Re: Wrinkle from OFA on $2B credit facility

From: Kim Marshall <kim.marshall@ieso.ca>
To: "Hume, Steen (ENERGY)" <steen.hume@ontario.ca>
Date: Wed, 20 Sep 2017 13:36:32 -0400

Perfect thx

Sent from my iPad

On Sep 20, 2017, at 1:36 PM, Hume, Steen (ENERGY) <Steen.Hume@ontario.ca> wrote:

No worries.

Do you want to chat at 4 or 5?

From: Kim Marshall [mailto:Kim.Marshall@ieso.ca]
Sent: September 20, 2017 1:35 PM
To: Hume, Steen (ENERGY)
Subject: Re: Wrinkle from OFA on $2B credit facility

Sorry in meetings late day?

Sent from my iPad

On Sep 20, 2017, at 1:27 PM, Hume, Steen (ENERGY) <Steen.Hume@ontario.ca> wrote:

> Hi. If you have a moment, give me a call.
>
> OFA told me about it yesterday.
>
> (416) 314-6190
>
> ---
>
> **From:** Kim Marshall [mailto:Kim.Marshall@ieso.ca]
> **Sent:** September 20, 2017 1:08 PM

To: Hume, Steen (ENERGY)
Subject: Fwd: Wrinkle from OFA on $2B credit facility

You are aware of this? Do we need to talk?

Sent from my iPad

Begin forwarded message:

> **From:** Anthony Martinello <Anthony.Martinello@ieso.ca>
> **Date:** September 20, 2017 at 11:25:36 AM EDT
> **To:** Michael Boll <Michael.Boll@ieso.ca>, Kim Marshall <Kim.Marshall@ieso.ca>
> **Cc:** Victor Buza <Victor.Buza@ieso.ca>
> **Subject: Wrinkle from OFA on $2B credit facility**

> FYI
>
> The IESO has signed the OFA debt docs in escrow as the OFA had to seek a new/updated directive from MoF before signing their side.
>
> We had or were led to assume this pending directive was not going to be a big matter as OFA had previously said this was mea culpa matter – even during the Rate Mitigation mtgs too.
>
> Today, we learned that the OFA is going to either require a) a waiver from MoF on the OFA's requirement or b) ensure that the IESO $2B facility & $975M facilities have an "intercept provision" embedded.
>
> The OFA's new lending policies for any unsecured lending requires that the Minister of Energy needs to effectively guarantee if the IESO fails to pay the $2B facility and the existing $975M facility.
>
> This was not a requirement for the existing $975M facility previously because this is a new OFA policy requirement.
>
> OFA is not willing (at this point) to seek the waiver option and instead is seeking to implement its new policy.
>
> OFA has talked to Steen Hume on this matter .
>
> OFA is seeking to have a letter agreement between IESO, MoE, OFA on the "intercept provision" or maybe provision directly into the credit facility agreements.
>
> I did mention that they should look closely to avoid the above requirement since a) the IESO's treasury policy which is approved by MoF permits borrowings for FH programs, and b) the IESO's OFA debt is ultimately recoverable from ratepayers.
>
> I said we would work with OFA on this matter and we stress the need to get this ASAP, and I said

the IESO will bring this up at the next Rate Mitigation meeting with MoE.

Regards.

Anthony Martinello Director, Treasury & Pension Operations

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