



NORTHERN HYDRO PROGRAM

PROGRAM RULES

[Version ●]

Draft

[Date]

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[In accordance with the direction of the Minister of Energy and Mines the IESO will enter into contracts in respect of certain existing hydroelectric generating facilities greater than 10 MW. Contracts in respect of these hydroelectric generating facilities will be of a standard form. These Program Rules set out the terms for entering into such contracts.]

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SECTION 1 - INTRODUCTION

1.1 Background to the Northern Hydro Program

On June 11, 2025, the Minister of Energy and Mines issued a directive to the Independent Electricity System Operator (the “**IESO**” or the “**Buyer**”) pursuant to Subsection 25.32(5) of the Electricity Act (the “**Ministerial Directive**”) to require the Buyer to launch a procurement known as the Northern Hydro Program (the “**Program**”), per Section 19 of the Ministerial Directive, to provide contracts for existing large hydroelectric facilities whose installed capacity, as determined on a facility-specific basis, is above 10 MW, and who either: (i) do not have any Existing Contracts with the Buyer or the OEFC and who are not “hydroelectric facilities” as defined in O. Reg. 53/05; or (ii) have Existing Contracts with the IESO or the OEFC that will expire on or before April 30, 2050.

1.2 Defined Terms

Capitalized terms used within these Program Rules and the Application Package are defined in Schedule A of these Program Rules.

1.3 Applicability and Use of these Program Rules

These Program Rules are intended to provide a description of the eligibility requirements and the processes to be followed for an Applicant to obtain a contract under the Program for an eligible hydroelectric generating facility.

1.4 Schedules and Prescribed Forms

The following Schedules are also to be considered as part of these Program Rules:

- Schedule A – Defined Terms
- Schedule B – Imputed Production Factor
- Schedule C – Form of Irrevocable Standby Letter of Credit
- Schedule D – Application Submission Label

The following Prescribed Forms are found on the Buyer’s Website (Forms) and shall be provided by the Applicant as part of any Application Package or as otherwise contemplated by these Program Rules. It is the responsibility of the Applicant to ensure that it is using the current form of Prescribed Form when submitting same.

- Application Form
- Declaration of Contract Capacity
- Form of Metering Plan
- Declaration re Imputed Production Factor
- Officer’s Certificate re Existing Contract
- Acknowledgment of Existing Contract Counterparty
- OEFC Certificate re Existing Contract
- OEFC Termination Agreement re Existing Contract
- **[Supplemental Information (Merchant Facility)]**
- Application Termination Notice

[NTD: Subject to update.]

1.5 Program Documents

These Program Rules, the Prescribed Forms (including the Application Form) and the Contract compose the complete set of “**Program Documents**”. All Program Documents are posted on the Buyer’s Website (Contracts and Forms). The Program Documents are standard form documents and are non-negotiable.

1.6 Program Updates

- (a) The Buyer intends to review and amend, as necessary, the Program Documents from time to time. The Buyer may amend, change, add to, update or replace from time to time, as necessary, one or more of the Program Documents (each an “**Amendment**”) at any time, and from time to time, at its discretion, including without limitation, in response to ministerial directives, changes in Laws and Regulations, significant changes in market conditions or other circumstances as determined by the Buyer in its discretion, which Amendments shall be posted on the Buyer’s Website, and without any liability whatsoever to Applicants or prospective Applicants.
- (b) The Buyer will provide reasonable advance notice of Amendments to Applicants and other interested parties. For clarity, Amendments made to the Program Documents throughout the course of the Program shall not affect executed Contracts, subject to the Parties’ right to amend the Contract in accordance with the terms therein.
- (c) If, at the time that notice of an Amendment is given, an Offer has not been made to an Applicant, such Applicant may withdraw its Application Package by providing the Application Termination Notice in the Prescribed Form in accordance with Section 4.3(g) of these Program Rules.
- (d) The Buyer reserves the right to cancel all or any part of the Program at any time and for any reason, to cancel and replace all or any part of the Program at any time and for any reason, to cease accepting Application Packages at any time and for any reason, and/or to suspend the Program in whole or in part for any reason for such period of time as the Buyer may determine in its discretion, in each case without any obligation or any reimbursement to Applicants or potential Applicants. Any such cancellation will be without prejudice to any executed Contracts. Pursuant to the *Electricity Act* (Ontario) as in effect as of the date hereof, the Ministry of Energy issues directives to the Independent Electricity System Operator to undertake solicitations and programs relating to procurement of electricity supply, capacity and storage.

SECTION 2 - PROGRAM OVERVIEW

2.1 Program Duration

The Program will not continue past April 30, 2050 (the “**Program Termination Date**”).

2.2 Program Design

Facilities that meet the Eligibility Requirements (described below) will be provided with a contract offer (an “**Offer**”) to enter into a Northern Hydro Program Contract (a “**Contract**”), the form of which is available on the Buyer’s Website as may be amended from time to time by the Buyer acting in its discretion. Details of the Contract are provided in Section 6.1 below.

SECTION 3- ELIGIBILITY REQUIREMENTS

3.1 Participation in the Program

Persons who wish to participate in the Program must submit a complete Application Package to the Buyer in accordance with Sections 4.1, 4.2 and 4.3 of these Program Rules to establish that such Person and the applicable Facility satisfies the Eligibility Requirements contained in Section 3.2 and Section 3.3 of these Program Rules. A Person submitting an Application Package is referred to as an “**Applicant**” and the Facility that is the subject of an Application Package submitted to the Buyer is referred to as the “**Applicant’s Facility**”.

3.2 Eligible Participants

An Applicant must satisfy the requirements below in order to be eligible for the Program (an “**Eligible Participant**”). Specifically:

- (a) With respect to the Facility Site, the Applicant must either:
 - (i) own the Facility Site;
 - (ii) have the right to lease or otherwise control or access the Facility Site for the Term. For clarity, on the Application Date, the lease expiration date may be prior to the Program Termination Date so long as the lease includes a right of renewal or an option to purchase that is sufficient to grant the Applicant the right to lease, or own, the Facility Site for the duration of the Term. The Applicant (as Supplier under the Contract) shall be responsible for ensuring that the lease term is renewed or the option to purchase is exercised prior to such expiry to ensure that at all times during the Term, the Applicant (as Supplier under the Contract) leases or owns the Facility Site at all times during the Term, failing which it shall be an event of default under the Contract; or
 - (iii) for a Facility Site that is located on Crown lands, have the right to control or access the Facility Site;
- (b) if the Applicant’s Facility is subject to an Existing Contract, the Applicant or a Wholly-Owned Affiliate of the Applicant (as the context requires, the “**Existing Contract Counterparty**”) must be the counterparty to the Existing Contract to which the Applicant’s Facility is subject;
- (c) if the Applicant’s Facility is subject to an Existing Contract, there must be no default that has occurred and is continuing by the Existing Contract Counterparty under such Existing Contract;

- (d) the Applicant must be a single individual, or a Person that is registered or otherwise authorized to carry on business in the Province of Ontario, provided however that an Applicant may not be an unincorporated joint venture, unless the Existing Contract Counterparty is an unincorporated joint venture, and all, and not less than all, of the parties to such Existing Contract are the Persons that constitute the Applicant (a “**Permitted Joint Venture**”);
- (e) the Applicant must not be insolvent, bankrupt, or be subject to any reorganization, receivership, seizure, realization, arrangement or other similar proceedings pending against or being contemplated by the Applicant or, to the knowledge of the Applicant, threatened against the Applicant;
- (f) the Applicant must have sufficient financial and technical capacity to perform its obligations under the Contract in accordance with Good Engineering and Operating Practices; and
- (g) the Applicant must be a Market Participant and Metered Market Participant for the Applicant’s Facility.

3.3 **Eligible Facilities**

The Applicant’s Facility must satisfy the requirements below to be eligible under the Program (an “**Eligible Facility**”). Specifically, the Applicant’s Facility must:

- (a) be a Merchant Facility or be subject to an Existing Contract that has a remaining contract term of five (5) years or less as of the Application Date;
- (b) be owned or otherwise controlled by the Applicant, as applicable;
- (c) be a Facility that is wholly located in the Province of Ontario;
- (d) have a Nameplate Capacity greater than 10 MW;
- (e) generate Electricity exclusively from waterpower (other than as is required for Station Service Loads);
- (f) be directly connected to the IESO-Controlled Grid by one or more Connection Points;
- (g) deliver Electricity through a Revenue Meter in accordance with all Laws and Regulations to the Connection Point(s);
- (h) not be a Behind-the-Meter Facility; however, a Behind-the-Meter Facility that connects to the IESO-Controlled Grid by one or more Connection Points prior to the Contract Date and otherwise meets the Eligibility Requirements may apply;
- (i) not have a physical or financial power or capacity purchase contract with a Person (other than an Existing Contract with the Buyer or the OEFC, as applicable) relating to the generation of Electricity by such Applicant’s Facility; and
- (j) not be “hydroelectric facilities” as defined in O. Reg. 53/05.

SECTION 4- PROGRAM APPLICATION

4.1 Application Requirements

- (a) An Applicant must satisfy the following requirements:
- (i) Applicants must submit a separate Application Package for each Facility; however, Applicants with multiple Facilities may use duplicated supporting materials within each individual Application Package, where applicable.
 - (ii) Applicants must elect in the Application Package for the Applicant's Facility whether the Buyer will calculate the Monthly Imputed Production Factor corresponding to each Settlement Month for the Applicant's Facility pursuant to Section 4.3(d)(iii) using a Historical Monthly Production Factor or a Flat Monthly Production Factor.
 - (iii) Applicants are solely responsible for ensuring that an Application Package is complete and accurate in every respect and submitted in compliance with these Program Rules.
 - (iv) Applicants must provide the information exactly as set out on the Application Form apart from the completion of any blanks, bullets or similar uncompleted information. On the Application Form or in any applicable Prescribed Forms, no amendments may be made to the pre-printed wording of the Application Form or Prescribed Forms.
- (b) **[Any Person that intends to submit an Application Package in respect of an Aggregated Facility is strongly encouraged to first contact the Buyer at northernhydroprogram@ieso.ca to confirm that any given individual operating plants may apply as an Aggregated Facility. The Buyer will, acting reasonably, endeavour to provide a response in a timely manner.]**

4.2 Application Package

- (a) To constitute a complete "**Application Package**", Applicants must submit all of the materials in Sections 4.2(b) and 4.2(c). Applicants are solely responsible for ensuring an Application Package is delivered to, and received by, the Buyer.
- (b) *Electronic Submission Requirements*
- (i) Applicants must submit all of the following Prescribed Forms that are applicable to the Applicant's Facility to the Buyer electronically to northernhydroprogram@ieso.ca in accordance with Sections 4.2(b)(ii), 4.2(b)(iii) and 4.2(b)(iv).

Item	Prescribed Form	Details
1.	Application Form	All Applicants must submit an electronic copy of the completed Prescribed Form: Application Form.

		As part of the Application Form, all Applicants must: provide certain supporting documentation, including (i) evidence of the current ownership structure; (ii) if the Applicant owns all or any portion of the Facility Site, a copy of the parcel register(s) for all, or any such portion, of the Facility Site dated no earlier than 60 days prior to the Application Date evidencing that the Applicant is the registered title holder of all, or any such portion, of the Facility Site; and (iii) the most recent calibration certificate for all Revenue Meters.
2.	Declaration of Contract Capacity	<p>All Applicants must submit an electronic copy of the completed Prescribed Form: Declaration of Contract Capacity. The Declaration of Contract Capacity sets out the Contract Capacity that will be incorporated in the Contract if the Applicant is made an Offer.</p> <p>As part of the Declaration of Contract Capacity, all Applicants must:</p> <ol style="list-style-type: none"> 1. select a Contract Capacity that: <ol style="list-style-type: none"> i. is greater than 10 MW; and ii. is equal to or less than the Nameplate Capacity of the Applicant's Facility; and iii. for greater certainty, excludes any contract capacity of an Excluded Facility. 2. if the Applicant's Facility is a Merchant Facility, provide evidence of the Nameplate Capacity of the Applicant's Facility as described in the Declaration of Contract Capacity.
3.	Metering Plan	<p>If the Applicant's Facility is a Merchant Facility or is subject to an Existing Contract with the OEFC, the Applicant must submit an electronic copy of a complete, valid, and accurate metering plan in the form of the Prescribed Form: Metering Plan.</p> <p>As part of the Metering Plan, all Applicants must attach a single line diagram for the Applicant's Facility as described in the Prescribed Form: Metering Plan.</p>
4.	Declaration re Imputed Production Factor	<ol style="list-style-type: none"> 1. All Applicants must elect whether the Buyer will calculate the Monthly Imputed Production Factor using a Historical Monthly Production Factor or a Flat Monthly Production Factor. 2. If any upgrades have been made to the Applicant's Facility during the applicable period of Historical Production Data set out in Part 1 of Schedule B that is to be used in

		<p>calculating the Monthly Imputed Production Factor and Annual Imputed Production Factor, the Applicant must submit to the Buyer in the Declaration re Imputed Production Factor:</p> <ul style="list-style-type: none"> a. Details of the original Historic Capacity (in MW) of the Applicant's Facility prior to the implementation of any upgrade; b. Details of the upgraded Historic Capacity (in MW) of the Applicant's Facility following any upgrade; c. Details of any outage (including any derate) taken to implement the upgrade, including a description of the derated capacity of the Applicant's Facility and the duration of the outage (or derate); and d. The in-service date of any upgrade. <p>If any upgrade was completed in phases, the information required above must be provided for each phase.</p>
5.	Officer's Certificate re Existing Contract	If the Applicant's Facility is subject to an Existing Contract with the Buyer, the Applicant must submit an electronic copy of the completed Prescribed Form: Officer's Certificate re Existing Contract.
6.	Acknowledgment of Existing Contract Counterparty	If the Applicant's Facility is subject to an Existing Contract and the Applicant is not the counterparty to the Existing Contract, the Applicant must submit an electronic copy of the completed Prescribed Form: Acknowledgment of Existing Contract Counterparty.
7.	OEFC Certificate re Existing Contract	If the Applicant's Facility is subject to an Existing Contract with the OEFC, the Applicant must submit an electronic copy of the completed Prescribed Form: OEFC Certificate re Existing Contract.
8.	OEFC Termination Agreement re Existing Contract	If the Applicant's Facility is subject to an Existing Contract with the OEFC that has no fixed Expiry Date, the Applicant must submit an electronic copy of the completed Prescribed Form: OEFC Termination Agreement re Existing Contract that confirms the agreement of the OEFC and the Existing Contract Counterparty that if an Offer is made, the Existing Contract with the OEFC will terminate with effect as of the Contract Date.
9.	Supplemental Information (Merchant Facility)	If the Applicant's Facility is a Merchant Facility, the Applicant must submit an electronic copy of the completed Prescribed Form: Supplemental Information (Merchant Facility). <i>[NTD: Subject to further review and update]</i>

- (ii) The Buyer is not responsible for any delays in receiving an Application Package or its contents because of technical issues or electronic delivery failures, including but not limited to use of an incorrect email address, firewalls, file size, unreadable files, or partial scans of compiled documents.
- (iii) Emails to northernhydroprogram@ieso.ca **must not exceed** twenty megabytes (20 MB).
- (iv) Applicants may submit an Application Package in a single or multiple emails. The email subject line must be in the following format: “Application Package – [Applicant Legal Name – Name of Applicant’s Facility] [Email number of total number of emails]”.

(c) *Hard Copy Submission Requirements*

- (i) In addition to the electronically submitted documents identified in Section 4.2(b), an Applicant must provide Application Security to the Buyer in the amount of \$10,000 / MW of proposed Contract Capacity, subject to an overall limit of \$2,000,000.
- (ii) The Application Security must be contained in a separate, opaque and sealed envelope marked “Application Security” with the Applicant’s name and name of the Applicant’s Facility.
- (iii) Application Security shall be delivered to the address below:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1800
Toronto, ON M5H 1T1
Attention: NHP Program
- (iv) Applicants are encouraged to submit a cover letter with each hard copy of the Application Security that clearly identifies the Applicant’s name and the name of the Applicant’s Facility to which the enclosed Application Security relates. Applicants are encouraged to affix a label to the outside of any hard copy submission package, specific to each individual Application Package, that clearly indicates the Applicant’s name and address along with the IESO’s mailing address (the “**Application Submission Label**”). The form of the Application Submission Label has been provided in Schedule D.

4.3 **Acceptance and Evaluation Process**

- (a) The Buyer will accept Application Packages on an on-going basis. The Buyer reserves the right to review Application Packages in any order and at any time. In accordance with Section 1.6(d) of these Program Rules, the Buyer may cease accepting Application Packages at any time.
- (b) The Buyer will only accept one Application Package for the Applicant’s Facility at a time. For greater certainty, a single Application Package may be submitted for

an Aggregated Facility. If the Buyer determines that it has received more than one (1) Application Package in respect of the Applicant's Facility, the Buyer will only proceed to review the first Application Package received in respect of the Applicant's Facility, determined by the timestamp of the email when received by the Buyer. All other Application Packages received in respect of the Applicant's Facility will be rejected and deemed Terminated without any additional review by the Buyer and the Buyer will return the Application Security to the Applicant.

- (c) For each Application Package received, the Buyer will issue an Application Package ID to the corresponding Applicant.
- (d) The Buyer will:
 - (i) First, review an Application Package for completeness to determine whether the Application Package contains all the documents and information requirements set out in Section 4.2 (a "**Complete Application Package**"); and
 - (ii) Second, provided the Application Package is a Complete Application Package, carry out a review to determine whether the Applicant and Applicant's Facility satisfy the Eligibility Requirements; and
 - (iii) Third, provided the Application Package is a Complete Application Package and provided that the Applicant and Applicant's Facility satisfy the Eligibility Requirements, the Buyer will use Historical Production Data to calculate the Monthly Imputed Production Factor and the Annual Average Imputed Production Factor in accordance with Schedule B. The Buyer may verify any information relating to the Historical Production Data that has been supplied by the Application for the Applicant's Facility against the records of the System Operator; if any such information is determined by the Buyer to be incorrect or misleading the Buyer reserves the right to reject the Application Package.
- (e) The Buyer reserves the right, but is not obligated to, request that an Applicant correct, update, or amend an Application Package submitted to the Buyer. All additional requested documentation or information requested by the Buyer must be provided by the Applicant by way of e-mail to northernhydroprogram@ieso.ca. The email subject line must be in the following format: "Re-submitted Application Package – [*Application Package ID*] [*Email number of total number of emails*]". The additional documentation or information must be provided within thirty (30) Business Days of the date of the Buyer's request, or by any other means and within any other timeframe as requested by the Buyer, failing which the Application Package may be rejected as being incomplete.
- (f) Unless requested by the Buyer, an Application Package cannot be amended by an Applicant once it has been received by the Buyer.
- (g) An Applicant may withdraw an Application Package prior to an Offer being made by providing the Application Termination Notice in the Prescribed Form to the Buyer at northernhydroprogram@ieso.ca, in which event the original Application Package will be deemed to have been Terminated and the Buyer will return the

Application Security in respect of such Application Package to the Applicant. The Applicant may reapply by submitting a new Application Package.

- (h) Applicants requiring clarification about any of the application requirements may, acting in a commercially reasonable manner, send their questions to the Buyer at northernhydroprogram@ieso.ca within twenty (20) Business Days following the issuance of this [version ●] of the Program Rules. The Buyer will, acting reasonably, endeavour to provide a response to the Applicant in a timely manner.

4.4 Rejected Applications

- (a) Notwithstanding Section 4.3(e), the Buyer reserves the right to reject an Application Package that is incomplete
- (b) In addition, in reviewing a Complete Application Package, if the Buyer determines:
 - (i) the Applicant is not an Eligible Participant; or
 - (ii) the Applicant's Facility is not an Eligible Facility;then the Buyer will reject the applicable Application Package.
- (c) The Buyer's determination in respect of whether an Application Package is complete or whether the Eligibility Requirements have been met is final, binding and not subject to appeal. If an Application Package is rejected (a "**Rejected Application**"), the original Application Package will be deemed to have been Terminated, the Buyer will notify the Applicant by e-mail of the Buyer's determination and reasoning therefor, and the Buyer will return the Application Security in respect of the Application Package to the Applicant.
- (d) Following the Buyer's determination that an Application Package or a Complete Application Package is a Rejected Application, the Applicant may reapply by submitting a new Application Package.
- (e) The Buyer shall have no liability whatsoever to an Applicant for a Rejected Application and the Buyer shall be released from any and all obligations in respect of the Program in respect of or arising out of the Application Package as of the date of any such determination.

SECTION 5- CONTRACT OFFER AND EXECUTION

5.1 Contract Offer

- (a) If the Buyer determines in accordance with Section 4 (i) that the Application Package is a Complete Application Package, (ii) that the Applicant and the applicable Applicant's Facility have met the Eligibility Requirements, then the Buyer will deliver to the Applicant by email an Offer, along with a copy of the Contract in its most recent standardized form as of the date the Offer is made, populated with the Applicant's and Applicant's Facility's information that is consistent with and based on the information set out in the Application Package

and that will include the Monthly Imputed Production Factor and the Annual Average Imputed Production Factor calculated for the Applicant's Facility pursuant to Section 4.3(d)(iii).

- (b) If the Applicant's Facility is the subject of an Original SLCA (Secured Lender Consent Agreement), the Applicant may request, during the Offer Period, that the Buyer provide the Supplier with the applicable SLCA Agreement in its most recent standardized form, populated with the information provided in the Application Package. For clarity, if the Applicant's Facility is subject to an Original SLCA, the Original SLCA shall continue to apply to the Existing Contract until the Expiry Date or the earlier termination of such Existing Contract and/or Original SLCA.
- (c) An Applicant has sixty (60) Business Days from the date of delivery of the Offer (such period referred to as the "**Offer Period**") to accept the Offer by delivering to the Buyer a copy of the Signature Page executed by the Applicant and to authorize the Buyer to convert and maintain the Application Security to be held as Completion and Performance Security, in each case, in accordance with the instructions in the Offer.
- (d) The Contract Date will be the date the Buyer signs back the Offer to the Supplier but the Term shall commence only from and after the Effective Time. In all circumstances, the Contract Date and Effective Time shall be stated in the Contract and shall be binding on the Supplier and the Buyer.
- (e) If the Buyer does not receive all documents in accordance with Section 5.1(c) within the Offer Period, the Application Package is deemed to be a Rejected Application, the Offer is deemed to be revoked without any further act or formality and the Buyer will return the Application Security in respect of the Application Package to the Applicant. Notwithstanding the foregoing, should the Applicant accept the Offer by delivering to the Buyer a copy of the Signature Page executed by the Applicant, but fail to authorize the Buyer to convert and maintain the Application Security to be held as Completion and Performance Security or provide new Completion and Performance Security, the IESO may, in its discretion, draw upon the Application Security.

SECTION 6- OVERVIEW OF CONTRACT

6.1 Contract Overview

- (a) This Section 6 provides an overview of certain sections of the Contract and is for descriptive purposes only. For greater certainty, to the extent that there is any inconsistency between the descriptions in this Section 6 and the Contract, the terms of the Contract shall prevail.

6.2 Contract Effective Time and Term

- (a) The Contract shall be entered into as of the Contract Date, but the Term shall commence and be effective only from and after the Effective Time.

- (b) The Term will end on the Program Termination Date, upon which date all Contracts will automatically terminate and be of no further force and effect (excluding any provisions that survive the Contract).
- (c) For any Facilities that are subject to an Existing Contract, the terms and conditions of the Existing Contract shall continue to govern the rights and obligations of the Buyer (or the OEFC, as the context requires) and the Existing Contract Counterparty for all matters arising prior the Expiry Date or earlier termination of such Existing Contract. The Contract will be entered into and binding upon the Buyer and the Supplier (as defined thereunder) as of the Contract Date, but any operational covenants, performance obligations, and Monthly Payment obligations thereunder will become effective only from and after the Effective Time (i.e. following the Expiry Date of the Existing Contract).

6.3 Supplier Option to Terminate

The Contract includes a right of the Supplier to terminate the Contract, at its option, at any time during the 8th Contract Year or 15th Contract Year by providing no less than 90 days written notice to the Buyer of its intention to terminate.

6.4 Metering

The Supplier will be required to meet the metering requirements outlined in Section 2.2 of the Contract.

6.5 Ownership of Contracted Facility

The Supplier will be required to provide a representation and warranty, which shall be valid from the Contract Date until the expiration or earlier termination of the Contract, that the Supplier owns or otherwise controls the Contracted Facility for a term that expires on or after the Program Termination Date. Breach of such representation and warranty, subject to any applicable cure periods, shall be an event of default following which the Buyer may choose to terminate the Contract.

6.6 Insurance

The Supplier will be required to maintain insurance coverage with respect to the Contracted Facility at its own cost and expense from the Contract Date until the expiration of the Term.

6.7 Monthly Payment

- (a) A Supplier will be eligible to receive Monthly Payments only after the Effective Time.
- (b) The Contract is structured utilizing an imputed revenue model for the Contracted Facility that deems revenues to be earned by the Supplier in the System Operator's wholesale energy market based on the Contract Capacity and the Monthly Imputed Production Factor.
- (c) The Monthly Payment under the Contract is set out in Exhibit J of the Contract and is calculated by subtracting the Contracted Facility's imputed market revenues and

any Non-Performance Charge from the Contracted Facility's monthly revenue requirement, while also adding any Negative Price Protection Adjustment as applicable. The Supplier's monthly revenue requirement is the product of the Indexed Fixed Price (in \$/MWh), the Contract Capacity, the Annual Average Imputed Production Factor, the Outage Hour Capacity Reduction Factor, and the number of hours in an applicable month. Imputed market revenues under the Contract are calculated as the product of multiplying the Imputed Production Price, the Contract Capacity, the Monthly Imputed Production Factor, any Outage Hour Capacity Reduction Factor, and the number of hours in the applicable month.

- (d) Potential negative revenue exposure through the System Operator's wholesale market is addressed through a Negative Price Protection Adjustment. In addition, a hedging mechanism for months when average wholesale market prices (on a locational basis) are higher than the Indexed Fixed Price has been included to mitigate against the risk that monthly wholesale market revenues are lower than those imputed under the Contract. The Contract also includes force majeure provisions that address exceptional circumstances (including floods and drought) that are outside of the control of the Supplier.
- (e) The Indexed Fixed Price will be equal to \$92/MWh in 2025. Sixty percent (60%) of the Indexed Fixed Price will be adjusted for inflation based on year-over-year change in the Consumer Price Index.
- (f) The Supplier's monthly revenue requirement is subject to adjustment in respect of any increase or decrease to applicable Gross Revenue Charge values prescribed under Section 92.1 of the Electricity Act over the Term.
- (g) During the Term, the Supplier under the Contract will be required to operate and maintain the Contracted Facility in accordance with Good Engineering and Operating Practices. All market revenues attributable to Capacity Products or Ancillary Services products generated from the physical operation of the Contracted Facility do not contribute to the determination of imputed market revenue of the Supplier under the Contract.

6.8 **Production Factor**

During the Term, the Supplier must offer Electricity output from the Contracted Facility into the IESO-Administered Markets from the Contract Capacity that is not subject to an Outage in accordance with Good Engineering and Operating Practices. Starting after the end of the fourth Contract Year, if the Contracted Facility achieves an Actual Performance Factor that is less than eighty percent (80%) of the Contracted Facility's Annual Average Imputed Production Factor under the Contract on an annual basis, the Supplier will be assessed a Non-Performance Charge calculated in accordance with Exhibit F of the Contract. The Non-Performance Charge is equal to the average Indexed Fixed Price for the most recent four (4) Contract Years multiplied by the portion of the Performance Factor Shortfall for the year that is in excess of twenty percent (20%). Starting at the end of the fourth Contract Year, where the Performance Factor Shortfall is greater than thirty-five percent (35%) for the year it shall constitute a default of the Supplier under the Contract.

6.9 Performance Security

Completion and Performance Security is required under the Contract.

The Supplier must, as of the Contract Date and until the end of the Term, provide to the Buyer, Completion and Performance Security in an amount equal to the amount of \$10,000/MW of Contract Capacity in the form of a letter of credit in the form provided in the Contract, up to a maximum amount of \$2,000,000.

The amount of the Completion and Performance Security as of the Contract Date is equal to the amount required for Application Security and an Applicant must authorize the Buyer to convert and maintain the Application Security to be held as Completion and Performance Security at the time of entering into the Contract.

6.10 Environmental Attributes

With the exception of any Clean Technology Investment Tax Credit or Clean Electricity Investment Tax Credit (as defined in the Contract), all Environmental Attributes generated by the Contracted Facility during the Term will be transferred and assigned to the Buyer.

6.11 Treatment of Upgrades

- (a) Upgrades and Expansions are permitted under certain conditions, such as:
 - (i) The Upgrade or Expansion must increase the Nameplate Capacity of the Contracted Facility by a minimum threshold of 1 MW;
 - (ii) An Upgrade or Expansion of the Contracted Facility will only be permitted during the Term with approval of the Buyer as a Facility Amendment (as such term is defined in the Contract); and
 - (iii) An Upgrade or Expansion of the Contracted Facility will be subject to and based on the provisions specified in Section 2.3 of the Contract.
- (b) For clarity, there is no price adder for an Upgrade or Expansion made to a Contracted Facility and the Monthly Payment shall only be extended to any increase to Contract Capacity that has been approved by the Buyer in accordance with the Contract.

6.12 Waterpower Rights

The Supplier shall ensure that any Waterpower Rights that are required for the operation of the Contracted Facility remain in effect throughout the Term. In the event that any Waterpower Rights that are required for the operation of the Contracted Facility expire while a renewal or replacement of such Waterpower Rights are pending finalization or execution such that the renewal or replacement is intended to be effective as of the expiry of the Waterpower Rights, then such Waterpower Rights shall not be deemed to have expired or been terminated.

SECTION 7 - CONFIDENTIALITY

7.1 Buyer Information

All information provided by or obtained from the Buyer in any form in connection with the Program, that is not otherwise publicly available is the sole property of the Buyer and must be treated as confidential; and:

- (a) is not to be used for any purpose other than applying to participate in the Program and the performance of a Supplier's obligations under a Contract;
- (b) must not be disclosed without the prior written authorization of the Buyer, other than to the Applicant's partners, advisors, the Existing Contract Counterparty, the Connecting Authority, OEB, contractors, and Secured Lenders, provided the Disclosing Party obtains similar confidentiality commitments from such third parties; and
- (c) must be returned by the Applicant or third party (as applicable) to the Buyer immediately upon request of the Buyer.

7.2 Applicant Information

- (a) By submitting an Application Package, the Applicant authorizes the collection by the Buyer of the information set out in the Application Package and otherwise collected in accordance with the terms hereof, and the use of such information for the purposes set out in or incidental to these Program Rules and the Contract, and for the purpose of offering, managing and directing the Program generally.
- (b) Information provided by an Applicant is subject to, and may be released in accordance with, the provisions of FIPPA. Notwithstanding any confidentiality statement provided by the Applicant, the Buyer may be required to disclose information, which is provided to the Buyer by an Applicant and is otherwise not protected from disclosure through an exemption in FIPPA or any other applicable legislation, regulation or policy. Applicants should not assume that such an exemption is available.
- (c) Subject to applicable Laws and Regulations, the Buyer reserves the right to publish the names of Applicants and details of their participation in the Program on the Buyer's Website.
- (d) All information, whether oral, visual or written, submitted by an Applicant in an Application Package is deemed not to be proprietary or confidential unless, if disclosed in writing or other tangible form, such information is clearly labelled as "confidential", or, if disclosed orally, such information is identified as confidential when disclosed and confirmed thereafter in writing.

7.3 Applicant's Facility Information

Subject to applicable Laws and Regulations, information provided by an Applicant in relation to the Applicant's Facility, including technology, Nameplate Capacity, location of the Facility Site, as well as the name of the Applicant, contact name, business contact e-

mail and business contact phone number and date the Application Package was submitted, may be disclosed by the Buyer on the Buyer's Website or otherwise, and such disclosure may be made on an individual basis, or as aggregated with information provided by other Applicants.

7.4 Disclosure of Application Package

Applicants are advised that their Application Packages will, as necessary, be disclosed on a confidential basis to the Buyer's counsel, consultants, Transmitters, LDC's, the Government of Ontario and advisers retained for the purpose of administration of the Program.

7.5 Disclosure of Applicant's Facility Data

Each Applicant shall be required, as part of the Application Package, to irrevocably authorize and consent to the Buyer, the System Operator, the Transmitter or LDC as applicable releasing, disclosing, providing, delivering and otherwise making available to the Buyer or its agents, successors or assigns, any and all such information relating to connections, proposed connections, meters, meter data (including Historical Production Data), testing data pertaining to commercial operation, billing data, Transmitter account or Metered Market Participant account (as applicable) of the Applicant and Applicant's Facility as the Buyer, its agents, successors or assigns may advise is required in connection with the evaluation, offer and administration of an Application Package or Contract under the Program.

SECTION 8 - ADDITIONAL RULES

8.1 Resolving Inconsistencies

To the extent that there is any inconsistency between these Program Rules and the Contract, the Contract prevails.

8.2 Assignment or Change of Control

- (a) Following the submission of an Application Package and until the earlier of the date that the Applicant is provided with a notice of Rejected Application, the expiration of the Offer Period, and the date that the Applicant has fully executed a Contract, the Applicant must not:
 - (i) assign its Application Package to another Person (including by way of amalgamation or by operation of law); or
 - (ii) be the subject of a change of Control (including by way of amalgamation or by operation of law).
- (b) If an Applicant violates any provision of this Section 8.2, the Buyer may reject the Application Package.

8.3 General

- (a) Other than as expressly set out in these Program Rules, the Buyer is not obligated in any manner whatsoever, nor does the Buyer have any liability, to any Person who is an Applicant unless and until a Contract is executed with such Person, and then the Buyer's obligations and liabilities are only in accordance with the terms of such Contract.
- (b) The Buyer is not liable to pay any Applicant's costs or expenses under any circumstances. In particular, the Buyer will not reimburse an Applicant in any manner whatsoever in the event of rejection of any or all Application Packages for any reason or in the event of the amendment, cancellation or suspension of the Program or any part thereof at any time. The Applicant irrevocably and unconditionally waives any Claims against the Buyer relating to the Applicant's costs and expenses, including costs in relation to satisfying the Eligibility Requirements in Section 3 and the application requirements described in Section 4.
- (c) The Buyer is not liable for any delays in processing, reviewing, or rejecting an Application Package or providing an Offer in respect thereof.
- (d) The Buyer reserves the right, in its discretion, to waive any informality, irregularity or non-compliance with respect to an Application Package or an Applicant's compliance with these Program Rules, including by extending any deadline set out in these Program Rules, which for clarity may be any deadline affecting the Buyer or an Applicant.
- (e) Despite anything contained in these Program Rules or in the Contract, an Applicant is solely responsible for ensuring the technical, regulatory and financial viability of their Applicant's Facility under the Program, and the Buyer has no responsibility whatsoever to independently assess the viability of any Application Package nor any liability whatsoever in the event that the Applicant's Facility turns out not to be viable in any respect.
- (f) The acceptance by the Buyer of an Application Package or the issuance of an Offer by the Buyer to an Applicant is not:
 - (i) evidence that the Buyer has accepted the authenticity or sufficiency of the Application Package; or
 - (ii) a waiver of or bar to any of the Buyer's rights under these Program Rules or otherwise.
- (g) The Buyer may verify with any Applicant, the System Operator, or with any third party any statements, information and documentation set out in an Application Package. Each Applicant consents to the Buyer communicating with the System Operator and/or any third party to verify the statements, information and documentation set out in an Application Package. If any such statements, information or documentation are determined by the Buyer to be incorrect or misleading the Buyer reserves the right to reject the Application Package.

- (h) The Buyer's receipt of an Application Package does not constitute a commitment by the Buyer to support the Application Package or create a business relationship between an Applicant and the Buyer.
- (i) The rights reserved to the Buyer in these Program Rules are in addition to any other express rights or any other rights which may be implied in the circumstances and the Buyer is not liable for any Claim or any losses, damages, liabilities, penalties, obligations, payments, costs and expenses, costs, losses or any direct or indirect damages incurred or suffered by any Applicant or any third party resulting from the Buyer exercising any of its express or implied rights under the Program, including the right to exercise its discretion hereunder. In submitting an Application Package, each Applicant agrees that it waives any rights it may have to bring a Claim or otherwise as against the Buyer for any reason, including for failing to issue the Applicant an Offer or issuing an Offer to another Applicant. Under no circumstances whatsoever is the Buyer liable for indirect, punitive or consequential damages associated with an Applicant's submission of an Application Package or participation in the Program.
- (j) Under no circumstances shall the Applicant or third party be entitled to recover any damages as against the Buyer in any amount, whether such Claim arises in contract, warranty, equity, negligence, intended conduct, detrimental reliance or otherwise, including any action or Claim arising from the acts or omissions, negligent or otherwise, of the Buyer, and including any Claim by an Applicant that the Buyer has failed to comply with these Program Rules.
- (k) Application Packages become the property of the Buyer once submitted and will not be returned to the Applicants. Applicants should retain a copy of all submitted materials for their records.

8.4 Interpretation

- (a) **Consent.** If a provision requires an approval or consent and the approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required is conclusively deemed to have withheld its approval or consent.
- (b) **Currency.** Unless otherwise specified, all references to money amounts are to the lawful currency of Canada.
- (c) **Discretion.** Where the Buyer may take an action or make a determination under these Program Rules, the decision to take such action or make such determination is at the Buyer's sole and absolute discretion. Any reference to the Buyer's discretion in these Program Rules means the Buyer's sole and absolute discretion.
- (d) **Governing Law.** These Program Rules are made under, governed by, and must be construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario.
- (e) **Headings.** Headings of Sections are inserted for convenience of reference only and do not affect the construction or interpretation of these Program Rules. References to Sections means Sections of these Program Rules unless otherwise specified.

- (f) **No Strict Construction.** Despite the fact that these Program Rules were drafted by the Buyer's legal and other professional advisors, Applicants submitting Application Packages acknowledge and agree that any doubt or ambiguity in the meaning or application of any term or provision in these Program Rules must not be construed against the Buyer in favour of the Applicant when interpreting such term or provision, by virtue of such fact.
- (g) **Notice.** No Person may provide any notices or otherwise communicate with the Buyer in respect of an Application Package other than the Designated Representative, provided that a duly authorized signatory of the Applicant may enter into a Contract that is the subject of an Offer, if any, in respect of such Application Package and the Buyer may communicate with such duly authorized signing authority in respect of the Application Package and Contract.
- (h) **Number and Gender.** Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.
- (i) **Statutory References.** A reference to a statute includes all regulations and rules made pursuant to the statute and, unless otherwise specified, the provisions of any statute, regulation or rule which amends, supplements or supersedes any such statute, regulation or rule.
- (j) **Time Periods.** Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done must be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

SCHEDULE A - DEFINED TERMS

1. “Actual Performance Factor” has the meaning given to it in the Contract.
2. “Affiliate” means any Person that (i) Controls a Party; (ii) is Controlled by a Party; or (iii) is Controlled by the same Person that Controls a Party.
3. “Aggregated Facility” means (A) a Facility that is comprised of two or more individual operating plants that (i) share one or more common Delivery Point(s); and (ii) are currently settled by the System Operator at one or more common Resource ID(s) or a common Resource name under the IESO Market Rules; or (B) a Facility that is comprised of two or more individual operating plants that (i) are in parallel operation; (ii) share a common water resource; and (iii) have been accepted for aggregation as an “Aggregated Facility” by the Buyer in its discretion. For greater certainty, for the purposes of these Program Rules, an “individual operating plant” means a “facility” (as such term is defined in the IESO Market Rules).
4. “Amendment” has the meaning given to it Section 1.6(a).
5. “Ancillary Services” has the meaning given to it in the Contract.
6. “Annual Average Imputed Production Factor” has the meaning given to it in the Contract.
7. “Applicant” has the meaning given to it in Section 3.1.
8. “Applicant’s Facility” has the meaning given to it in Section 3.1.
9. “Application Date” means the date that the Application Package is initially received by the Buyer, as confirmed by the Buyer.
10. “Application Form” means the Prescribed Form used by an Applicant to submit the details of the Applicant and the Applicant’s Facility for inclusion under the Program.
11. “Application Package” has the meaning given to it in Section 4.2.
12. “Application Security” means one or more irrevocable and unconditional standby letters of credit issued by a financial institution listed in either Schedule I or II of the *Bank Act*, SC 1991, c 46, as amended from time to time, or such other financial institution having a minimum credit rating of (i) A- with S&P, (ii) A3 with Moody’s, (iii) A (low) with DBRS Morningstar, or (iv) A- with Fitch IBCA, in substantially the form attached as Schedule C of these Program Rules or in a form acceptable to the Buyer, acting reasonably.
13. “Application Termination Notice” means a notice in the Prescribed Form provided by the Applicant to the Buyer, confirming that it is terminating its application to the Program.
14. “Behind-the-Meter Facility” means a Facility that is connected to a Host Facility such that Electricity Delivered by such Facility is recorded on the Host Facility’s Electricity meter.
15. “Business Day” means a day, other than a Saturday or Sunday or statutory holiday in the Province of Ontario that is listed on the “*Physical and Financial Market Holiday Schedule*” (or any substantially equivalent future schedule) published by the System Operator for purposes of the IESO Market Rules,

from time to time, but excluding from such statutory holidays Easter Monday, Remembrance Day, and National Day for Truth and Reconciliation.

16. “Buyer” means the Independent Electricity System Operator acting in its capacity to deliver procurement and contract management activities as contemplated under Section 5(4)(b) of the *Electricity Act* and includes such Person’s successors and permitted assigns.
17. “Buyer’s Website” means the website of the Buyer located at uniform resource locator (URL) <https://www.ieso.ca/> or such other URL, or other electronic or non-electronic format, as the Buyer may provide to the Supplier from time to time.
18. “Capacity Products” has the meaning given to it in the Contract.
19. “Claim” means a claim or cause of action in contract, in tort, under any Laws and Regulations or otherwise.
20. “Complete Application Package” has the meaning given to it in Section 4.3(d).
21. “Completion and Performance Security” has the meaning given to it in the Contract.
22. “Confidential Information” means (a) Mutually Confidential Information and (b) all information which is furnished or disclosed by the Disclosing Party and its Representatives to the Receiving Party and its Representatives in connection with these Program Rules or a Contract, whether before or after its execution, that has been identified as confidential at the time it was furnished or disclosed, and including all new information derived at any time from any such confidential information, but excluding:
 - (a) publicly-available information, unless made public by the Receiving Party or its Representatives in a manner not permitted by these Program Rules or a Contract;
 - (b) information already known to the Receiving Party prior to being furnished by the Disclosing Party;
 - (c) information disclosed to the Receiving Party from a source other than the Disclosing Party or its Representative, if such source is not subject to any agreement with the Disclosing Party prohibiting such disclosure to the Receiving Party; and
 - (d) information that is independently developed by the Receiving Party.
23. “Connecting Authority” means, with respect to a Facility, the Transmitter that is licensed to operate that portion of the IESO-Controlled Grid to which the Facility is connected.
24. “Connection Agreement” means the agreement or agreements required to be entered into between the Transmitter and the Applicant to the IESO-Controlled Grid (directly or indirectly), in accordance with the Transmission System Code and governing the terms and conditions of such connection, including all studies and impact assessments incorporated therein, and including the payment of all costs that are the responsibility of the Applicant thereunder.
25. “Connection Line” means the electrical connection line that connects the Facility to the Connection Point.

26. “Connection Point” means the electrical point or points of connection between the Facility and the IESO-Controlled Grid, as more particularly described in the Connection Agreement. For greater certainty, the Connection Point is defined by reference to electrical connection points.
27. “Consumer Price Index” or “CPI” means the consumer price index for “All Items” published or established by Statistics Canada (or its successors) for any relevant calendar month in relation to the Province of Ontario.
28. “Contract” has the meaning given to it in Section 2.2.
29. “Contract Capacity” has the meaning given to it in the Contract. The “Contract Capacity” must be selected by the Applicant in the Application Package and must be equal to or less than the Nameplate Capacity of the Applicant’s Facility as set out in the Application Package and, for greater certainty, excludes any contract capacity of an Excluded Facility.
30. “Contract Date” means the date of the Contract, which shall be the date the Buyer signs back the Offer to the Applicant (deemed a Supplier thereunder) in accordance with Section 5.1(d).
31. “Contract Year” has the meaning given to it in the Contract.
32. “Contracted Facility” means the Applicant’s Facility in respect of which a Contract has been entered into between an Applicant (deemed a Supplier thereunder) and the Buyer.
33. “Control” means, with respect to any Person at any time:
 - a) holding, whether directly or indirectly, as owner or other beneficiary, other than solely as the beneficiary of an unrealized security interest, securities or ownership interests of that Person carrying votes or ownership interests sufficient to elect or appoint fifty percent (50%) or more of the individuals who are responsible for the supervision or management of that Person, or
 - b) the exercise of *de facto* control of that Person, whether direct or indirect and whether through the ownership of securities or ownership interests, by contract or trust or otherwise,and “Controlled” and “Controlled by” has a corresponding meaning.
34. “Delivered” has the meaning given to it in the Contract.
35. “Delivery Point” has the meaning given to it in the Contract.
36. “Designated Representative” means an individual who is duly authorized to act on behalf of and make decisions that will bind the Applicant.
37. “Disclosing Party”, with respect to Confidential Information, is the Party and/or its Representatives providing or disclosing such Confidential Information and may be the Buyer or the Applicant, as applicable; provided, however, that where such Confidential Information is Mutually Confidential Information, both the Buyer and the Applicant shall be deemed to be the Disclosing Party.
38. “Distribution System” has the meaning ascribed to it in the IESO Market Rules.
39. “Effective Time” means (i) for an Applicant’s Facility that is subject to an Existing Contract, that point in time commencing at the beginning of the hour ending 01:00 hours (EST) immediately

following the scheduled expiration of the Existing Contract on the Expiry Date. For greater certainty, if an Existing Contract in respect of an Applicant's Facility terminates prior to its Expiry Date, the Effective Time will remain unchanged for such Facility; and (ii) for an Applicant's Facility that is a Merchant Facility, that point in time commencing at the beginning of the hour ending 01:00 hours (EST) on the Contract Date. The Effective Time will be the "Term Commencement Date" within the meaning of the Contract.

40. "Electricity" means electric energy.
41. "Electricity Act" means the *Electricity Act, 1998* (Ontario), as amended, supplemented or replaced from time to time.
42. "Eligibility Requirements" means collectively, the requirements that must be met by an Applicant to qualify as an Eligible Participant under Section 3.2 and the requirements that must be met by the Applicant's Facility to qualify as an Eligible Facility under Section 3.3.
43. "Eligible Facility" has the meaning given to it in Section 3.3.
44. "Eligible Participant" has the meaning given to it in Section 3.2.
45. "Environmental Attributes" has the meaning given to it in the Contract.
46. "Excluded Facility" means any generation assets or generation facilities (other than the Facility) that share a common Delivery Point with the Facility.
47. "Existing Contract" means any one of the HCI Contract, the RES Contract or an OEFC Contract (and includes any such contract for an Aggregated Facility), as applicable.
48. "Existing Contract Counterparty" has the meaning given to it in Section 3.2(b).
49. "Expansion" has the meaning given to it in the Contract.
50. "Expiry Date" means the established date in the Existing Contract, including any amendments agreed to by the parties to the Existing Contract prior to the Application Date, upon which, absent any earlier unplanned termination event, the Existing Contract will expire on its terms.
51. "Facility" means a facility that is owned or otherwise controlled by the Applicant, which generates Electricity exclusively from waterpower (other than as is required for Station Service Loads) and that delivers that Electricity through a meter in accordance with all Laws and Regulations to the Connection Point(s). For greater certainty, for the purposes of the Program, an Aggregated Facility will be treated as if it were a single Facility under the Program.
52. "Facility Site" means all Properties on which the Facility is located, excluding any Connection Line.
53. "FIPPA" means the *Freedom of Information and Protection of Privacy Act* (Ontario), R.S.O. 1990, c. F.31, as amended, supplemented or replaced from time to time.
54. "Flat Monthly Production Factor" has the meaning given to it in Part 3 of Schedule B.
55. "Good Engineering and Operating Practices" has the meaning given to it in the Contract.

56. “Governmental Approvals” means approvals, authorizations, consents, permits, grants, licences, privileges, rights, orders, judgments, rulings, directives, ordinances, decrees, registrations and filings issued or granted by Laws and Regulations or by any Governmental Authority.
57. “Governmental Authority” means any federal, provincial, or municipal government, parliament or legislature, or any regulatory authority, agency, tribunal, commission, board or department of any such government, parliament or legislature, or any court or other law, regulation or rule-making entity, having jurisdiction in the relevant circumstances, including the OEB, the Electrical Safety Authority, the System Operator and any Person acting under the authority of any Governmental Authority, but excluding the Buyer when acting in a capacity other than as the System Operator.
58. “Gross Revenue Charge” means any taxes and charges paid on the gross revenues of the Contracted Facility pursuant to Section 92.1 of the *Electricity Act*.
59. “HCI Contract” means a contract entered into between the Buyer and the Applicant (as supplier thereunder) pursuant to the Hydroelectric Contract Initiative developed and implemented pursuant to directions of the Minister of Energy and Mines (or a predecessor thereto) issued May 7, 2009, January 21, 2013 and February 14, 2020.
60. “Historic Capacity” means (i) for a Facility that is not an Aggregated Facility and that is subject to an Existing Contract, the contract capacity of the Facility under the Existing Contract; (ii) for each individual operating plant that comprises an Aggregated Facility, the contract capacity of each such individual operating plant under the Existing Contract; and (iii) for a Facility that is a Merchant Facility, the Nameplate Capacity of such Merchant Facility. For greater certainty, Historic Capacity excludes the contract capacity of an Excluded Facility.
61. “Historical Monthly Production Factor” has the meaning given to it in Part 3 of Schedule B.
62. “Historical Production Data” means monthly energy production data for the Applicant’s Facility at the associated Delivery Point(s) for the Applicant’s Facility for the time period as more particularly described in Part 1 of Schedule B. For greater certainty, Historical Production Data excludes any monthly energy production data relating to any Excluded Facility.
63. “Host Facility” means a facility that a Facility is connected to and which is either (i) directly connected to a Distribution System or (ii) connected to the IESO-Controlled Grid directly or through one or more other facilities (which other facility is not, for greater certainty, a Distribution System).
64. “IESO-Administered Markets” has the meaning given to it in the IESO Market Rules.
65. “IESO-Controlled Grid” has the meaning given to it in the IESO Market Rules.
66. “IESO Market Rules” means the rules governing the IESO-Controlled Grid and establishing and governing the IESO-Administered Markets, together with all market manuals, policies, and guidelines issued by the System Operator, all as amended, supplemented or replaced from time to time.
67. “Imputed Production Price” has the meaning given to it in the Contract.
68. “Indexed Fixed Price” has the meaning given to it in the Contract and will be equal to \$92/MWh in 2025. In respect of any Contract with a Contract Date following 2025, the \$92/MWh Indexed Fixed Price will be subject to escalation as more particularly described in Section 6.7(e).

69. “Laws and Regulations” means:
- a) applicable Canadian federal, provincial or municipal laws, orders-in-council, by-laws, codes, rules, policies, regulations and statutes;
 - b) applicable orders, decisions, codes, judgments, injunctions, decrees, awards and writs of any court, tribunal, arbitrator, Governmental Authority or other Person having jurisdiction;
 - c) applicable rulings and conditions of any licence, permit, certificate, registration, authorization, consent and approval issued by a Governmental Authority;
 - d) any requirements under or prescribed by applicable common law; and
 - e) the IESO Market Rules, as well as any manuals or interpretation bulletins issued by the System Operator from time to time that are binding on the Applicant.
70. “LDC” means a Person licensed by the OEB as a “distributor” in connection with a Distribution System.
71. “Market Participant” has the meaning given to it by the IESO Market Rules.
72. “Merchant Facility” means a Facility that as of March 31, 2026 is in-service and participating in the IESO-Administered Market without an Existing Contract.
73. “Metered Market Participant” has the meaning given to it by the IESO Market Rules.
74. “Metering Plan” means a metering plan in the form of the Prescribed Form: Form of Metering Plan submitted by the Applicant with respect to the Applicant’s Facility.
75. “Monthly Imputed Production Factor” has the meaning given to it in the Contract.
76. “Monthly Payment” has the meaning given to it in the Contract.
77. “Mutually Confidential Information” means any information identified by the Parties as Confidential Information of both the Buyer and the Applicant.
78. “MW” means megawatt and “MWh” means megawatt hour.
79. “Nameplate Capacity” means the manufacturer’s total installed rated capacity of the Facility to generate Electricity, expressed in MW. For greater certainty, for the purposes of an Aggregated Facility, the “Nameplate Capacity” includes the simple addition of the Nameplate Capacity of all individual operating plants that comprise the Aggregated Facility as if such individual operating plants were a single Facility.
80. “Negative Price Protection Adjustment” has the meaning given to it in the Contract.
81. “Non-Performance Charge” has the meaning given to it in the Contract.
82. “OEB” means the Ontario Energy Board or its successor.
83. “OEFC” means the Ontario Electricity Financial Corporation established under the Electricity Act, or its successor.

84. "OEFC Contract" means a physical or financial power or capacity purchase contract between the Applicant (as supplier thereunder) and the OEFC relating to the generation of Electricity from a hydroelectric facility.
85. "Offer" has the meaning given to it in Section 2.2.
86. "Offer Period" has the meaning given to it in Section 5.1(c).
87. "Original SLCA" means a secured lender consent agreement under the Existing Contract between the Supplier (as the supplier under the Existing Contract) and the Secured Lender.
88. "Outage" has the meaning given to it in the Contract.
89. "Outage Hour Capacity Reduction Factor" has the meaning given to it in the Contract.
90. "Party" means, with respect to the Program Rules, any one of the Applicant and the Buyer, and the Buyer and the Applicant are collectively referred to as the Parties.
91. "Performance Factor Shortfall" has the meaning given to it in the Contract.
92. "Permitted Joint Venture" has the meaning given to it in Section 3.2(d).
93. "Person" means a natural person, firm, trust, partnership, limited partnership, company or corporation (with or without share capital), sole proprietorship, Governmental Authority or other entity of any kind, excluding an unincorporated joint venture (except a Permitted Joint Venture for the purposes of, and as expressly permitted under, Section 3.2(d)).
94. "Prescribed Form" means, in relation to a form, the latest version of the corresponding form appearing on the Buyer's Website, as may be amended or replaced by the Buyer from time to time, provided however that a Prescribed Form, once submitted by an Applicant shall be the version of the Prescribed Form submitted.
95. "Production Factor" or "PF" has the meaning given to it in Part 2 of Schedule B.
96. "Program" has the meaning given to it in Section 1.1.
97. "Program Documents" has the meaning given to it in Section 1.5.
98. "Program Rules" means the rules governing the Program, as may be amended in accordance with its terms from time to time.
99. "Program Termination Date" has the meaning given to it in Section 2.1.
100. "Property" means a parcel or lot of real property as identified by a Property Identification Number or, in the absence thereof, by another legal description by lot and/or parcel number or similar legal description or by other appropriate description using metes and bounds or GPS coordinates. In the case of provincial Crown lands, Property means real property identified by a grid cell, or a waterpower site number (as applicable) or in the absence thereof, GPS co-ordinates of the Property, as applicable.

101. “Property Identification Number” or “PIN” means the property identifier assigned to a property in accordance with the *Registry Act*, RSO 1990, c. R.20, s. 21(2), as amended from time to time, or in accordance with the *Land Titles Act*, RSO 1990, c. L.5, s. 141(2), as amended from time to time.
102. “Receiving Party”, with respect to Confidential Information, is the Party receiving Confidential Information and may be the Buyer or the Applicant, as applicable.
103. “Rejected Application” has the meaning given to it in Section 4.4(c).
104. “Representatives” means a Party’s directors, officers, employees, auditors, consultants, advisors (including economic and legal advisors), contractors and agents and those of its Affiliates or owners of economic interest in such Party, and the agents and advisors of such Persons. While the Buyer is the Independent Electricity System Operator, this definition shall also include the Government of Ontario, the System Operator, and their respective directors, officers, employees, auditors, consultants (including economic and legal advisors), contractors and agents.
105. “RES Contract” means a contract entered into between the Buyer and the Applicant (as supplier thereunder) pursuant to the Renewable Energy Supply competitive procurement developed and implemented by the Minister of Energy and Mines (or a predecessor thereto) including a Request for Proposal No. SSB-065230 issued June 24, 2004.
106. “Resource” means a “resource” as defined in the IESO Market Rules.
107. “Revenue Meter” means the equipment located at the “Registered Wholesale Meter” location (as such term is defined in the IESO Market Rules) and used for settlement purposes.
108. “Secured Lender” means the lender(s) under a Secured Lender’s Security Agreement.
109. “Secured Lender’s Security Agreement” has the meaning given to it in the Contract.
110. “Settlement Month” has the meaning given to it in the Contract.
111. “Signature Page” means the page of an agreement that includes the execution signatures of the appropriately authorized individuals.
112. “SLCA Agreement” means the secured lender consent agreement set out in the Contract.
113. “Station Service Loads” has the meaning given to it in the Contract.
114. “Supplier” means the party identified as the supplier in the Contract, and, as applicable, its heirs, estate trustees, personal and legal representatives, successors and permitted assigns.
115. “System Operator” means the Independent Electricity System Operator of Ontario established under Part II of the *Electricity Act*, and its successors, acting pursuant to its authority to make, administer and enforce the IESO Market Rules.
116. “Term” means with respect to a Contracted Facility, the period beginning on the Effective Time and ending on the Program Termination Date, unless terminated earlier in accordance with the terms of the Contract.
117. “Terminate” or “Terminated” means, with respect to an Application Package, the termination, rejection, discharge and release of the Application Package and all rights of the Applicant (if any),

and all obligations of the Buyer (if any) to the Applicant, in respect of or arising out of the Application Package.

118. "Transmission System" means a system for conveying Electricity at voltages of more than 50 kV and includes any structures, equipment or other things used for that purpose.
119. "Transmission System Code" means the "Transmission System Code" approved by the OEB and in effect from time to time, which, among other things, sets the standards for a Transmitter's existing Transmission System and for expanding the Transmitter's transmission facilities in order to connect new customers to it or accommodate increase in capacity or load of existing customers.
120. "Transmitter" means a Person licensed as a "transmitter" by the OEB in connection with a Transmission System.
121. "Upgrade" has the meaning given to it in the Contract.
122. "Waterpower Rights" means (i) any "Waterpower Lease" or "Licence of Occupation" entered into with His Majesty the King in right of Ontario, as represented by the Ministry of Natural Resources; (ii) any "Federal Licence" entered into with His Majesty the King in right of Canada, as represented by the Minister of the Environment, Conservation and Parks for the purposes of the Parks Canada Agency; or (iii) any substantially equivalent Governmental Approval.
123. "Wholly-Owned Affiliate" means, with respect to the Applicant, (i) any Person(s) of which one hundred percent (100%) of the outstanding equity interests and voting power of such Person(s) are owned, directly or indirectly, by the Applicant (or by one or more Wholly-Owned Affiliates of the Applicant); or (ii) the Person(s) that collectively, directly or indirectly (including through one or more Wholly-Owned Affiliates), own one hundred percent (100%) of the outstanding equity interests and voting power of the Applicant.

SCHEDULE B – IMPUTED PRODUCTION FACTOR

Part 1: Determining the Historical Time Frame for Historical Production Data

The Production Factor will be calculated using:

- 1) twenty (20) complete calendar years of Historical Production Data, for any Applicant's Facility with more than 20 years of operational history; or
- 2) all available Historical Production Data, for any Applicant's Facility with 20 years or less of operational history,

excluding, in each case, any Historical Production Data within (i) the first contract year of any Existing Contract or the first operational year for Merchant Facilities, and (ii) the calendar year in which the Applicant has submitted its Application Package for participation in the Program.

Production Factor calculations based on this Historical Production Data will then be performed and adjusted on a pro rata basis for any upgrades.

Part 2: Calculating the Production Factor for Individual Months

For each of the months of Historical Production Data, the Buyer will calculate the Production Factor (or "PF") for the individual months, including any necessary adjustments for upgrades or expansions. For a month without any adjustments, the PF for each individual month would be calculated as follows:

$$PF = \frac{\text{Monthly Generation in MWh}}{\text{Historic Capacity} \times \text{Days in the Month} \times 24 \text{ Hrs}}$$

If the Applicant's Facility was upgraded during the applicable period of Historical Production Data, the Buyer will adjust the PF to reflect the Historic Capacity on a pro rata basis, effective from the actual in-service date of the upgrade. For upgrades completed in phases, the adjustment will apply proportionally within each month based on the specific in-service date of each phase.

Given that facilities continued to operate during these upgrades, the Buyer will use the derated capacity of the Applicant's Facility for determining the PF for months in which an upgrade occurred. Derated capacity will be used in PF calculations only when associated with an upgrade. Operational derates unrelated to upgrades are excluded. The Buyer will require evidence from the Applicant to prove derated capacity to qualify for these types of PF adjustments. Sample calculations for several adjustments follow:

Upgrade Mid-Month, No Derate:

Assumptions: The Applicant's Facility has a Historic Capacity of 45 MW for first 21 days (504 hrs), a Historic Capacity of 47 MW for last 10 days (240 hrs), and the month has 744 hours (for example, March).

$$PF = \frac{\text{Monthly Generation in MWh}}{(45\text{MW} \times 504 \text{ hrs} + 47 \text{ MW} \times 240 \text{ hrs})}$$

Derate During Upgrade:

Assumptions: The Applicant's Facility has a Historic Capacity of 47 MW for first 18 days (432 hrs), a Derate to 35MW for 48 hours, and a Historic Capacity of 47 MW for the last 11 days (264 hrs), and the month has 744 hours (for example, May).

$$PF = \frac{\text{Monthly Generation in MWh}}{(47 \text{ MW} \times 432 \text{ hrs} + 35 \text{ MW} \times 48 \text{ hrs} + 47 \text{ MW} \times 264 \text{ hrs})}$$

Part 3: Calculation based on Historical Average Monthly Production Data

If the Applicant has elected to have the Monthly Imputed Production Factor (IPF) calculated based on historical average monthly production data (a “**Historical Monthly Production Factor**”), the Monthly Imputed Production Factor for each Settlement Month will be calculated as the average of all historical PF values for that month based on Historical Production Data. For example:

$$\text{January IPF} = \frac{\sum (\text{All January PFs in historical record})}{\text{Number of Years in historical record}}$$

Part 4: Calculation of Annual Imputed Production Factor and a Flat Monthly Imputed Production Factor

The Annual Average Imputed Production Factor (Annual IPF) will be calculated as the simple average of the Monthly Imputed Production Factor for each month (Monthly IPF_m) calculated in accordance with this Schedule B in the calendar year (January through December) as follows:

$$\text{Annual IPF} = \frac{\sum_{m=1}^{12} \text{Monthly IPF}_m}{12}$$

If the Applicant has elected to use a flat (that is, not historical) Monthly Imputed Production Factor (a “**Flat Monthly Production Factor**”), the Monthly Imputed Production Factor for each Settlement Month will be a fixed amount, and equal to the Annual IPF. For example, for each month:

$$\text{Monthly IPF} = \text{Annual IPF}$$

Part 5: Calculation for Aggregated Facilities

The Monthly Imputed Production Factor (IPF) for an Aggregated Facility will be calculated based on the aggregated generation, and the aggregated Historic Capacity, of each of the individual operating plants that comprise the Aggregated Facility for that month (m), as follows:

$$PF = \frac{\text{Aggregated Monthly Generation in MWh}_m}{\text{Aggregated Historic Capacity in MW} \times \text{number of days}_m \times 24 \text{ Hrs}}$$

If the Aggregated Facility has been upgraded, then the Buyer will adjust the PF to reflect the new Historic Capacity within the calculation for the Aggregated Facility to reflect the upgrade on a pro rata basis effective from and after the actual in-service date of the upgrade or expansion, similar to Part 2 of this Schedule B. If the upgrade was implemented on a phased basis, the adjustment will apply proportionally within each month based on the specific in-service date of each phase.

Sample calculations for an individual monthly adjustment for an Aggregated Facility follows:

Upgrade Mid-Month, No Derate:

Assumptions: The Applicant's Facility consists of an aggregation of 3 individual operating plants. Plant 1 has a Historic Capacity of 30 MW, Plant 2 has a Historic Capacity of 40MW, and Plant 3 has a Historic Capacity of 50 MW for first 21 days (504 hrs) of a month and a Historic Capacity of 55 MW for the last 10 days (240 hrs), and the month has 744 hours (for example, March).

$$\text{PF} = \frac{\text{Aggregated Monthly Generation in MWh, m}}{(30 \text{ MW} \times 31 \text{ days} \times 24 \text{ hrs} + 40 \text{ MW} \times 31 \text{ days} \times 24 \text{ hrs} + (50 \text{ MW} \times 504 \text{ hrs} + 55 \text{ MW} \times 240 \text{ hours}))}$$

Once the PF has been calculated for each month for the Aggregated Facility, the Monthly Imputed Production Factor and the Annual Imputed Production Factor will be calculated for the Aggregated Facility, as in Parts 3 and 4 of this Schedule B, as applicable, based on the Applicant's election as to whether the Monthly Imputed Production Factor (IPF) will be calculated as a Historical Monthly Production Factor or a Flat Monthly Production Factor.

SCHEDULE C – FORM OF IRREVOCABLE STANDBY LETTER OF CREDIT

DATE OF ISSUE: [●]

APPLICANT: [●]

BENEFICIARY: Independent Electricity System Operator and its permitted assigns (the “**Beneficiary**”)
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

AMOUNT: [●]

EXPIRY DATE: [●]

EXPIRY PLACE: Counters of the issuing financial institution in Toronto, Ontario

CREDIT RATING: **[Insert credit rating only if the issuer is not a financial institution listed in either Schedule I or II of the *Bank Act*]**

TYPE: Irrevocable and Unconditional Standby Letter of Credit Number: [●]
(the “**Credit**”)

The Credit is issued in connection with the Beneficiary’s Program Rules dated [●], as amended, for the Northern Hydro Program and the application package submitted by the Applicant on [●] in response thereto (the “**Application**”).

Additionally, if the Applicant is offered a Northern Hydro Program Contract under the Beneficiary’s Northern Hydro Program (as amended from time to time, the “**Contract**”), the Credit may serve as “Completion and Performance Security” (as such term is defined in the Contract) in respect of the Contract between the Beneficiary and the “Supplier”, as such term is defined under the Contract.

We hereby authorize the Beneficiary to draw on [**Issuing Bank Name/Address**], in respect of the Credit, for the account of the Applicant, up to an aggregate amount of \$● (● Canadian Dollars) available by the Beneficiary’s draft at sight accompanied by the Beneficiary’s signed certificate stating that:

“The Applicant has failed to deliver a new Completion and Performance Security to the Beneficiary or otherwise confirm that the Application Security may be converted into and held by the Beneficiary as the Completion and Performance Security and therefore the Beneficiary is entitled to draw upon the Credit in the amount of the draft attached hereto.”

“The Supplier is in breach of, or default under, the Contract, and therefore the Beneficiary is entitled to draw upon the Credit in the amount of the draft attached hereto.”

Drafts drawn hereunder must bear the clause “Drawn under irrevocable and unconditional Standby Letter of Credit No. [●] issued by [**Issuing Bank Name**] dated [**Issue Date**].”

Partial drawings are permitted.

This Letter of Credit will automatically extend for additional, successive terms of one year each (each an “**Additional Term**”), unless the undersigned provides the Beneficiary with written notice, at least 60 days prior to the expiration date of the then current term, that it does not wish to extend this Letter of Credit for an Additional Term.

We engage with you that all drafts drawn under and in compliance with the terms of the Credit will be duly honoured, if presented at the counters of [**Issuing Bank Name/Address**] at or before [**Expiry Time**] (EST) on or before [**Expiry Date**], as extended.

The Credit is subject to the International Standby Practices ISP 98, International Chamber of Commerce Publication No. 590, and as to matters not addressed by ISP 98, shall be governed by the laws of the Province of Ontario and applicable Canadian federal law, and the parties hereby irrevocably agree to attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

This Credit is transferable at the written request of the Beneficiary, without the consent of the Applicant, but subject to consent of the issuing financial institution, acting reasonably. All fees incurred by the issuing financial institution in relation to such transfer shall be at the Applicant’s expense, but failure of the Applicant to pay such fees shall not restrict the ability of the Beneficiary to transfer the Credit.

In the event of a transfer of this Credit as provided for above, the above name of the Beneficiary will be amended to another entity by way of an amendment hereto, without the consent of the Applicant, and upon receipt by [**Issuing Bank Name**] of the Beneficiary’s dated and signed letter addressed to [**Issuing Bank Name**] and completed as follows:

“We, the undersigned Beneficiary to [**Issuing Bank Name**] Letter of Credit No. [●], hereby waive all our rights under the Letter of Credit and request that the current name and address of the Beneficiary thereunder be amended to read [**insert name and address of new Beneficiary**]. We have enclosed the original Letter of Credit and all amendments (if any) thereto. Please forward the original Letter of Credit and all amendments (if any), including the current amendment to the [**new Beneficiary**], care of the Applicant.”

[**Issuing Bank Name**]

By: _____

By: _____

SCHEDULE D – APPLICATION SUBMISSION LABEL

Northern Hydro Program

Full Legal Name and Address of the Applicant

NAME OF APPLICANT:

NAME OF APPLICANT’S FACILITY:

ADDRESS:

CONTACT:

PHONE NO.:

E-MAIL:

**Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1**

Attention: Northern Hydro Program

The Postal Code is to aid in identifying the building only. The onus remains solely with interested parties to instruct courier/ delivery personnel to deliver the Application Package to the exact floor location specified above.