RE: Fair Hydro Exec Summary

From: "Hindmarch-Watson, Tim (CAB)" <tim.hindmarch-watson2@ontario.ca>
To: "Frndova, Lucia (CAB)" <lucia.frndova@ontario.ca>
Cc: "Moore, Karen (CAB)" <karen.moore4@ontario.ca>, "Teare, Rebecca (CAB)" <rebecca.teare2@ontario.ca>
Date: Tue, 24 Oct 2017 14:36:29 -0400

Sorry. One minor error in the cut and paste:

Please use this:

The proposal is expected to be 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 the 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
416-325-4618

From: Frndova, Lucia (CAB)
Sent: October-24-17 2:33 PM
To: Hindmarch-Watson, Tim (CAB)
Cc: Moore, Karen (CAB); Teare, Rebecca (CAB)
Subject: RE: Fair Hydro Exec Summary

Thanks Tim – yes I normally generalize to say "expected to be" until we receive the final variance memo.

Will plug it in!

Lucia

From: Hindmarch-Watson, Tim (CAB)
Sent: Tuesday, October 24, 2017 2:32 PM
To: Frndova, Lucia (CAB)
Cc: Moore, Karen (CAB); Teare, Rebecca (CAB)
Subject: Fair Hydro Exec Summary

Importance: High

Hi Lucia:

Below is the exec summary for binders. Re the statement on variance, we expect this to be accurate, but as we have seen recently, there have been some surprises last minute. What is your advice on this? We could say something like " The proposal is expected to be consistent with Cabinet direction" instead.

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 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
Policy Advisor
Justice, Resource and Environmental Policy
Policy and Delivery Division
Cabinet Office
416-325-4618