

HCI CONTRACTMRP CONTRACT AMENDMENT TERM SHEET

Heading	Provisions
1. Applicability	<p>(a) This Term Sheet has been drafted with reference to the Hydroelectric Contract Initiative (HCI) – Standard Form Contract subject to Exhibit B Type 1 (the “Contract”).</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 hydroelectric facilities with a Feed-in Tariff contract subject to Exhibit B Type 1. It does <u>not</u> apply to any facilities contracted under the HCI initiative that are not under the standard form contract nor to any other form of contract.</p> <p>(c) 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”), 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”), which addresses a number of subjects including in respect of Grid and Market Operations Integration and Market Settlement, and has now prepared market rule amendments which have been provisionally approved by the IESO board. The IESO made a further announcement in its December 15, 2023 stakeholder presentation on market settlements that “Non-dispatchable resources and self-scheduling electricity storage resources that are injecting should be subjected to two-settlement in order to account for the MWs scheduled in day-ahead market”.</p> <p>(b) Based on the Detailed Design Documents, references in the Contract to HOEP will need to be updated to its successor, the Applicable Real-Time Locational Marginal Price (as defined in Schedule “A” to this Term Sheet). In addition, and in recognition of the particular size, operating regimes, settlement provisions and locations of the subject facilities, an LMP Adjustment Factor (also as defined in Schedule “A” to this Term Sheet) will be introduced to address any difference in the incidence and magnitude of negative pricing of the Applicable Real-Time Locational Marginal Price relative to the Ontario Zonal Price.</p> <p>(c) With respect to the DAM, given that the Detailed Design Documents do not require the Facility as a non-dispatchable facility to participate in the DAM, no amendments to the Contract are required. Any participation in the DAM would be solely to the Supplier’s risk and reward.</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 finalization of 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 amending agreement 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 the SSM is implemented. [NTD: More detailed provisions on the transition to the new market will be included in the Term Sheet once more information has been published on now the transition is to occur.]</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.</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 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. Add the following new defined terms to Appendix 1 – Standard Definitions:

- (a) **“Applicable Day-Ahead Locational Marginal Price”** or **“ADALMP”** means, with respect to any Dispatch Interval, the DAM locational marginal price for energy (in \$/MWh) at the delivery point that corresponds to the Facility’s Connection Point for the hour to which the Dispatch Interval belongs.
- (b) **“Actual Day-Ahead Quantity”** or **“ADAQ”** means the actual day-ahead quantity applicable to each Dispatch Interval “n”, and is equal to 1/12 of the Electricity Scheduled for DA Delivery for the hour containing Dispatch Interval “n”. During any DAM Suspension Day, ADAQ shall be deemed to be zero in each hour of such day.
- (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.

“DALMP Adjustment Factor” means, for each hour “h”, an amount (in \$/MWh) equal to (i) the lesser of the Retail Settlement Code Price and zero, minus (ii) the lesser of the Applicable Day-Ahead Locational Marginal Price and zero. For greater certainty, the DALMP Adjustment Factor for an hour may be a positive or negative amount.

“DAM” means the IESO-Administered Market known as the “Day-Ahead Market”.

- (d) **“DAM Suspension Day”** means any day for which the DAM is suspended (in whole or in part) by the IESO.
- (e) **“Dispatch Interval”** means a “dispatch interval” as defined in the IESO Market Rules.
- (f) **“Dispatch Interval Delivered Electricity”** or **“DIDE”** means:
 - (i) the Electricity generated and Delivered by the Facility during any Dispatch Interval; and
 - (ii) in each case, provided such Electricity is delivered to the Connection Point and either (i) successfully injected into a Distribution System or the IESO-Controlled Grid directly or through the Host Facility’s electrical system, or (ii) successfully injected into the Host Facility’s electrical system.
- (g) **“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.
- (h) **“Reference Pre-Dispatch Price”** means, for any hour “h”, the Pre-Dispatch Price in respect of the reference bus, being [**“Richview Slack A Bus”**][NTD: **Precise name of Richview bus to be confirmed.**], as published in the immediately preceding hour “h-1”.
- (i) **“Retail Settlement Code Price”** or **“RSCP”** means, for each Dispatch Interval in hour “h”, the price determined in accordance with Appendix A of the Retail Settlement Code for the purpose of calculating settlements with retail embedded generators in respect of hour “h”.

- (j) “**RTLMP Adjustment Factor**” means, for each Dispatch Interval “n” of hour “h”, an amount (in \$/MWh) equal to (i) the lesser of the Retail Settlement Code Price and zero, minus (ii) the lesser of the Applicable Real-Time Locational Marginal Price and zero. For greater certainty, the RTLMP Adjustment Factor for a Dispatch Interval may be a positive or negative amount.

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

2. In Section 5.1(a), references to HOEP are changed to ADALMP.
3. Section 1.4(a) of Exhibit B for Type 1 Facilities is deleted and replaced with the following:

“For each Dispatch Interval “n” of hour “h” in a Settlement Period, the Contract Payment shall be an amount expressed in Dollars and equal to:

- (i) the Dispatch Interval Delivered Electricity multiplied by (A) the Indexed Contract Price applicable during the corresponding calendar year, and (B) the Peak Performance Factor applicable during each Dispatch Interval of the applicable hour; plus
- (ii) the ADAQ multiplied by the DALMP Adjustment Factor; plus **[NTD: result can be a positive or negative amount.]**
- (iii) (DIDE – ADAQ) multiplied by the RTLMP Adjustment Factor; minus **[NTD: result can be a positive or negative amount.]**
- (iv) the ADAQ multiplied by the greater of (A) the ADALMP and (B) zero; and minus
- (iii) (DIDE – ADAQ) multiplied by the greater of (A) the ARTLMP and (B) zero. **[NTD: result can be a positive or negative amount.]**

provided that, if in any Dispatch Interval the Dispatch Interval Delivered Electricity exceeds the Contract Capacity multiplied by 1/12 of an hour, then for the purposes of the calculation set out in this Section 1.4(a) of Exhibit B, the Contract Capacity multiplied by 1/12 of an hour shall be used instead of the Dispatch Interval Delivered Electricity.”

4. In Section 1(a)(i) of Exhibit M, replace “Pre-Dispatch Price” with “Reference Pre-Dispatch Price”.