

RES I-HYDROELECTRIC, BIOGAS AND LANDFILL GAS FACILITIES (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 I Contracts as issued under the RFP in respect of hydroelectric, biogas and landfill gas facilities (the “Contract”) that are registered in the IESO-Administered Market as self-scheduling generators and for which the IESO is the Metered Market Participant.</p> <p>(b) 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”) 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) The MRP does not affect payment amounts due to Suppliers under the Contract for Monthly Delivered Energy, and nothing in this Term Sheet proposes any amendment to the Contract in respect of Monthly Delivered Energy. Proposed changes set out in this Term Sheet relate only to Supplier’s Energy, Above-Cap Energy, and the Performance Incentive Payment.</p> <p>(c) Based on the Detailed Design Documents and the provisional market rule amendments, the IESO anticipates that references in the Contract to HOEP will need to be updated to their successor, the Applicable Day-Ahead Locational Marginal Price (as defined in Schedule “A” to this Term Sheet). This update is required to reflect the implementation of the DAM and will apply to all affected contracts. It may be necessary to identify the particular price node applicable to each distribution-connected Facility.</p> <p>(d) The Applicable Day-Ahead Locational Marginal Price will, in accordance with the definition of Market Price, become the Market Price under the Contract. For additional clarity, this has been expressly addressed in the proposed amendments.</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, 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 amendments will be made effective from and after the date 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 how 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 Section 1.1:
 - (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. During any DAM Suspension Day, ADALMP shall be deemed to be ARTLMP in each hour of such day.
 - (b) **“Applicable Real-Time Locational Marginal Price”** or **“ARTLMP”** means, with respect to any hour, the average of the real-time locational marginal price for energy (in \$/MWh) at the Delivery Point that corresponds to the Facility’s Connection Point during such hour.
 - (c) **“DAM”** means the IESO-Administered Market know 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.

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

2. In Section 1.1, amend the definition of “HOEP” by inserting the words “on the Effective Date” immediately after “IESO Market Rules”.
3. In Section 1.1, delete the definition of Market Price and replace it with the following:

“Market Price” means the Applicable Day-Ahead Locational Marginal Price.
4. In the last paragraph of Section 3.4, replace references to “HOEP” with “ADALMP”.

[NTD: The proposed amendments are only applicable to self-scheduling generators. For clarity, the proposed amendments are not applicable to a dispatchable generator (and the amending agreement would need to be revised for a dispatchable generator).]