$$\mathbf{SSOP}_m = 0.$$

- (d) remove the row in the table corresponding to HWE_{OCH} and replace it with the following:

$ADAQW_{OCH}$	is the Actual Day-Ahead Quantity Withdrawn applicable to each Overall Charge Hour that is not the subject of an event of Force Majeure in Settlement Month “m”, and is calculated as the Electricity Scheduled For DA Withdrawal applicable such Overall Charge Hour, provided that for the purpose of this Section 2.0 of Exhibit J, the hourly Actual Day-Ahead Quantity Withdrawn in an hour shall not exceed the Contract Capacity times one hour.
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- (e) remove the row in the table corresponding to HDE_{DH} and replace it with the following:

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$ADAQD_{DH}$	is the Actual Day-Ahead Quantity Delivered applicable to each Discharge Hour that is not the subject of an event of Force Majeure in Settlement Month “m”, and is calculated as the Electricity Scheduled For DA Delivery applicable to such Discharge Hour, provided that for the purpose of this Section 2.0 of Exhibit J, the hourly Actual Day-Ahead Quantity Delivered in an hour shall be not less than the Contract Capacity times one hour.
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12. In Section 3.0 of Exhibit J:

- (a) replace “HOEP” with “ADALMP”;
- (b) replace “Hourly Ontario Energy Price” with “Applicable Day-Ahead Locational Marginal Price”;
- (c) remove the row corresponding to HDE_h and replace it with the following:

$ADAQD_h$	is the total Actual Day-Ahead Quantity Delivered applicable to hour “h.”
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- (d) remove the row corresponding to HWE_h and replace it with the following:

$ADAQW_h$	is the total Actual Day-Ahead Quantity Withdrawn applicable to hour “h.”
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