ANNOTATED AGENDA
MO UPDATE: October 24, 2017

ELECTRICITY & ASSET OPTIMISATION RELATED ISSUES

1. Document Narrative

- OPCD provided feedback to CEFD that in the Fair Hydro Plan section, there needs to be more reference in the narrative about the repayment part of the plan.

2. IESO Credit Facility

- Staff are continuing to work to finalize the IESO credit facility for $2 billion for the implementation of the Fair Hydro Plan.
  - The existing $975 million facility is currently more than $800 million drawn.
  - Once the $2 billion facility is facility is put in place, the $975 million facility is to be reduced to $495 million.

- Pursuant to the OFA Lending Policy, the OFA is required to include an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis, unless otherwise directed by the Minister of Finance (or Treasury Board or Cabinet).

- Per the requirements of the OFA's Lending Policy, the OFA has reached out to the Ministry of Energy and IESO to fulfill the requirement to include an intercept provision in credit facility agreements with the IESO.
  - Energy staff have indicated that the ministry (ADM-level) is prepared to sign the letter agreement authorizing the intercept provision, as required under the OFA Lending Policy (TBC).
  - IESO responded that it would need to share the request with OPG, which has sought priority of payments from the IESO for the FHP financing entity, in order to support its external financing. IESO has provided feedback on a draft letter on the intercept provision may be close to executing the steps required to put the intercept in place (TBC), possibly prior to conclusion of its discussion with OPG on this discussion.

- In the event that the IESO decides to grant OPG FE a priority of payments and first priority over assets, all existing IESO facilities [including facilities with TD, OFA and OEFC] would require the terms to be amended.
  - Staff have communicated to IESO staff that a Minister's Directive would likely be required as the OFA would need to cede priority of payments/assets to OPG.

3. OLG Lottery Terminals Loan / Intercept

- The OFA is currently drafting loan agreement to provide the Ontario Lottery and Gaming Corporation (OLG) up to $85.7 million to finance the replacement and expansion of OLG's lottery terminals and network (LT&N).
  - A Directive from the Minister of Finance to the OFA for the LT&N loan was signed by the Minister of Finance in July 2017.

- Under the OFA Lending Policy, the loan agreement, and all loans to the OLG, should contain an intercept provision.

- In order to be compliant with the OFA Lending Policy as it is currently written, either the loan agreement must include an intercept provision or an exemption from the requirement to include an intercept provision could be sought.
  - Including an intercept provision, as per the lending policy, will require additional approval from the Minister of Finance as it would be necessary for the Ministry of Finance to agree to the terms of the intercept provision.
  - Alternatively, the Minister of Finance could direct the OFA on an exemption from the requirement to include an intercept provision.

4. CNSC Access to Information Request

- In October 2017, the CNSC notified the Province that it received a request under the Access to Information Act to release the 2012 – 2017 Provincial Guarantee Agreement between the Province, as signed by the Minister of Finance, and CNSC.
  - The Agreement provides information regarding the current Provincial Guarantee of $1.551 billion and the CNSC's rights to call upon the guarantee.

- By fulfilling this request, the Provincial Guarantee Agreement will be publicly released.

- The staff is working towards drafting a response to fulfil this request before the CNSC's deadline of November 2, 2017, (and CNSC have requested a Provincial response ASAP in advance of that time).

5. Impact of the FHP on Certain NUGs

- Staff for OEFC have drafted a potential letter from the Minister of Energy to the Minister of Finance that would provide support for a direction from the Minister of Finance to OEFC to allow for discussions with affected NUGs on the potential impact of GA deferral on their rates and options to avoid such impacts, if that is the outcome affected NUGs prefer.
  - This draft letter has been shared with Energy at a staff level on Oct 12 and to date there has been no response.

6. Constance Lake First Nation (CLFN) Meeting Request

- Meeting scheduling between the Chief and the Deputy is pending / TBD.
- CLFN has approached ENERGY seeking capacity funding for their advisor for discussions with OEFC/MOF.

- ENERGY has indicated that they are amenable to providing such funding, but is seeking MOF's input on such funding being provided.

7. Lakeview

- CEFD staff have submitted an update on the sale of the Lakeview lands as part of a quarterly Treasury Board report back on real estate transactions under asset optimisation.
  - On June 6, 2017, OPG announced that it had begun the sales process for the Lakeview lands.
  - A preferred bid has been selected and an agreement of purchase signed; however, the final price remains subject to negotiation following due diligence, with IO expecting the purchaser to exercise downward pressure once the site due diligence is completed.
  - IO remains confident that the fiscal target for the Lakeview lands will be achieved if not exceeded.
  - A proposed final closing date of March 30, 2018 has been accepted by the purchaser.

8. Trillium Trust: Brampton Update

- The regulation to allow for the dedication to the Trillium Trust of designated proceeds of about $108M from the sale of Hydro One Brampton was filed on October 20 and posted to e-laws by October 24.
  - With the filing of the regulation, Brampton Holdco Distribution Inc. will be required to pay these designated proceeds into the Consolidated Revenue Fund (CRF).
  - CEFD/OFA staff are working with GBED staff to move forward with the payment, tracking to occur this week.
  - Following payment, the Trillium Trust will be credited with $108M bringing the total amounts credited to the TT to about $5.4 billion.

- Additionally, the Minister of Energy will issue a shareholder declaration and resolution to direct the Brampton HoldCo to pay a dividend to the Province for the majority of the remaining funds currently being held in HoldCo's bank account.
  - The dividend is estimated at about $475M, but is subject to change.
  - GBED staff have communicated that a small buffer of funds (about $10M) will be held back in the Brampton Holdco to cover potential expenses.

9. Hydro One: OEB Transmission Rate Decision

Hydro One has filed a Motion to Review in which it is arguing against most of the OEB rulings.