RE: Hydro Regs- Questions

From: "Teliszewsky, Andrew (ENERGY)" <"/o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=teliszewsky, andrew (energy)4fe">
To: "Schlaepfer, Martin (ENERGY)" <martin.schlaepfer@ontario.ca>
Cc: "Imbrogno, Serge (ENERGY)" <serge.imbrogno@ontario.ca>, "Whittington, Matt (ENERGY)" <matt.whittington@ontario.ca>, "Baker, Carys (ENERGY)" <carys.baker@ontario.ca>
Date: Fri, 27 Oct 2017 10:30:09 -0400

Yes.

From: Schlaepfer, Martin (ENERGY)
Sent: October-27-17 10:19 AM
To: Teliszewsky, Andrew (ENERGY)
Cc: Imbrogno, Serge (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY)
Subject: Hydro Regs- Questions

Hi Andrew,

CO has asked a few questions on the Hydro Regs tracking to LRC on Monday. Below are proposed responses.

Let us know if you have any concerns with sharing with CO this morning.

Thanks,
Martin

- With respect to the last sentence in the language provided below, does ENERGY have any concerns with stating that the repayment period will begin in 2027 (rather than late 2020s)?

There is some uncertainty around the exact date when repayment begins, so we prefer to leave it at “late 2020s”.

- Please provide more details on why OPG advises that to meet its accounting requirements an initial lump sum of $3.1 million is needed to ensure that is can operate on a “commercial basis” for the first seven months of the plan.

OPG has advised that without this payment they would be operating at a loss for 2017. OPG needs to operate on a commercial basis under the OFHP accounting framework.

- Is the proposed 7.5 basis points base fee for the Jan 1 2018 to March 31 2019 consistent with comparable service providers?

According to OPG, it is at the low end of comparable fees for securitization products. It has been reduced from OPG’s initial ask of 10 basis points.

- What kind of performance metrics would the performance-based fee be based on?

OPG is eligible for performance-based fees based on the financing rate that is secured for their debt issuances. OPG’s actual rate is compared to a forecast rate (approved by the OEB), and OPG receives 10% of the spread. Conversely, if OPG’s rate is higher than forecast, they pay a penalty of

10% of the spread.