RE: Cabinet Submission - Electricity Price Mitigation_Feb13-17_700_Clean.pptx

From: "Petsche, Nadine (TBS)" <nadine.petsche@ontario.ca>
To: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>

Date: Mon, 13 Feb 2017 22:31:58 -0500

Cindy,
You may want to review pg. 51 (see some comments below for consideration). n

A Smoothing

- **Amendments to *Electricity Act, 1998* (EA) and *Ontario Energy Board Act, 1998* (OEBA)**
  - The EA allows the Lieutenant Governor in Council to cause an OPG Holdco to be created under the *Business Corporations Act.* (*TRUST?)*
  - The mandate and governance of the Financing Subsidiary will be addressed through amendments to the EA. Governance provisions will be designed to address the accounting control indicators.
  - The Financing Subsidiary will require authority to recover principle, interest and administrative costs through GA from customers. (recovery to be through IESO, but OPG retains future billing risk (movement or change in customer base after purchase of asset)
  - Legislation would authorize IESO to collect amounts on behalf of the Financing Subsidiary and settle accounts with the Financing Subsidiary as a service provider. Regulatory amendments to GA Regulations would require IESO to:
    - Separately settle and track amounts received from the Financing Subsidiary to lower GA (including maintaining variance accounts).
    - Separately settle and track amounts paid back to the Financing Subsidiary (including maintaining variance accounts).
    - Distributors would continue to collect from consumers and settle with IESO. Generators would continue to be paid by IESO.
  - OEBA-related amendments would allow for OEB oversight. Light touch would focus on the borrowing entity ' s recovery of administrative costs and its calculation of amounts owing in a period. Heavy touch would give OEB the discretion to determine repayment over time. Is this needed for an intangible?
  - The certainty of the legislative mechanism to recover the debt and interest, and the extent of discretion of the OEB to alter either amount over time, will have impacts on the availability and cost of capital. Decision needed on 100% OFA financing vs. blend of third party and OFA.
  - Further legal analysis is required as the GA option is developed.

From: Veinot, Cindy (TBS)
Sent: February-13-17 8:51 PM
To: Petsche, Nadine (TBS)
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Nadine – can you take a look at slides 41 and 46 and the last bullet on slide 28 – Energy asked that we complete (which I did based on SOC discussion) -- they are looking for something tonight, but I expect we can tweak tomorrow (they are going to Cabinet to provide an overview on Wed). I'll plan to flip to Serge around 10 or so tonight.

Thanks,