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August 16, 2013

Ms. Josie Scioli
Chief Corporate Officer, City of Toronto
via email: jscioli@toronto.ca

Re: Proposed changes to City/Toronto Hydro Solar PV Program

Dear Ms. Scioli,

Thank you for your earlier letter outlining the approach for future Solar PV projects undertaken jointly by the City and Toronto Hydro.

The Group A Solar PV projects constructed to date are performing well and there has been good collaboration between our teams.

The Group B Solar PV projects identified to date have a high probability of success under the proposed changes to OPA's FIT 3.0 program, given the Contract Capacity Set-asides over the next 4 years for municipal projects.

We are in general agreement with the proposed approach (City 51% share / Toronto Hydro 49% share) and are in general agreement with the revised Term Sheet dated Aug.12, 2013 (attached).

Please proceed with your report to the Parks and Environment Committee (Sep.16, 2013) and Council (Oct.8, 2013) to seek authority for OPA FIT 3.0 Applications which are expected this fall.

Toronto Hydro's involvement is subject to further clarification of FIT 3.0 program rules and suitable project economics.

Sincerely,

A handwritten signature in black ink, appearing to read "Ivano Labricciosa", with a stylized flourish at the end.

Ivano Labricciosa
Vice President, Asset Management
Toronto Hydro-Electric System Limited

cc. JS Couillard, Chief Financial Officer
Jack Simpson, Director, Generation & Capacity Planning

attach. Term Sheet (August 12, 2013)