

## Attachment 1 - Term Sheet – Demonstration Hybrid PV Energy Storage Projects

This term sheet summarizes the principal terms with respect to a potential arrangement between the City of Toronto (the “**City**”) and Toronto Hydro-Electric System Limited (“**THESL**”) with respect to THESL coordinating, managing and undertaking the design, procurement and construction (the “**Services**”) of 2 demonstration projects (each a “**Project**”), consisting of hybrid photovoltaic systems (“**PV Systems**”) and energy storage systems (“**ES Systems**”) on the roof tops of or in certain City-owned facilities (each, a “**Facility**”).

This term sheet is intended solely as a basis for further discussion and is not intended to be and does not constitute a legally binding obligation of the parties. No legally binding obligations on the parties will be created, implied or inferred until definitive documents in final form are executed regarding the subject matter of this term sheet and containing all other essential terms.

Either party may terminate discussions at any time, for any reason or no reason, without liability to the other party. Efforts by either party to complete due diligence, negotiate, obtain financing or prepare a contract shall not be considered as evidence of intent by either party to be bound by this term sheet or otherwise.

This term sheet pertains to a Project Agreement to be entered into by the parties with respect to the provision of certain services on the following indicative terms:

1. **Capacity:** The City and THESL shall jointly administer a feasibility study to determine the aggregate capacity of each PV System and ES System to be proposed under and covered by the Project Agreement.
2. **Facilities Selection:** The City and THESL will jointly analyze the feasibility of locating Projects on City-owned Facilities proposed by the City and jointly select the Facilities in respect of which the Services will be provided and on or in which the Projects will be located.
3. **Structure:** The Project Agreement will outline the services to be provided by each party with respect to each Project.
4. **General:** Each Project will require a net metering agreement, interconnection approval and, if applicable, a demand response contract and the City will be solely responsible for satisfying all related obligations and requirements. The City will receive all revenue arising from each net metering agreement and any applicable demand response contract.
5. **Project Budget:** THESL will be responsible for preparing a budget for each Project, to be approved by the City.
6. **Project Cost:** The City shall be responsible for reimbursing THESL for all costs it pays or incurs in relation to the provision of the Services in relation to each Project (in accordance with each Project budget). All amounts payable by the City will be paid pursuant to a milestone payment schedule.

7. **Services by THESL:** The Services to be provided by THESL shall consist of:

Coordination and management of each Project in accordance with City requirements which shall include amongst other things, planning, procurement, permitting, design, construction and commissioning of each Project. THESL may procure each such service from third party subcontractors, including all labour, materials, supply of equipment and products. THESL will be responsible for administering any agreements with third party subcontractors, as well as providing general management supervision of all aspects of the construction of each Project. The City shall have the right to review and approve each Project's engineering specifications and construction plans. Construction of the Projects at each Facility will be scheduled to be completed by December 31, 2020 or earlier, subject to obtaining all necessary permits and approvals. Any external services subcontracted by THESL for the provision of any part of the Services will be obtained in accordance with THESL's competitive bid process, unless otherwise agreed to by the parties.

8. **Services by City:** The services to be provided by the City of Toronto shall consist of:

- a. Reviewing and approving each Project's engineering specifications and construction plans.
- b. Coordinating with THESL in submitting related permits and obtaining approvals for construction of each Project.
- c. Coordination with City site hosts personnel as required.

9. **Taxes and Insurance:** The City shall be responsible for payment of all taxes, assessments and insurance associated with each Project.

10. **Assignment:** THESL may assign this term sheet to Toronto Hydro Energy Services Inc. without the consent of the City. Otherwise, neither party will have the right to assign or transfer any or all of its rights or obligations under this term sheet without having first obtained the written consent of the other party, such consent not to be unreasonably withheld.

11. **Each Party's Separate Responsibilities:** Both parties have statutory or regulated obligations with respect to permits, approvals, interconnections and metering which will remain in force separate and independent of an agreement. In addition, the City acknowledges that THESL is subject to the Affiliate Relationship Code ("**ARC**") and all financial arrangements and the term of the Project Agreement and any ancillary agreement will be subject to the terms of ARC.