

CES CONTRACT

MRP CONTRACT AMENDMENT TERM SHEET

Heading	Provisions
1. Applicability	<p>(a) This Term Sheet has been drafted with reference to a generic Clean Energy Supply Contract (CES Contract) (the “Contract”). This Term Sheet does <u>not</u> apply to contracts for facilities that use fuels other than natural gas, contracts that do not have Imputed Production as part of their settlement calculations, or contracts in respect of any facility that does not participate in the IESO-Administered Markets.</p> <p>(b) The amendments set forth in this Term Sheet have previously been discussed with stakeholders and reflect the implementation of the approach previously presented by the IESO to stakeholders.</p> <p>(c) Capitalized terms used but not defined in this Term Sheet have the meanings given to such terms in the applicable Contract.¹</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 IESO Market Rule amendments which have been provisionally approved by the IESO board.</p> <p>(b) Based on the Detailed Design Documents and the provisional IESO Market Rule amendments, the IESO anticipates that a requirement for a Replacement Price and Replacement Provisions will be triggered under (i) Section 1.7 of the Contract, addressing the opening of a Day Ahead Energy Forward Market and (ii) Section 1.8 of the Contract, addressing the occurrence of a Price Evolution Event (namely the implementation of Locational Marginal Pricing²).</p> <p>(c) This Term Sheet defines the Replacement Price and Replacement Provisions anticipated to be required by Sections 1.7 and 1.8 of the Contract (the “Proposed Amendments”), and is based on the assumption that the DAM and SSM are ultimately designed and implemented on the same basis as provided for in the Detailed Design Documents and the provisional IESO Market Rule amendments (including as part of a single transition). If this assumption turns out to be incorrect, then the Proposed Amendments set forth in this Term Sheet may require further revision.</p>

¹ This Term Sheet is based on generic CES contract language. There are minor variations in the defined terms between contracts and accordingly, once facility-specific amending agreements are drafted, they will be drafted with reference to the applicable defined terms.

² The implementation of Locational Marginal Pricing is one of the effects of moving to a single schedule market.

3. Process	<p>(a) Negotiations of this Term Sheet are being done to fulfill Buyer's obligations, pursuant to Section 1.7(b) and 1.8(b) of the Contract, to propose a Replacement Price and Replacement Provisions to Supplier. 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 (each, an "MRP Amending Agreement") 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 MRP Amending Agreement will require consent of the Secured Lender.</p> <p>(d) 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 & Rationale	Schedule "A" to this Term Sheet sets out the Proposed Amendments.
5. Further Evolution	<p>(a) In entering into the MRP Amending Agreements, the Parties will agree that the Replacement Price and Replacement Provisions 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 as of the date of the MRP Amending Agreement. Any further new or amended IESO Market Rules after the date of the MRP Amending Agreement will be addressed in accordance with relevant provisions of the Contract.</p>
6. Effectiveness & Market Transition	<p>(a) The IESO (as System Operator) has published its proposed plan for the transition to the SSM and DAM in presentations entitled Go-Live Plan and MRP Transitional Amendments, both dated April 25, 2024 (the "Go-Live Plan"). The Go-Live Plan includes a description of the cutover plan to transition from the current (legacy two-schedule) market, to the SSM and DAM and, if necessary, the rollback plan to restore the legacy (two-schedule) market, all of which will be addressed by amendments to the IESO Market Rules. The following provisions relating to the transition to the SSM and DAM and the effectiveness of the Proposed Amendments are based on the Go-Live Plan.</p> <p>(b) In accordance with the Go-Live Plan:</p> <p>(i) "Go-Live Date" means the first trade date of the SSM, which is currently targeted to be May 1, 2025;</p>

	<ul style="list-style-type: none">(ii) “Go-Live Decision” means the decision, made by the System Operator after confirming that all necessary conditions for Go-Live have been achieved, to commence final preparations for cutover, which is currently targeted for announcement in early April 2025;(iii) “MRP Cutover Start Decision” means the decision, made by the System Operator, to begin executing the cutover plan, which is currently targeted for announcement the morning of April 30, 2025;(iv) “Market Transition Completed” means the time the System Operator decides to end the market suspension for transition, which is currently targeted for announcement on May 2, 2025. The announcement of the end of the market suspension for transition is also expected to announce the opening of the first DAM offer window.(v) “MRP Cutover Completed” means the time the System Operator determines that the Go-Live Plan has been completed, which is currently targeted for announcement on May 8, 2024. <p>(c) Upon the System Operator confirming Market Transition Completed, the Proposed Amendments shall take effect retroactive to the Go-Live Date. For greater certainty, during any period of DAM suspension after the activation of the SSM, the Proposed Amendments applicable to a DAM Suspension Day will apply.</p>
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Schedule “A” – Proposed Amendments

1. Add the following new defined term:

“**Applicable Day-Ahead Locational Marginal Price**” or “**ADALMP**” means, with respect to any hour, the locational marginal price for energy (in \$/MWh) at the delivery point that corresponds to the Facility’s Connection Point in the day-ahead IESO-Administered Market for Electricity for that hour.

[NTD: For any Facility with multiple delivery points, the definition of ADALMP will be supplemented to reflect the capacity-weighted average of delivery point location marginal prices, as follows:

“**Applicable Day-Ahead Locational Marginal Price**” or “**ADALMP**” means, with respect to any hour, the weighted average of the locational marginal prices in the day-ahead IESO-Administered Market for energy (in \$/MWh) for that hour at the delivery points that correspond to the Facility’s Connection Points, weighted according to the registered capacities with the System Operator for each such Connection Point. As of the Effective Date, the weighting that would be applied for the purpose of averaging is ● percent (●%) for the ● Connection Point and ● percent (●%) for the ● Connection Point. Any future changes to the weighting require the consent of the Buyer, not to be unreasonably withheld).]

“**Applicable Real-Time Locational Marginal Price**” or “**ARTLMP**” means, with respect to any hour, the average of the real-time locational marginal price (in \$/MWh) applicable to the delivery point that corresponds to the Facility’s Connection Point during such hour.

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

“**DAM Suspension Day**” means any day for which the DAM is suspended (in whole or in part) by the IESO. For greater certainty, the foregoing applies to both the DAM suspension as part of the market renewal transition and any subsequent DAM failures.

2. Amend the definitions of Deemed Start-Up Hour and Deemed Shut-Down Hour in Section 3.1 of Exhibit J as follows:

- (a) A “Deemed Start-Up Hour” is the first hour of a Deemed Dispatch Interval, and is the first hour, other than a Directed Dispatch Hour, following a Deemed Shut-Down Hour in which the ~~Pre-Dispatch Price for that hour h, as published three hours prior to that hour, exceeds the applicable Variable Energy Cost, and the HOEP ADALMP~~ was greater than or equal to the applicable Variable Energy Cost for that hour h ~~or for the previous hour h-1~~. Notwithstanding the foregoing, the requirement that the Deemed Start-Up Hour follow a Deemed Shut-Down Hour shall not apply to the first Deemed Start-Up Hour in the Term.
- (b) A “Deemed Shut-Down Hour” is the last hour in a Deemed Dispatch Interval, and is the first hour within a Deemed Dispatch Interval in which,
- (a) ~~HOEP ADALMP~~ was less than or equal to the applicable Variable Energy Cost for that hour h and for the previous hour h-1; or
- (b) ~~the Pre-Dispatch Prices, as published in that hour h,~~ ADALMP for hours h+1, h+2 and h+3 are all less than the applicable Variable Energy Cost; or

(c) the following hour is a Directed Start-Up Hour.

3. Amend Section 3.2 of Exhibit J (Calculation of Imputed Gross Energy Market Revenue) and Section 3.3.4 of Exhibit J (Calculation of Negative Interval Net Revenue Recapture) as follows:

(a) Change all references from HOEP to ADALMP.

4. At the end of Section 3 of Exhibit J (Calculation of Imputed Gross Energy Market Revenue), insert the following:

“Notwithstanding anything else in Section 3 of Exhibit J, in respect of any day that is a DAM Suspension Day:

(i) for the purposes of the definition of Deemed Start-Up Hour, replace “ADALMP was greater than or equal to the applicable Variable Energy Cost for that hour h” with “Pre-Dispatch Price for that hour h, as published three hours prior to that hour, exceeds the Variable Energy Cost, and the ARTLMP was greater than or equal to the applicable Variable Energy Cost for that hour h or for the previous hour h-1”;

(ii) for the purposes of the definition of Deemed Shut-Down Hour:

(A) in (a) replace “ADALMP” with “ARTLMP”; and

(B) in (b) replace “ADALMP” with “the Pre-Dispatch Prices, as published in that hour h,”; and

(iii) in Section 3.2 of Exhibit J, each reference to ADALMP shall be deemed to be a reference to ARTLMP.”