

## RE: Please advise (URGENT)

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**From:** "Petsche, Nadine (TBS)" <nadine.petsche@ontario.ca>  
**To:** "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>, "Hosick, Sarah (TBS)" <sarah.hosick@ontario.ca>  
**Date:** Tue, 14 Mar 2017 12:27:25 -0400

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OK, but thought that Dan may have benefited from some additional discussion/support.  
Sounds like there aren't any additional actions for me on this item?  
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**From:** Veinot, Cindy (TBS)  
**Sent:** March-14-17 12:08 PM  
**To:** Hosick, Sarah (TBS)  
**Cc:** Petsche, Nadine (TBS)  
**Subject:** RE: Please advise (URGENT)

Legal (including Dan) was copied on the message from Scott – not sure we need a call today. I'll be at the meeting tomorrow

Cindy

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**From:** Hosick, Sarah (TBS)  
**Sent:** March-14-17 11:01 AM  
**To:** Veinot, Cindy (TBS)  
**Subject:** RE: Please advise (URGENT)

Would you like a call scheduled today with Nadine and Dan on the EURIG issue below?

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**From:** Petsche, Nadine (TBS)  
**Sent:** March-13-17 9:03 PM  
**To:** Hosick, Sarah (TBS)  
**Cc:** Tam, Nelson (TBS); Veinot, Cindy (TBS)  
**Subject:** Fw: Please advise (URGENT)

Sarah,  
Please let me know if Cindy wants to chat on this item tomorrow, perhaps with Dan Shear. N

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**From:** Nelms, Scott (MOF) <[Scott.Nelms@ontario.ca](mailto:Scott.Nelms@ontario.ca)>  
**Sent:** Monday, March 13, 2017 5:29 PM  
**To:** Petsche, Nadine (TBS)  
**Cc:** Veinot, Cindy (TBS); Calwell, Carolyn (ENERGY/MEDEI/MRI); Shear, Dan (ENERGY)  
**Subject:** RE: Please advise (URGENT)

Hi Nadine,

I spoke with OPG on the EURIG issue you set out below. OPG suggests two approaches:

1. If possible, find ways to reduce the risk so that it no longer requires disclosure. I believe we are working with IESO on building support for the smoothing mechanism and the tie back to the life of the underlying assets.
2. If disclosure is required, provide a limited guarantee from the Province. OPG suggests this could take the form of an agreement between the Province and OPG Trust, to provide a "made whole" payment to lenders in the event of a court finding in favour of a EURIG challenge. This agreement could also be used to cover off a limited guarantee in the event of an action by the Province that negatively impacts bondholders. The "made whole" payment preserves the economic position of bondholders. For example, if a bond has a market value (which can be different from its face value) of \$100 prior to the triggering event, the Province would ensure that its market value is preserved either by:
  - a. Replacing the bond with \$100; or
  - b. If the bond remains valid but its value is reduced to \$80, the Province would make a \$20 payment.

*Note: this is different from a "make whole" payment (e.g. Canada Call Option), which would include a penalty in addition to preserving value.*

Thanks,  
Scott

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**From:** Petsche, Nadine (TBS)  
**Sent:** March 10, 2017 4:14 PM  
**To:** Nelms, Scott (MOF)  
**Cc:** Veinot, Cindy (TBS)  
**Subject:** RE: Please advise (URGENT)

Hi Scott.  
Just wondering if you've received any responses/updates on either of these two items? Nadine

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**From:** Nelms, Scott (MOF)  
**Sent:** March 9, 2017 4:22 PM  
**To:** Petsche, Nadine (TBS)  
**Cc:** Veinot, Cindy (TBS)  
**Subject:** RE: Please advise (URGENT)

Hi Cindy,

I have reached out to Energy about the first request and OPG the second (also suggested it may be worth a call with OPG). Will let you know when I hear back.

Thanks,  
Scott

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**From:** Petsche, Nadine (TBS)  
**Sent:** March 9, 2017 11:04 AM  
**To:** Nelms, Scott (MOF)  
**Cc:** Veinot, Cindy (TBS)  
**Subject:** Please advise (URGENT)  
**Importance:** High

Hi Scott.

We have identified 2 items that we need your help on:

1. With regards to today's planned briefing for the FAO, we were wondering if a similar briefing could be provided to the OAG? Perhaps after March Break or in April (preferred).

| 1) FAO Engagement                                                    |                                                                                                         |                                                                                        |
|----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>ENERGY, MOF/OFA, FAO</li></ul> | <ul style="list-style-type: none"><li>Provide FAO staff with a technical briefing on the OFHP</li></ul> | <ul style="list-style-type: none"><li>March 9, 2017: Preliminary discussion.</li></ul> |

2. Based on discussions (this am) with MOE Legal (Dan Shear), it would be beneficial to seek input from OPG (Treasury and Finance) on options to mitigate the perceived risk to lenders re: the potential Eurig challenge on the GA deferral item. Can you please reach out to OPG for suggestions on what sort of assurance that the lenders might ask for to cover their risk (that the charge is challenged as being an unconstitutional tax and the Supreme Court rules that all or part of the GA deferral is a tax). In addition, we would need to know how such an additional backstop might impact their accounting analysis on the OPGTrust/SPV and OPG.

Thanks in advance.  
Nadine