Re: update

From: "Calwell, Carolyn (ENERGY/MEDEI/MRI)" <carolyn.calwell@ontario.ca>
To: "Imbrogno, Serge (ENERGY)" <serge.imbrogno@ontario.ca>, "Katona, Keley (ENERGY)" <keley.katona@ontario.ca>, "Hume, Steen (ENERGY)" <steen.hume@ontario.ca>, "Cox, Hilary (ENERGY)" <hilary.cox@ontario.ca>
Date: Fri, 14 Apr 2017 21:12:00 -0400

I think we might want to walk through the legislation. Let me see what we get. Thanks, Deputy.

From: Imbrogno, Serge (ENERGY)
Sent: Friday, April 14, 2017 9:01 PM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI); Katona, Keley (ENERGY); Hume, Steen (ENERGY); Cox, Hilary (ENERGY)
Subject: Re: update

Hi Carolyn. Thanks for the update. I'm available through the weekend if you want to set up a call or I could come in for a meeting. Serge

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Sent: Friday, April 14, 2017 8:17 PM
To: Imbrogno, Serge (ENERGY); Katona, Keley (ENERGY); Hume, Steen (ENERGY); Cox, Hilary (ENERGY)
Subject: update

Hi – an update on where we are with the bill. We spent all day in a drafting session continuing to work through the translation of the Blakes document into legislative language. We have sent instructions to Leg Counsel several times over the course of the day and she is working on them this evening. I expect to see the next turn late this evening or tomorrow morning.

One of the challenges is that even the Blakes document doesn't tell a cohesive story about how:

--OEB reduces rates for RPP and other eligible consumers
--IESO incurs a funding shortfall
--that funding shortfall become a regulatory asset with rights that can be sold
--a special purpose vehicle may buy the regulatory asset and the associated rights for a payment to IESO
--this purchase and sale turns the regulatory asset into an investment asset
--IESO has rights to eventually collect its funding shortfall from ratepayers in the event that the regulatory asset is not bought and sold
--the rights associated with the investment asset implicate IESO and LDCs to collect

money from rate payers as agent of the investment asset owner (OPG SPV)
--all of this fits within the Fair Allocation Plan and is implemented by a Treasury Plan, subject to the “Fair Adjustment” that is the immediate reduction in rates and the commitment to hold rates to CPI for the next 5 years.

If securitization itself is complicated, it is made all the more so by layering it over the electricity system with its multiple actors and processes. For example, Torys, Stikemans and Blakes are still debating what legally is being bought and sold. At the same time, we are trying to use existing electricity sector processes for the mechanisms to make the money flow.

I still hope to get the bill out to the larger group tomorrow. I will share it with you before I do and I will also share the preface that I intend to send with it so you will have a sense of how I will communicate the stage we are at. I am hoping for a cohesive story, if a far from perfect draft.

Carolyn

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