Re: Next Steps

From: "Veinot, Cindy (TBS)" <"/o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=veinot, cindy (tbs)d57">
To: "Nelms, Scott (MOF)" <scott.nelms@ontario.ca>
Cc: "Kwan, Ronald (OFA)" <ronald.kwan@ofina.on.ca>
Date: Thu, 09 Feb 2017 10:54:57 -0500

I think the one item that needs to be added it to draft the impact of this model on IESO and consider the legal changes required and the accounting implications. We will need to ensure the we evaluate the transaction from a consolidated provincial perspective.

Thanks,

Cindy

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Nelms, Scott (ENERGY)
Sent: Thursday, February 9, 2017 7:30 AM
To: Veinot, Cindy (TBS)
Cc: Kwan, Ronald (OFA)
Subject: Next Steps

Hi Cindy,

We have been asked to pull together a back-pocket describing what is needed, potentially by next week, in order to provide decision-makers with sufficient information to consider whether OPG is the appropriate entity to take responsibility for GA Smoothing. I have developed the following key steps in consultation with Energy legal and OPG. I want to make sure these also work from your perspective:

1) OPG and Energy to develop a preliminary legislative framework describing the smoothing and recovery mechanism, including role for OEB (in consultation with the Board)
   - May be helpful to seek input from 3rd parties (e.g. rating agencies, lenders)
2) OPG to provide a preliminary estimate of its capacity to assume additional liabilities
3) OPG to develop a proposed corporate and governance structure
4) OPG's external auditors to review these models and provide preliminary advice on OPG accounting
5) OPG to test interest from 3rd party lenders (preliminary, without specifics)
6) Controller's Office to review legislative model, corporate structure and OPG external audit advice to provide preliminary assessment of Provincial accounting for OPG under this new structure
7) Test Concept with Auditor General's Office (consider timing)

Please let me know if you have comments or edits.

I understand there may be accounting challenges with GBE treatment for OPG under the Holdco model. I wonder if you have a moment to chat, as I would like to better understand whether that is a concern with the structure, or with OPG.

Thanks,
Scott

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