

HCI CONTRACTMRP CONTRACT AMENDMENT TERM SHEET

Heading	Provisions
1. Applicability	<p>(a) This Term Sheet has been drafted with reference to the Hydroelectric Contract Initiative (HCI) – Standard Form Contract subject to Exhibit B Type 1 (the “<b>Contract</b>”).</p> <p>(b) While the references and terminology set out in this Term Sheet have been drafted with specific reference to the Contract, the same principles apply with the necessary conforming changes to hydroelectric facilities with a Feed-in Tariff contract subject to Exhibit B Type 1 (e.g., a FIT version 1.3.0 contract for waterpower). It does <u>not</u> apply to any facilities contracted under the HCI initiative that are not under the standard form contract nor to any other form of contract.</p> <p>(c) Capitalized terms used in this Term Sheet not otherwise defined herein have the meaning given to such terms in the Contract.</p>
2. Context	<p>(a) In connection with the IESO’s Market Renewal Program (“<b>MRP</b>”), in 2019 the IESO published high-level designs (“<b>HLDs</b>”) for the Day-Ahead Market (“<b>DAM</b>”), Single Schedule Market (“<b>SSM</b>”) and Enhanced Real-time Unit Commitment (“<b>ERUC</b>”) projects. The IESO subsequently published detailed design documents for the energy-stream of market renewal (the “<b>Detailed Design Documents</b>”), which addresses a number of subjects including in respect of Grid and Market Operations Integration and Market Settlement, and has now prepared market rule amendments which have been provisionally approved by the IESO board. The IESO made a further announcement in its December 15, 2023 stakeholder presentation on market settlements that “Non-dispatchable resources and self-scheduling electricity storage resources that are injecting should be subjected to two-settlement in order to account for the MWs scheduled in day-ahead market”.</p> <p>(b) Based on the Detailed Design Documents, references in the Contract to HOEP will need to be updated to its successor, the Applicable Real-Time Locational Marginal Price (as defined in Schedule “A” to this Term Sheet). In addition, and in recognition of the particular size, operating regimes, settlement provisions and locations of the subject facilities, an LMP Adjustment Factor (also as defined in Schedule “A” to this Term Sheet) will be introduced to address any difference in the incidence and magnitude of negative pricing of the Applicable Real-Time Locational Marginal Price relative to the Retail Settlement Code Price.</p>
3. Process	<p>(a) Negotiations of this Term Sheet are being done to prepare the Contract for the implementation of the SSM and the DAM. 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</p>

	<p>with Suppliers progress, the Term Sheet will be updated on an ongoing basis to reflect the updated design of MRP and ongoing discussions.</p> <p>(c) On or about the same time as final or near-final IESO Market Rules for MRP are published, amending agreements (each, an “<b>MRP Amending Agreement</b>”) 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 the 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>
<p>4. Proposed Amendments</p>	<p>(a) Schedule “A” to this Term Sheet sets out the proposed amendments to the Contract.</p>
<p>5. Further Evolution</p>	<p>(a) In entering into the MRP Amending Agreement, the Parties will agree that the amendments satisfy any and all obligations each Party has to the other under the applicable Contract in connection with the IESO Market Rule amendments implementing the energy stream of MRP 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>
<p>6. Effectiveness &amp; Market Transition</p>	<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 “<b>Go-Live Plan</b>”). The Go-Live Plan includes a description of the cutover plan to transition from the current two-schedule market (the “<b>Legacy Market</b>”), to the SSM and DAM and, if necessary, the rollback plan to restore the Legacy 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. “<b>Go-Live Date</b>” means the first trade date of the SSM, which is currently targeted to be May 1, 2025;</p> <p>ii. “<b>Go-Live Decision</b>” 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.</p> <p>iii. “<b>MRP Cutover Start Decision</b>” 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.</p> <p>iv. “<b>Market Transition Completed</b>” means the time the System Operator decides to end the market suspension for transition, which is currently</p>

	<p>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.</p> <p>v. “<b>MRP Cutover Completed</b>” means the time the System Operator determines that the Go-Live Plan has been completed, which is currently targeted for announcement on May 8, 2025.</p> <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 or failure 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 terms to Appendix 1 – Standard Definitions:
  - (a) **“Applicable Day-Ahead Locational Marginal Price”** or **“ADALMP”** means, with respect to any Dispatch Interval, the DAM locational marginal price for energy (in \$/MWh) at the delivery point that corresponds to the Facility’s Connection Point for the hour to which the Dispatch Interval belongs, and includes any administrative prices for the DAM.
  - (b) **“Actual Day-Ahead Quantity”** or **“ADAQ”** means the actual day-ahead quantity applicable to each Dispatch Interval “n”, and is equal to 1/12 of the Electricity Scheduled for DA Delivery for the hour containing Dispatch Interval “n”. During any DAM Suspension Day, ADAQ shall be deemed to be zero in each hour of such day.
  - (c) **“Applicable Real-Time Locational Marginal Price”** or **“ARTLMP”** means, with respect to any Dispatch Interval, the real-time locational marginal price for energy (in \$/MWh) at the delivery point that corresponds to the Facility’s Connection Point in the real-time IESO-Administered Market for Electricity for that Dispatch Interval, and includes any administrative prices for the “real-time market”.
  - (d) **“DALMP Adjustment Factor”** means, for each hour “h”, an amount (in \$/MWh) equal to (i) the lesser of the Retail Settlement Code Price and zero, minus (ii) the lesser of the Applicable Day-Ahead Locational Marginal Price and zero. For greater certainty, the DALMP Adjustment Factor for an hour may be a positive or negative amount.
  - (e) **“DAM”** means the IESO-Administered Market known as the “Day-Ahead Market”.
  - (f) **“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 suspensions or failures.
  - (g) **“Dispatch Interval”** means a “dispatch interval” as defined in the IESO Market Rules.
  - (h) **“Dispatch Interval Delivered Electricity”** or **“DIDE”** means:
    - (i) the Electricity generated and Delivered by the Facility during any Dispatch Interval; and
    - (ii) in each case, provided such Electricity is delivered to the Connection Point and either (i) successfully injected into a Distribution System or the IESO-Controlled Grid directly or through the Host Facility’s electrical system, or (ii) successfully injected into the Host Facility’s electrical system.
  - (i) **“Electricity Scheduled For DA Delivery”** means, with respect to any hour the quantity of Electricity (in MWh) scheduled in the DAM for injection by the Supplier at the delivery point that corresponds to the Facility’s Connection Point.
  - (j) **“Reference Pre-Dispatch Price”** means, for any hour “h”, the Pre-Dispatch Price in respect of the reference bus, being [**“Richview Slack A Bus”**][**NTD: Precise name of Richview bus to be confirmed.**], as published in the immediately preceding hour “h-1”.
  - (k) **“Retail Settlement Code Price”** or **“RSCP”** means, for each Dispatch Interval in hour “h”, the price determined in accordance with Appendix A of the Retail Settlement Code

for the purpose of calculating settlements with retail embedded generators in respect of hour “h”.

- (l) “**RTLMP Adjustment Factor**” means, for each Dispatch Interval “n” of hour “h”, an amount (in \$/MWh) equal to (i) the lesser of the Retail Settlement Code Price and zero, minus (ii) the lesser of the Applicable Real-Time Locational Marginal Price and zero. For greater certainty, the RTLMP Adjustment Factor for a Dispatch Interval may be a positive or negative amount.
2. In Section 5.1(a), references to HOEP are changed to ADALMP.
  3. Section 1.4(a) of Exhibit B for Type 1 Facilities is deleted and replaced with the following:

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

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

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

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