NP1 – we are working to quantify those benefits and attribute them to a time period. (To clarify, comment was intended to suggest possible narrative on nature benefits vs. $)

NP2 – once electricity is generated, there is no differentiation between types of generation. All electricity consumers get a blend of all types of generation. (comment was to recognize those customers who may not be on the grid but have retained standby capability, as discussed yesterday)

NP3 – terms are various. We are approaching this in general terms, not specifically linking particular contracts, their terms, and future benefits. In practical terms, such a linkage would be impossible. ok

NP4 – Not all electricity consumers. Just those who are part of the class. We call this the "OREC group" because we defined them for the Ontario Clean Energy Benefit Act (the 8% rebate) and it includes more than the RPP consumers. We need a better name. ok

NP5 – the debt repayment is a later stage. This sentence refers to the creation of the regulatory asset and the fact that IESO will have to pay its contract holders. I thought that the IESO paid the contractors first and then collected later. Perhaps I am not reading it correctly. OK if others understand.

NP6 – it's a bit more complicated than this. It's not that we made a mistake in choosing to enter into contracts with 20 year terms. It was a choice that met a number of policy initiatives. Understood and agreed. The point is more of a factual reference than a judgement.

NP7 – Yes. "over time" could be "into the future". Word smithing matters more for the purpose clause of the legislation. This overview is intended to just get us on the same page. To clarify, should the doc explicitly address that there will be no retroactive 'adj'.

NP8 – yes ("fair price" terminology was used yesterday. Just wondered if there was thought to using it in the doc).

NP9 – I think you are right. That this statement blends both IESO's needs and the notion of Transition Costs, incurred by the OPG Trust.

NP10 – we heard from bankers that they don't require a specific provision about "non-by-passability" (even though typically included in the US models). So this will be addressed by ensuring adequate rights to collect. So the two references in the doc are considered sufficient then.

NP11 – there has been no discussion of involvement of any party other than OPG at higher levels, so I expect decision makers will want to make sure that it is OPG who undertakes the program. The discussion with OPG yesterday seemed to position refinancing as feasible and not something to be concerned about (for the portion of debt financed by non-OPG participants).

NP12 – "reasonably match" goes to the constitutional law principles underpinning the regulatory framework ok

NP13- legislation will be clear who receives the benefit and that that class of people are obliged to repay it. See comment at NP 4. ok

NP14 – the only roles for the Minister will be in creating the Fair Allocation Plan, intended to guide OPG, and in appointing successors in the event that IESO or LDCs can't perform their collection roles. ok

NP15 - ? re: all interest and other periodic finance charges (not sure what 'other periodic finance charges might be?)

Commented [NP1]: Clearly understood?

NP 16 – ok

NP 17 – yes

NP 18 – see comment at NP4. Steve just doesn't have the energy sector language down.

NP19 – See 8(5). IESO will be able to recover its financing costs (interest and other reasonable charges).

NP20, NP23 – The legislation will include reg making authority to provide for an on-bill line item.

NP21, NP 22 – see comment at NP10

NP24 – risk ultimately comes back to rate payers. LDCs are just a collection agent.

NP25 – please let us know KPMG's thoughts. They will also need to see the provisions that allow the OEB to authorize IESO to create the account that will record the "regulatory asset". The Blakes document doesn't address this, but the draft legislation will. OPCD is not dealing directly with KPMG. I assume that IESO has been provided with an updated copy and that KPMG undertaking a critical review. Is there an ETA on the draft legislation?

Commented [NP2]: Please note

NP26 – the allocation of costs between generations has a discretionary element, so language that provides some flexibility is helpful for us.

NP27 – the Minister of Energy will be responsible for the FAP, not a delegate. Legislation will refer to "Minster of Energy or such other member of Executive Council appointed from time to time…" The usual. Please revisit comment. The wording seems to give the FAP the power of a person. Also, thought that there is consideration being given to another party creating the FAP (e.g. IESO)

NP28 – see comment at NP 26

NP29 – my current understanding is that the FAP will only be changed to deal with changes in variables that affect the curve – interest rates, substantial change to rate base, etc. Minister will be able to change, subject to this limitation. (OPG and EY feedback would be beneficial).

NP30 – the OEB will review the <u>administrative</u> costs of the Trust in the same way it reviews IESO's admin costs. It won't be like this exactly, but this gives you an example:

Commented [NP3]: Perhaps I misread. I just wanted to confirm yesterday's discussion that the OEB is not expected to have any involvement in reviewing the financing costs of the Trust (separate from the administrative costs which are discussed below).

25 (1) The IESO shall, at least 60 days before the beginning of each fiscal year, submit its proposed expenditure and revenue requirements for the fiscal year and the fees it proposes to charge during the fiscal year to the Board for review, but shall not do so until after the Minister approves the IESO's proposed business plan for the fiscal year under section 24. 2014, c. 7, Sched. 7, s. 3 (1).

Previous fees continued

(2) Until the Board approves the proposed expenditure and revenue requirements for the fiscal year and the fees the IESO proposes to charge during the fiscal year, the fees approved for the previous fiscal year remain in effect unless the Board orders otherwise. 2014, c. 7, Sched. 7, s. 3 (1).

Exception

(3) Where the IESO is unable to make its submission under subsection (1) within the time required under that subsection, the IESO shall file its proposed expenditure and revenue requirements for the fiscal year and the fees it proposes to charge during the fiscal year to the Board for review as soon as possible after the Minister has approved its business plan under section 24. 2014, c. 7, Sched. 7, s. 3 (1).

Board's powers

(4) The Board may approve the proposed expenditure and revenue requirements and the proposed fees or may refer them back to the IESO for further consideration with the Board's recommendations. 2014, c. 7, Sched. 7, s. 3 (1).

Same

(5) In reviewing the IESO's proposed expenditure and revenue requirements and proposed fees, the Board shall not take into consideration the remuneration and benefits of the chair and other members of the board of directors of the IESO. 2014, c. 7, Sched. 7, s. 3 (1).

Changes in fees

(6) The IESO shall not, without the approval of the Board,

(a) establish, eliminate or change any fees it has established; or

(b) eliminate or change any fees established by a predecessor that remain in effect. 2014, c. 7, Sched. 7, s. 3 (1).

Hearing

(7) The Board may hold a hearing before exercising its powers under this section, but is not required to do so.

NP31 – ok

NP32 – OPG Trust will be empowered to make decisions about the appointment of advisors, etc. without input from the Province. I am not expecting that we will have to legislate this. I think it will be provided for in the trust documents.

NP33, 34 – I have passed your draft language on to Blakes (to clarify, this sort of language should be used consistently to manage 'control' related accounting risk, although only mentioned a couple of times in the doc).