Summary of Legislative Changes

What follows is a summary of five categories of legislative issues that are currently being dealt with by the legislative team. There is significant overlap between the categories (for example, some of the basic legislative changes could be categorized as changes that are designed to address market considerations).

The drafting of the legislative amendments will be a very detailed and iterative process and drafts of the legislation are currently under review by the team. We also anticipate that the provisions will be reviewed by other experts (for example, US counsel and investment banking advisor). However, we do not anticipate that the primary categories of amendment will change.

1. Basic Legislative Changes Required to Bring the Program into Existence

For example:

- explain policy intent (inter-generational funding)
- revise the general objects/purposes of the legislation to permit the program
- add new objects and rights for IESO to permit IESO's role in the program
- add obligations for IESO to make payments with respect to amounts borrowed under the securitization, the repayment of interest costs or charges, and costs related to the operation or management of the trust or other entity
- provide authority to OPG to establish trust or other entity and its right to recover interest costs, charges, and operating and management costs
- allow for trust or other entity to warehouse funds
- define the regulatory asset and allow it to be bought/sold between IESO and Trust/SPV
- define (generally) the group of consumers who benefit from GA refinancing and who will be required to repay it

2. Legislative Provisions to Establish the Regulatory Role of the OEB

For example,

- OEB role in creation of the regulatory asset
- OEB role with respect to review of calculations as to amounts to be paid by ratepayers to satisfy the debt obligations
- OEB role with respect to "true-up" of GA calculations (annual or semi-annual)

- OEB role regarding administrative costs of the trust or entity

3. Legislative Provisions Related to OPG

For example,

- provisions to ensure that OPG has the legal authority to implement the program
- provisions to ensure that OPG's assets are properly ring-fenced
- provisions to ensure OPG has authority to create subsidiaries or other entities and transact with the trust or other entities

4. Legislative Provisions to Address Market Considerations

For example, provisions to provide,

- the creation of the new trust (or other) entity and ensure that it is bankruptcy remote
- clear identification of consumer groups to whom the program applies ("RPP eligible")
- restrictions on consumer group's ability to "opt-out" or by-pass the charge (to avoid de-valuing the asset)
- establishment of the owner's clear right to the regulatory asset to enable payment of principal and interest to investors
- a re-set or true-up mechanism to enable the owner of the payment stream to account for differences between anticipated and actual performance of the GA
- a system to deal with sharing/pro-rating if the ratepayer pays less than the invoiced amount
- irrevocability of the owner's property right (or a surrogate for irrevocability)
- the establishment of a "true sale" of the regulatory asset

5. Addition of Legislative Provisions (to be considered)

- cap maximum GA refinancing in a year by dollar value
- set a maximum interest amount for GA refinancing debt after year 5
- cap GA refinancing based on OPG financial ratios
- fix the date until which rate payers receive a discount for GA refinancing
- fix a total amount to be borrowed as "principal", at which point further borrowing must service the debt and does not reduce GA paid by rate payers

- determine how surpluses in collections are to be applied (e.g. reinvest in GA reduction before new debt)
- cap increases to rate payer bills at no more than [redacted]% in a year