

FW: URGENT: OFHP Reg- Exec summary

From: "Moore, Karen (CAB)" <"o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=moore, karen (cab)339">
To: "Hindmarch-Watson, Tim (CAB)" <tim.hindmarch-watson2@ontario.ca>, "Teare, Rebecca (CAB)" <rebecca.teare2@ontario.ca>
Date: Tue, 24 Oct 2017 14:30:13 -0400

Please send to Lucia. Thanks!!

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From: Schlaepfer, Martin (ENERGY)
Sent: October 24, 2017 2:28 PM
To: Hindmarch-Watson, Tim (CAB) <Tim.Hindmarch-Watson2@ontario.ca>
Cc: Moore, Karen (CAB) <Karen.Moore4@ontario.ca>; Teare, Rebecca (CAB) <Rebecca.Teare2@ontario.ca>
Subject: RE: URGENT: OFHP Reg- Exec summary

Hi Tim,

A couple of minor edits highlighted in yellow below.

Thanks,
Martin

From: Hindmarch-Watson, Tim (CAB)
Sent: October 24, 2017 1:51 PM
To: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Cc: Moore, Karen (CAB) <Karen.Moore4@ontario.ca>; Teare, Rebecca (CAB) <Rebecca.Teare2@ontario.ca>
Subject: URGENT: OFHP Reg- Exec summary
Importance: High

Hi Martin:

Please review and provide any **comments by 2pm** :

The proposal is consistent with Cabinet direction.

On March 2, 2017, the government announced Ontario's Fair Hydro Plan (OFHP), which included refinancing a portion of the Global Adjustment (GA). The Ontario Fair Hydro Plan Act, 2017 (OFHPA), which received Royal Assent on June 1, 2017, put in place mechanisms including appropriate payment settlement and cost-recovery authorities for and through the Independent Electricity System Operator (IESO) to manage the deferred GA costs.

On June 14, 2017, new regulations were created under the OFHPA that support calculations related to GA refinancing and one regulation was amended to authorize IESO to borrow to fund the regulatory asset as part of the financing structure. On June 27, 2017, a new regulation was created under the OFHPA that details the roles and responsibilities of the Financial Services Manager (FSM, i.e., Ontario Power Generation (OPG)), IESO and the Ontario Energy Board (OEB).

This proposal is the next step in the implementation of GA refinancing. The Ministry of Energy (ENERGY) is proposing amendments to O.Reg. 206/17 (i.e., general regulation) under **OFHPA the Ontario Fair Hydro Plan Act, 2017 (OFHPA)** that would:

1. Enable Ontario Power Generation (OPG), as Financial Services Manager (FSM) to establish and charge fees, once approved by the Ontario Energy Board (OEB), for the services it provides under the OFHPA; and
2. Enable OPG, as FSM to recover “carrying costs” (i.e., fees and interest amounts) from IESO during the “inflationary cap period” from July 1, 2017 to April 30, 2021.

Tim Hindmarch-Watson

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