Q& A Response – October 16, 2017 Reg. Bundle

Q. Could the Ministry of Energy please confirm the amendments it is proposing for October 16, 2017 LRC?

The Ministry of Energy is seeking to amend Ontario Regulation 206/17 (i.e., general regulation):

- Proposed amendments, if approved, to enable Ontario Power Generation (OPG) to establish and charge fees in its role as Financial Service Manager (FSM). It would also provide the methodology for the calculation of those fees and would define the role of the Ontario Energy Board (OEB) in reviewing and approving those fees.

- Proposed amendments, if approved, to enable the recovery of carrying costs and fees in a manner consistent with accounting requirements of OPG and the Independent Electricity System Operator (IESO).

While the Ministry of Energy and stakeholders did consider and develop additional amendments (i.e., to Ontario Regulation 429/04 and 195/17), external OPG and IESO accounting advisors confirm that amendments to Ontario Regulation 206/17 will be sufficient to satisfy accounting requirements.

No further amendments are being sought at this time.

Q. What is the timeline for when OPG intends to go to market? Why is OPG tracking to this timeline and how does the timeline for going to market relate to the overall delivery of this initiative?

Following the *Fair Hydro Act, 2017*, receiving Royal Assent on June 1, 2017, the Ministry of Energy, Ontario Power Generation, the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB) have been working to implement GA Refinancing.

For GA refinancing to proceed as planned under the legislation, OPG needs to go to market so that the GA deferral can be funded (i.e., so that the regulatory asset can be transferred to the OPG financing entity as set out in legislation). Until such time as this takes place, IESO must manage the GA deferral. It is therefore important that OPG proceed to market in timely fashion.

The Ministry of Energy understands OPG intends to go to market in November 2017. OPG is currently in preliminary discussion with rating agencies.

Any timeline is dependent on the completion of a number of related items including the confirmation of fees methodology, review and recovery of fees and carrying costs (i.e., as set out in the proposed amendments to Ontario Regulation 206/17).

Note: Since OEB adjusted rates to reflect Ontario's Fair Hydro Plan (OFHP) reductions partially on May 1, 2017 and fully on July 1, 2017, IESO has been managing a reduction in the GA received from electricity consumers.