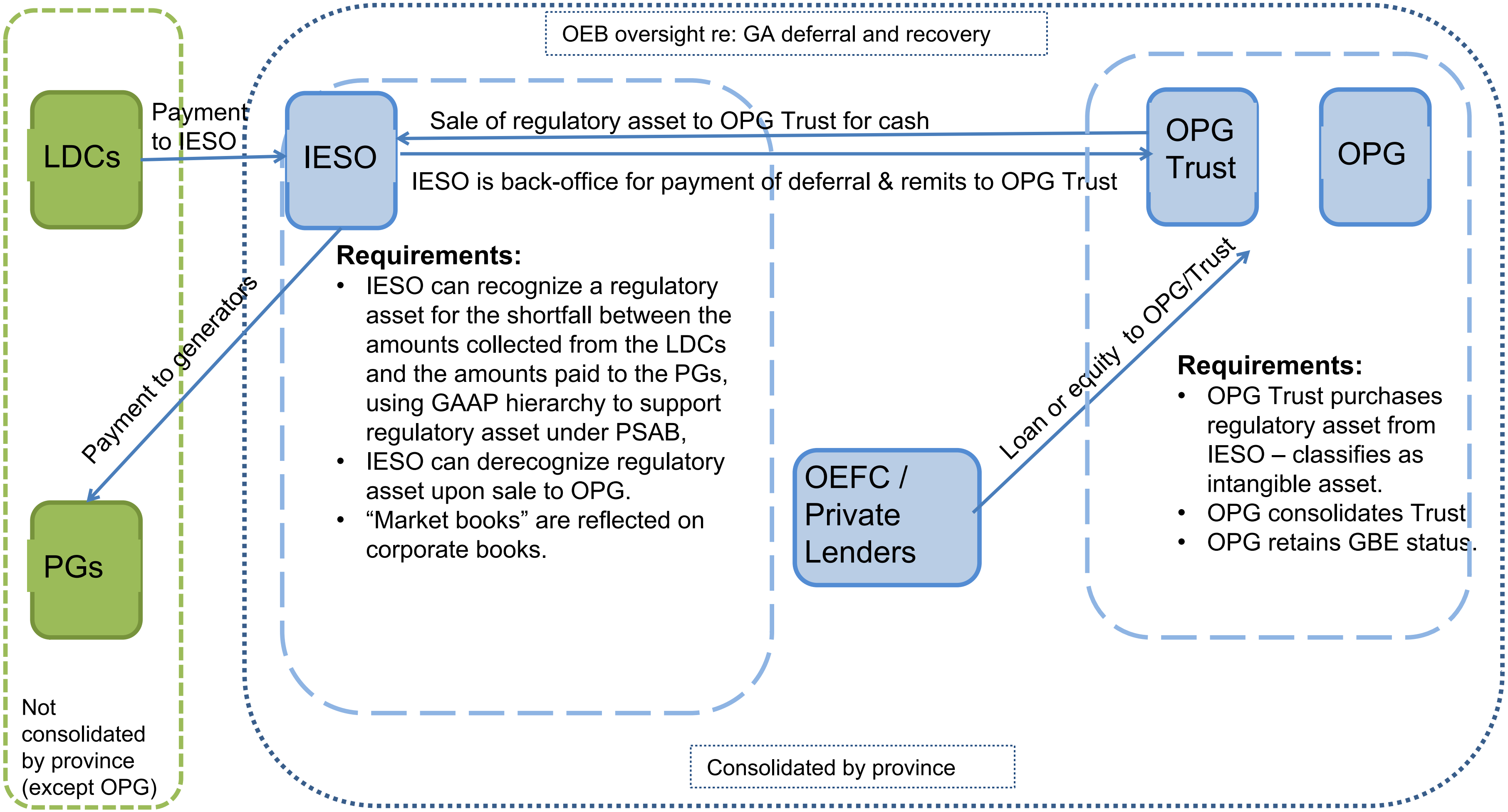
B. GA Smoothing – Potential Structure

- The following diagram provides an overview of a potential GA smoothing structure, as well as interactions between sector entities and elements required to meet accounting objectives.



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Note: Proposed structure is subject to legal and accounting confirmation, absent that confirmation, there would be a fiscal impact to the province.

GA Smoothing – OEB Considerations

- Ontario Energy Board (OEB) oversight will be required as part of creating a regulatory asset.

- There are several spheres for possible OEB oversight:
  - The rate payer impact of the IESO deferral account and eventual repayment of the deferred Global Adjustment (GA);
  - The administrative costs of the SPV/Trust (e.g., as the OEB reviews and approves the IESO's expenditure and revenue requirements and makes orders fixing just and reasonable rates for the Smart Metering Entity); and
  - The SPV/Trust's returns (e.g., as the OEB does with OPG's regulated assets).

- Ontario Power Generation (OPG) suggests that in order to provide certainty to the debt market, OEB scrutiny should be mechanical or formulistic (e.g., limited to review of pre-determined calculations).

- The scope of oversight will ultimately need to balance the interests and needs of rate payers, the market, OPG, OEB and the Province.