Re: (BN) Ontario Forms New Trust to Tap Markets for Hydro Subsidies

From: "Imbrogno, Serge (ENERGY)" <"/o=govon/ou=ontario public sector - iserv ems/cn=recipients/cn=imbrognose">
To: "Thompson, Scott (MOF)" <scott.thompson@ontario.ca>, "Mayman, Gadi (OFA)" <gadi.mayman@ofina.on.ca>
Date: Fri, 03 Mar 2017 20:44:46 -0500

Hi. I talked to Jeff tonight. He said OPG has no intention of issuing equity. The report misunderstood what he was saying. OPG would be happy to clarify the issue with the reporter.

Serge

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Thompson, Scott (MOF)
Sent: Friday, March 3, 2017 3:36 PM
To: Mayman, Gadi (OFA); Imbrogno, Serge (ENERGY)
Subject: Re: (BN) Ontario Forms New Trust to Tap Markets for Hydro Subsidies

Hope so

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Gadi Mayman
Sent: Friday, March 3, 2017 3:34 PM
To: Imbrogno, Serge (ENERGY)
Cc: Thompson, Scott (MOF)
Subject: FW: (BN) Ontario Forms New Trust to Tap Markets for Hydro Subsidies

Hi Serge – I'm assuming that Jeff is talking about the equity that the Province will inject into OPG, not that OPG is planning on having the Trust issue equity in the public markets, which is what the article is implying?

Ontario Forms New Trust to Tap Markets for Hydro Subsidies
2017-03-02 21:18:47.509 GMT

By Maciej Onoszko
(Bloomberg) -- Ontario Power Generation Inc. will set up a special purpose vehicle that will raise funds to help finance subsidies announced Thursday to curb soaring electricity bills in Canada's most-populous province.
Ontario's largest power generation company will manage the new entity for the province and its electricity system operator, known as IESO. The vehicle will tap bond and possibly equity markets for funding, said Chief Executive Officer Jeff Lyash.

“We’ve got the scale to do this, we have got access to debt markets, relationships with credit rating agencies, we have the internal capabilities,” Lyash said by phone on Thursday. “We’re basically a service provider -- think about it like a trust.”
Ontario’s plan includes refinancing investments in power generation over longer periods to reduce electricity costs in the short term. The province plans to push back the cost of the so-called global adjustment, which is a charge that covers the costs the power industry has incurred as part of its multi-billion dollar investment in facilities.
It will probably take a few months to set up the trust as the province needs to create the regulatory framework for the changes, Lyash said, adding the vehicle will be run separate from the rest of OPG’s business. He declined to say how much money the entity would raise.
The trust will most likely access the bond market, but it could raise equity too, Lyash said, adding final decisions haven’t been made.
The immediate reduction in the global adjustment will amount to about C$2.5 billion per year on average over the first 10 years, the province said in a presentation of its proposal on Thursday. The additional financing will add up to C$1.4 billion a year in interest payments.

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