IESO regulatory asset

From: Kim Marshall <kim.marshall@ieso.ca>
To: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>, "Hume, Steen (ENERGY)" <steen.hume@ontario.ca>
Date: Wed, 19 Apr 2017 15:21:26 -0400

Just a heads up, based on a conversation with Michel this would be his biggest concern - the subordination of IESO's right to recover any regulatory asset that the trust does not purchase. I know this will change for the next version so will wait to see it. Thanks

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From: Picard, Michel [mailto:mpicard@kpmg.ca]
Sent: April 19, 2017 11:23 AM
To: Michael Boll
Cc: Kim Marshall
Subject: RE: Ontario Fair Hydro Plan

Michael,

I spoke to our professional department on the issue mentioned below.

If IESO is subordinated in its collection of its retained regulatory asset then IESO would not be allowed to derecognize the regulatory assets. Instead, IESO would have to treat the arrangement as a borrowing and would be required to set-up a liability.

The way to avoid the recognition of a liability would be to have a proportional collection of the cash.

Happy to discuss further.

Michel

From: Michael Boll [mailto:Michael.Boll@ieso.ca]
Sent: Tuesday, April 18, 2017 11:33 AM
To: Picard, Michel <mpicard@kpmg.ca>
Cc: Kim Marshall <Kim.Marshall@ieso.ca>
Subject: FW: Ontario Fair Hydro Plan

Michel,

For your reference, the limitation on IESO's recovery of its funding shortfall (i.e. its regulatory asset) may be found in Section 22(1.1) of the attached draft.

For ease, it is included in this email below:

Limitation

(1.1) The right to recover the IESO funding shortfall under subsection (1) is subject to the following limits:

1. The amount of the IESO funding shortfall recovered in respect of a reference period may not exceed the amount determined in the Fair Allocation Plan for the reference period, minus the amount of the clean energy adjustment for the reference period.

[Note: Will want to link up the language in para. 1 above with the language relating to this in provision above that authorizes the IESO to collect this amount (where some of the R.A. has not been sold) - s. 12x (6).]

2. No part of the IESO funding shortfall shall be collected from specified consumers before May 1, 2022.