From:	Ken Kandeepan
To:	Montgomery, Kaitlin (MOF)
Cc:	Mike Manning; James Devine; Carlos Yep; John Kim
Subject:	2017 06 06 Outstanding Business Issues Ontario Fair Hydro Plan - v04.docx
Date:	Thursday, June 08, 2017 12:52:45 PM
Attachments:	2017 06 06 Outstanding Business Issues Ontario Fair Hydro Plan - v04.docx

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Hi Kaitlin

Pls find attached, my edits are limited to item 4.

Thanks

Ken k

Outstanding Business Issues – Ontario Fair Hydro Plan

Briefing Note

PURPOSE

Provide an overview of a few of the key remaining outstanding business issues that OPG and the Province are working through

BUSINESS ISSUES

1. **Provincial Support Agreement Term Sheet (Performance and Payment Guarantees)**
   - As part of the OFHP, the IESO will create and sell a regulatory asset to the OPG financing entity
   - In order to provide assurances to those with claims against the Financing Entity (eg. Holders of debt), and support credit ratings, the Province is providing both a Service Guarantee and a Performance Guarantee to ensure that the obligations of the IESO are carried out including obligations related to collecting and remitting clean energy adjustments.
   - **Next Steps:**
     - OPG and OFA have discussed a draft term sheet and the OFA, MOF and Blakes will work together to provide comments
     - Timing: Guarantees are required to support rating agency review which is expected by the end of July.

2. **Payments in Lieu of Taxes (PILs) Exemption**
   - Provincial staff, with OPG's concurrence, recommends minimizing, to the extent possible, the PILs payable by the OPG financing vehicle, as those costs will be recovered from ratepayers.
   - The Province is considering regulation changes to exempt from PILs the income arising to the OPG financing vehicle / OPG as a consequence of the Fair Hydro Plan.
   - As part of the OFHP, the financing entity will raise debt and acquire "investment assets" from the IESO. Given the unique nature of the investment assets, there are no specific rules which govern the manner which investment assets should be treated for tax purposes, and further analysis is required to ensure the cost of the investment assets are appropriately recognized as a deduction or offset in computing the income of the financing entity.
   - **Next Steps:**
     - The MOF, OFA and OPG are working together to determine required regulation changes.
     - Torys prepared a memo on the item
     - Timing: MOF will be setting up a call with tax policy, OPG and Torys to discuss a memo Torys prepared on the item in the next few days

3. **Fair Hydro Plan - Master Subscription Agreement Term Sheet (Equity Injection Process)**
    - OPG will require equity injections on a monthly basis, to match the timing of the purchase of the IESO regulatory asset, as applicable, in order to maintain its capital structure, and will require flexibility in order to issue shares as needed by the Province.
    - The Ministry of Energy received appropriation for a fiscally-neutral operating asset expenditure of $1.1B through PRRT to support equity injections for the 2017-18 period, and will continue to provide multi-year forecasts each year through PRRT.
    - **Next Steps:**
        - ~~The Ministry of Energy, OFA and OPG are working through the short term mechanics of this process, which will ultimately feed into a Master Subscription Agreement. A draft term sheet is underway.~~Approval of the draft term sheet (see note).
        - Once term sheet is approved, this will serve as the basis for the Master Subscription Agreement between OPG/ENE and OFA
        - OFA and ENE to develop Service Level Agreement for monthly cash management services
        - Amendment to OPG articles required to facilitate issuance of new class of shares
        - Timing: OPG will require the ability to issue equity in ~~July~~August, so mechanics and agreements should be finalized in ~~June~~July.

4. **Management Fees**
    - OPG will be providing all required services to the Trust as part of the OFHP, including planning, strategy, financing, deal execution etc.
    - The legislation allows OPG to establish and charge a management fee for those services in accordance with the regulations, which are currently in development.
    - ~~OPG and OEB are currently working together on a management fee structure that balances the interests of minimizing costs and satisfying accounting consolidation requirements.~~
    - There are two components to the management fee model proposed by OPG:
        - Base fee: the structure will allow OPG to earn a commercial fee, an accounting consolidation requirement, with periodic OEB review of the commercial basis of that fee. OEB and OPG are in discussions in order to develop a model that satisfies the accounting requirements and is consistent with OEB's processes.
        - Performance ~~management~~ fee: OPG has the ability to gain or lose depending on the actual financing cost relative to a benchmark, which would be shared equally between ratepayers and OPG. Gain/loss ~~is~~ is applicable only to OPG's investment in the Trust from external borrowing

(5% of the funding requirement) and capped at 1% of the related annual incremental issuance amount.

- **Next Steps:**
  - Base fee: OEB to provide comments on OPG's proposed base fee framework.
  - Performance Fee: ~~OPG and OEB will bring forward a recommended framework for developing management fees.~~Approval of the draft framework (see note).
  - Timing: ~~TBD~~For incorporation into the June 27th regulations

5. **Subordinated Debt Loan Agreement**
   - OPG will lend the equity injection from the Province to the Fair Hydro Trust by way of subordinated debt
   - Based on monthly funding requirements of the GA asset, the Trust will use short term financing and take out bonds once short term funding reaches certain levels
   - OPG and OFA are working on a Debt Loan Arrangement that would establish the interest rates on the subordinated debt
   - **Next Steps:**
     - OPG and OFA will bring forward a recommended framework for determining interest rates
     - Timing: TBD

6. **IESO – Increased OFA Credit Facilities**
   - THE OPG financing entity is not expected to be immediately operational, so the IESO will need to have transitional financing in place to manage the difference in the payments to generators and other service providers vs payments from loads / LDCs.
   - There may also be on-going monthly cash flow timing differences that the IESO will need a credit facility for.
   - In addition, the OPG financing entity has the right to purchase the regulatory asset from IESO but is not required to purchase it.
   - IESO is working with the OFA to increase the credit facilities in the event that the OPG financing entity does not purchase the regulatory asset
   - **Next Steps:**
     - OFA is drafting a new agreement for a $2 billion credit facility for the OFA to lend funds to IESO for FHP purposes. Concurrently, the OFA is seeking the Minister's approval for an LRC submission to approve an OIC for an additional $2 billion in borrowing capacity, as well as a Directive from the Minister of Finance, which are both necessary for the OFA to lend funds to IESO under the requested new Credit Facility.

- Timing: The OIC is scheduled for the June 27, 2017 LRC meeting. The Directive and Credit Facility Agreement are currently being drafted, to be in place by July 1st, 2017

7. OPG Indemnity

- OPG (and IESO) are asking for the Province to indemnify the IESO, OPG (the entities) and their respective directors, officers and employee in order to allow them to carry out their roles in implementing the Ontario Fair Hydro Plan and primarily the Global Adjustment refinancing.
- Indemnification will need to ensure separation between the Province and OPG is maintained
- **Next Steps:**
  - Staff in Ministry of Finance and Treasury Board Secretariat have received initial documents and are currently reviewing.
  - Depending on the structure of the indemnity requested, an OIC may be required to provide authority to the Minister of Finance
  - Timing: If an OIC is required this would be included in the June 27th, 2017 submission

Gwun-Hone Chin

From: Mike Manning
Sent: Monday, July 10, 2017 2:00 PM
To: Hresa Gavaris
Subject: Accepted: Fair Hydro Plan

From:	Anthony Martinello
To:	Ken Kandeepan; John Psinas; Ronald Kwan; Mike Manning
Subject:	DRAFT IESO FH credit letter
Date:	Tuesday, May 09, 2017 10:26:24 AM
Attachments:	IESO_OFA FEP 2017 Credit Letter v3 draft.docx

See attached draft letter we hope to issue this week – for your comments (will appreciate by Thursday this week if any).

I did speak with Moody's on April 28 to obtain their feedback.

Call me @ 905.403.6944 to discuss (…Ken can we discuss the interest exp/income flows when you have a moment).

As mentioned the current $975M supports the RPP today which will be transitioned to the new FH going forward – for this draft as discussed with my CFO I have left the $975M as is but will seek to use for FH too.

Regards.

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Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 8, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Program**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the Fair Hydro program (FHP) to reduce electricity prices for consumers in the province. Legislation is expected to be introduced this month for the program. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that to support the IESO's role in implementation it will need greater credit liquidity than currently exists.

The existing credit facility between the IESO and the Ontario Financing Authority's (OFA) is $975 million. The IESO proposes that an additional facility/commitment be provided in the amount of $1,500 million. This would enable the IESO to provide interim financing for the FHP's global adjustment smoothing for a period of several months if needed.

We suggest the OFA's current $975 million agreement and the new separate (or co-mingled) FHP agreement consider the following key provisions:

- FHP: 5 year term to align with the FHP's deferral of electricity prices period plus a few months of contingency (i.e. September 30, 2022);
- FHP: interest charge to be Province's cost of funds for borrowing with a similar term as determined by OFA plus 0.25 percent per annum;
- FHP: drawings to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers;
- $975 million: draws to permit for FHP purposes; and
- $975 million: a reduction in the 28 days minimum draw for the existing facility to a minimum of 7 days to a maximum of 95 days;

Should the IESO find that there is consistent usage of these facilities we will contact the OFA

for further arrangements.

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facility(ies) and we will provide such evidence for the OFA's records.

We appreciate the OFA's continue support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

DRAFT

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

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To:	Ken Kandeepan; John Psinas; Ronald Kwan; Mike Manning
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Sincerely,

DRAFT

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From:	LAURETA LAPIRA May -FIN & C CTRL
To:	Ken Kandeepan
Cc:	MAUTI John -FIN & C CTRL; LEE John -TREASURY; Mike Manning; Graham Monroe; Carlos Yep; James Devine; JORDA Jenny -FIN & C CTRL; GORE Michael -FIN & C CTRL; LIU Sheen -TREASURY
Subject:	EY concurrence re: Draft Trust Performance Fee Recommendations
Date:	Monday, July 17, 2017 2:39:45 PM
Attachments:	RE EXTERNAL RE Fees.msg

Hi Ken,

My name is May Lapira and I'm the newest addition to the Treasury team. Jenny has been working hard to get me updated on the accounting aspects of the Fair Hydro Plan so we can transition future correspondences over to me.

Per our discussion during the call earlier today, we have reached out to EY to obtain concurrence on our interpretation of their accounting position. Please see attached the email trail from EY's senior manager Brittany Keenan confirming that excluding the equity injection component from the definition of a 'benchmark bond' would result in non-commercial terms and could ultimately result in OPG not being able to consolidate the financing entity.

Please let me know if you have any follow up questions on this matter.

I look forward to working with you,

May

May Laureta Lapira, CPA, CA | Senior Manager, Treasury | Ontario Power Generation

700 University Avenue, Toronto ON M5G 1X6 | Tel: (416) 592-3721| Fax: (416) 592-7758 |E-mail: may.lapira@opg.com

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From: Brittany Keenan [Brittany.Keenan@ca.ey.com]
To: JORDA Jenny -FIN & C CTRL [jenny.jorda@opg.com]
Subject: RE: EXTERNAL – RE: Fees
Date: Monday, July 17, 2017 13:18:34

Agree

From: JORDA Jenny -FIN & C CTRL <jenny.jorda@opg.com>
Date: 17 July 2017 at 11:58:46 GMT-4
To: Brittany Keenan <Brittany.Keenan@ca.ey.com>
Subject: RE: EXTERNAL – RE: Fees

Hi Brittany – Our view is the following:

- By excluding the equity injection component from the definition of the 'benchmark bond' this results in non-commercial terms and would result in a high risk to the consolidation analysis

Can you confirm if you agree? Thanks!

From: Brittany Keenan [mailto:Brittany.Keenan@ca.ey.com]
Sent: Tuesday, July 11, 2017 1:22 PM
To: JORDA Jenny -FIN & C CTRL <jenny.jorda@opg.com>
Subject: EXTERNAL – RE: Fees

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Hi Jenny,

As discussed, the fees charged should be on terms equivalent to those with third parties (i.e. at arm's length). If a manager would not be remunerated under these terms in 'normal' circumstances, this would be a concern for your analysis of the ability to consolidate the Trust. As discussed, I would recommend you work with your Treasury team to ensure the terms are equivalent to arm's length.

Brittany

Brittany Keenan | Senior Manager | Assurance Services

Ernst & Young LLP
Office: +1 416 943 3899 | brittany.keenan@ca.ey.com
From: JORDA Jenny -FIN & C CTRL [mailto:jenny.jorda@opg.com]
Sent: July-10-17 9:41 AM
To: Brittany Keenan <Brittany.Keenan@ca.ey.com>
Subject: Fees

Hi Brittany,

As discussed verbally last week with yourself and the audit partner, can you confirm EY's concurrence with the below? Thanks!

Background:
In order for the accounting consolidation analysis to be successful, the Regulations, Trust documents and various agreements need to allow OPG to have significant variability and exposure from the activities of the Trust relative to the rate of return that OPG would recognize from its role as the Financial Services Manager of the Trust. The terms of the 'variable fee' component will be determined through a 'benchmark bond rate'. The benchmark bond rate will be a weighted average of the following tranches:

- **Tranche A Senior Debt (51%) -** capital markets
- **Tranche B Sub Debt (39%)** – Province
- **Tranche C Sub Debt (10%)** – capital markets & Province

The benchmark bond rate needs to be based on all three tranches of debt for the following reasons:

- In order for OPG to have significant variability and exposure from the activities of the Trust, 100% of the Trust activities need to be considered in determining this exposure. If the Financial Services Manager is only assessed based on its performance for 56% of debt, it calls into question whether 100% of the Trust should be consolidated by OPG if their exposure to risk and variability is only assessed on 56% of the Trust.
- One of the requirements for consolidation is also that the Trust must be undertaken by OPG as a business initiative on its merits. If the terms of the transaction are not seen as being on par with similar market transactions, it calls into consideration whether OPG is really acting as an 'agent' of the Province and not as a result of its own decisions. It is not common marketplace practice for fund managers to only be assessed on a portion of their managed portfolio.

Jenny Q Jorda, CPA, CA | Senior Manager, Accounting Policy and Controls | Ontario Power Generation
700 University Avenue, Toronto ON M5G 1X6 | Phone: (416) 592-2531| Fax: (416) 592-7758 |E-mail: jenny.jorda@opg.com

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From:	Ken Kandeepan
To:	Scott Nelms (ENERGY)
Cc:	Ronald Kwan; Carlos Yep; Graham Monroe; Mike Manning; James Devine; Veinot, Cindy (TBS)
Subject:	FHP - OPG Performance Fee
Date:	Wednesday, July 05, 2017 11:59:10 AM

Hi Scott

I am writing this to you as an FYI since there may be some push back from OPG. I am cc'ing Cindy as well given the accounting implications raised by OPG. As you may be aware, OPG provided us with the proposed methodology for computing the performance fee. Both the benchmark and the actual include the 44% debt issued by OPG to the Trust which is in turn fully funded by the Province's equity injection.

Given that there are no capital market decision-making associated with this component of the debt, we are reluctant to sign off on OPG's methodology in its current form. OPG is not particularly happy with our response and posits that the accounting treatment requires a performance fee. While I agree that the E&Y opinion does refer to a performance fee I am a little doubtful that E&Y specified that all of the debt should be part of the computation. I have requested that OPG provide me with any specific reference by E&Y on the performance fee methodology. If E&Y does require that the benchmark and actual include the total debt issuance, we can reconsider our stance.

Finally, the performance fee methodology computes the fee for a particular year by applying the difference between the benchmark and the actual on the 5% that is borrowed by OPG. We requested and obtained confirmation that the performance fee will be limited to new borrowings by OPG and not apply to any refinancing. OPG finds this acceptable and it also ensures that the performance fee will be capped at $1.2 million or so per annum.

Thanks

Ken k

From:	Gadi Mayman
To:	Mike Manning
Cc:	Ronald Kwan; Ken Kandeepan; Anna Strathy
Subject:	FHP Debt guarantee
Date:	Monday, June 19, 2017 9:45:09 AM

Hi Mike, who's working on the OPG guarantee while you're away? I'm at a meeting with Energy and Steen came up to me quite concerned to say that the latest version they saw from OPG and Tories was for quite a broad guarantee, including a make whole provision. If that's the case, it doesn't sound like they've taken on our comments and our unwillingness to provide a make whole, or a put, or any structure that could expose to the Province to having to make a multi-billion dollar payment rather than just stepping having to step in to replace OPG's coupon and principal payment obligations when they come due.

Thanks,
Gadi

From:	Anna Strathy
To:	Mike Manning; John Kim; John Psinas; James Devine; Carlos Yep
Subject:	FHP briefing for Energy Minister
Date:	Monday, August 28, 2017 11:30:13 AM
Attachments:	ENERGYMinister"sBriefing_OFHP_ProvincialGuarantee_v6.pptx

Hi All,
I wanted to check in one last time to see if anyone would like to attend tomorrow's Minister briefing on the FHP for the OFA? (latest deck attached, meeting is 1:30pm Tuesday).
At the very least I can attend on Anna's behalf if no one else is available, but I wanted to confirm to see if someone more familiar with this file is interested in attending.
Thanks,
Matt Breadner on behalf of Anna Strathy

From: Anna Strathy
Sent: Wednesday, August 23, 2017 10:59 AM
To: Ronald Kwan ; Mike Manning ; John Kim ; John Psinas ; James Devine ; Carlos Yep
Cc: Ken Kandeepan ; Gadi Mayman
Subject: FW: Draft Provincial Guarantee Deck
Hi All,
Attached is a briefing deck for the Minister of Energy on the FHP Provincial Guarantee. The OFA has been asked to provide review and comments by EOD today.
They're also looking for an OFA attendee for the Minister of Energy's briefing next week, so please let me know if any of you would be willing to attend.
Thanks,
Matt Breadner on behalf of Anna Strathy

From: Katona, Keley (MOF) [mailto:Keley.Katona@ontario.ca]
Sent: Wednesday, August 23, 2017 10:38 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Draft Provincial Guarantee Deck
Hi Matt,
ENERGY has asked us to prepare a product for a Minister's briefing next week on the OFHP. They wanted a specific product on the Provincial Guarantee. Given the main OFA folks working on this file are on vacation, I've prepared the attached draft deck. I was hoping you could circulate this to folks internally for review and comment. We've been asked to provide a draft deck to the DMO tomorrow. Could you please aim to provide any OFA comments by end of day today.
Also, is there someone from the OFA who could attend next week's briefing to answer questions as required? Please let me know who that might be.
Thanks in advance,
Keley

Keley Katona
Director | Investment Governance Branch
Government Business Enterprise Division | Ministry of Finance
Work: 416-325-1539 | Cell: 416-727-5696
E-mail: keley.katona@ontario.ca
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Provincial Support Agreement

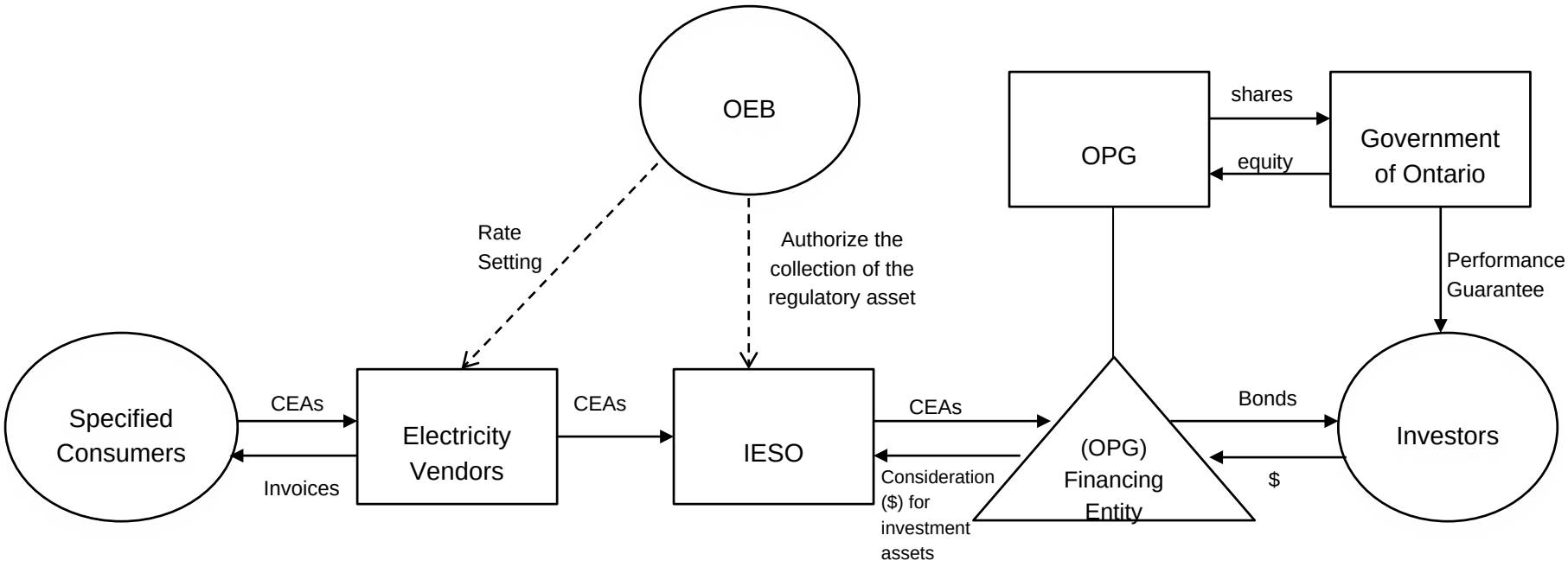
Briefing for Minister of Energy
Tuesday August 29th, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Background

- The *Ontario Fair Hydro Plan Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset to recover the balance in the variance account
    - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
    - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
    - The Financing Entity will purchase the regulatory asset, effectively financing the shortfall in current rates not received from ratepayers
- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
    - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- OPG has requested that the Province provide a support agreement that supports the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would guarantee the repayment of the funding obligations of the Financing Entity

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

Provisions Under the Act

- As contemplated under the Act, OPG is requesting a Provincial commitment to support the planned Financing Entity's ability to borrow to finance the deferral of global adjustment amounts in certain limited circumstances
- Under s.5(3) of the OFHP Act,
  - *The LGIC may by order,*
    - *Authorize the Minister (of Energy) and the Minister of Finance, acting together on behalf of the Province,*
      - *To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and*
      - *To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity*
    - *Specify terms and conditions that must be included in any guarantee or indemnity given by the Minister and the Minister of Finance*
    - *Specify a maximum liability for the guarantee or indemnity*

Provincial Support Agreement

- Certain events that would negatively impact holders of Fair Hydro Plan debt sufficiently to activate the Provincial support, including:
    - Decisions by the Legislative Assembly, i.e., repeal of the *Ontario Fair Hydro Plan Act, 2017*, or amendments or new legislation that adversely affect the Financing Entity
    - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
    - Changes to the organization, structure or operations of IESO which results in the Financing Entity no longer being able to recover amounts related to funding obligations
- In the event the support agreement is triggered, the Province may take over the obligations of the Financing Entity including principal and interest payments on debt issued to date and any outstanding payments to service providers
    - The Province could potentially service the debt and other obligations and could replace OPG as the financial services manager
- The support agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access US market as investors in that market will likely require additional compensation if the guarantee is triggered
- Additional details, including terms and conditions to be specified by the LGIC in an Order-In-Council (OIC), or by the Ministers, need to be settled on, as the approvals process proceeds

Considerations

- If a support agreement is not provided, the Financing Entity would either be unable to raise sufficient financing from capital markets to purchase the regulatory asset from the IESO or the cost of the financing will be potentially materially greater than it otherwise would be
- OPCD will need to review the details of the proposed Provincial support agreement for any accounting implications
    - E.g., an unlimited Provincial guarantee would cause the debt to be treated as Provincial debt
- If a support agreement is provided, the Province takes on a contingent liability
    - The creation of a contingent liability will not currently affect net debt
    - The amount of the contingent liability will increase over the duration of the Fair Hydro Plan
        - The most recent estimate for total debt to be financed by a financing entity would be in the range of $10 billion [TBC] (assuming a 5% interest rate)
- In the event the support agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
    - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the support agreement

Next Steps

- Continue to work through outstanding issues related to the provincial support agreement
- Negotiate draft term sheet, working with OPG / OFA / MOF / Legal / Dealers
- Ministry of Finance to seek necessary approvals from TB / MBC *(Sept 26th)*
- Seek LRC / Cabinet approval for OIC *(October date TBC)*
    - The term sheet would inform a proposed OIC
        - Whether to include a maximum liability amount would need to be considered in developing the TB submission and the request for the OIC
- The support agreement would need to be drafted in accordance with the OIC

From:	Gadi Mayman
To:	Ronald Kwan; Mike Manning; Ken Kandeepan
Cc:	Anna Strathy; Deena Padamadan
Subject:	FW: AGENDA & MATERIAL: Fiscal Prep Committee, May 3, 2017
Date:	Tuesday, May 02, 2017 10:10:25 AM
Attachments:	FPC Agenda -May 3, 2017.docx 23121467-v9-Ontario Fair Hydro Plan Act - Briefing Presentation.pptx

Any thoughts?

From: Anna Strathy
Sent: Tuesday, May 02, 2017 9:16 AM
To: Gadi Mayman
Cc: Hresa Gavaris
Subject: FW: AGENDA & MATERIAL: Fiscal Prep Committee, May 3, 2017

FYI, materials for FPC tomorrow attached.

From: Young, Gwendolynne (MOF) [mailto:Gwendolynne.Young@ontario.ca]
Sent: Tuesday, May 02, 2017 9:12 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Colleen Waddell (ENERGY) <Colleen.Waddell@ontario.ca>
Cc: Vivienne Skoberne (MOHLTC) <Vivienne.Skoberne@ontario.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>
Subject: FW: AGENDA & MATERIAL: Fiscal Prep Committee, May 3, 2017

Hi Anna and Colleen,

Tomorrow at Fiscal Prep (1015-1145), ENERGY is presenting on their submission for the Fair Hydro Plan Act. Attached is the agenda and deck.

Could you please line up Gadi and Scott to attend with the Deputy? Please let me know if there are any issues.

Thanks!

Gwen.

Gwen Young
p: 416.325.0741 | bb: 647.982.2419

From: McLean, David (MOF)
Sent: May 2, 2017 8:37 AM
To: Kim, Minzi (MOF); Clarke-Darshanand, Jamille (MOF); Young, Gwendolynne (MOF); Tekle, Jonathan (MOF)
Subject: FW: AGENDA & MATERIAL: Fiscal Prep Committee, May 3, 2017

FYI

From: Bosco, Pina (CAB)
Sent: May 2, 2017 8:36 AM
To: Angus, Helen (TBS); Betzner, Lynn (CAB); Bevan, Andrew (OPO); Bossin, Bryan (OPO); Bromm, William (CAB); Davidson, Steven (CAB); Ghiassi, Ali (MOF); Greenberg, Martha (CAB); Hughes, Karen (TBS); Jackson, Kelly (MOF); Jancik, Mike (TBS); MacKenzie, Rebecca (OPO); Madhany, Shamira (CAB); McEachern, Gillian (OPO); McIntyre, Moira (OPO); Mendes, Elizabeth (MOF); Mksyartinian, Jacob (OPO); Orsini, Steve (CAB); Pichelli, Jason (TBS); Rowe, Mary (OPO); Schuurman, Tim (MOF); Thompson, Scott (MOF); Tomney, Genevieve (OPO); Zegarac, George (MOI)
Cc: An, Derrick (OPO); Baird, Natasha (MOF); Borges, Judy (OPO); Bosco, Pina (CAB); Corluka,

Marijana (CAB); Farrow, Alicia (CAB); Foster, Robert (CAB); Hartog, Erika (TBS); Kwamena, Boafoa (CAB); Laughton, Patrick (TBS); MacIntyre, Kyle (TBS); Marangoni, Emily (OPO); Matela, Angelo (CAB); McLean, David (MOF); Noursi-Scott, Diana (OPO); Roach, Jackie (CAB); Tinkler, Tanya (CAB)
Subject: AGENDA & MATERIAL: Fiscal Prep Committee, May 3, 2017

Good morning everyone,
Attached is the agenda and resending the material for tomorrow's Fiscal Prep Committee meeting.
Have a good day,
Pina

Pina Bosco
Executive Advisor (Acting)
Office of the Secretary of the Cabinet
416-325-7641

From: Bosco, Pina (CAB)
Sent: May-01-17 9:06 PM
To: Angus, Helen (TBS); Betzner, Lynn (CAB); Bevan, Andrew (OPO); Bossin, Bryan (OPO); Bromm, William (CAB); Davidson, Steven (CAB); Ghiassi, Ali (MOF); Greenberg, Martha (CAB); Hughes, Karen (TBS); Jackson, Kelly (MOF); Jancik, Mike (TBS); MacKenzie, Rebecca (OPO); Madhany, Shamira (CAB); McEachern, Gillian (OPO); McIntyre, Moira (OPO); Mendes, Elizabeth (MOF); Mksyartinian, Jacob (OPO); Orsini, Steve (CAB); Pichelli, Jason (TBS); Rowe, Mary (OPO); Schuurman, Tim (MOF); Thompson, Scott (MOF); Tomney, Genevieve (OPO); Zegarac, George (MOI)
Cc: An, Derrick (OPO); Baird, Natasha (MOF); Borges, Judy (OPO); Bosco, Pina (CAB); Corluka, Marijana (CAB); Farrow, Alicia (CAB); Foster, Robert (CAB); Hartog, Erika (TBS); Kwamena, Boafoa (CAB); Laughton, Patrick (TBS); MacIntyre, Kyle (TBS); Marangoni, Emily (OPO); Matela, Angelo (CAB); McLean, David (MOF); Noursi-Scott, Diana (OPO); Roach, Jackie (CAB); Tinkler, Tanya (CAB)
Subject: MATERIAL: Fiscal Prep Committee, May 3, 2017

Hello everyone,
Attached is material for this week's Fiscal Prep Committee mtg which is scheduled to take place on Wednesday, May 3rd from 10:15 – 11:45 in Boardroom 6501.
Thank you,
Pina

Pina Bosco
Executive Advisor (Acting)
Office of the Secretary of the Cabinet
(416) 325-7641

2017 Fiscal Preparation Committee
AGENDA

May 3, 2017 10:15 – 11:45

Room 6501, Whitney Block

ITEM AND MINISTRY	ESTIMATED TIME
Energy- Fair Hydro Plan Legislation	10:15 – 11:45

The Proposed Fair Hydro Act

May 3, 2017

Purpose

- Purpose is to walkthrough the main elements of the legislation.

- The Act consists of two components:
  - Part 1: Legislation to provide for the fair allocation of costs of electricity over time \
  - Part 2: Legislative amendments for social programs

- The proposed *Fair Hydro Act, 2017* would be an omnibus bill with 2 schedules: the *Ontario Fair Hydro Plan Act, 2017* and amendments to the *Ontario Energy Board Act, 1998*

Part 1 – Overview of Legislation to Provide for the Fair Allocation of Costs of Electricity Over Time

1. Ontario Fair Hydro Plan Act – Fundamental Principles
2. Brief Overview of the Legislation
3. Stakeholder Consultation and the Process to Prepare the Legislation
4. Building Blocks of the Legislation
   - What costs are part of the program?
   - How are the costs allocated fairly amount ratepayers now and in the future?
   - What consumers does the program apply to?
   - How is the program financed?
4. How the Legislation Works
   - Clean Energy Initiative
   - Clean Energy Costs and Benefits
   - Clean Energy Adjustments
   - Fair Adjustment
   - Fair Allocation Amount
   - Regulatory Asset and the Investment Asset
   - Issuance and Payment of Debt
   - Financing Plan
5. Who Does What
   - Minister of Energy
   - Role of OPG
   - Role of IESO
   - Role of LDCs
   - Role of OEB

Ontario Fair Hydro Plan Act – Fundamental Principles

- The actions taken by the Government of Ontario to achieve a clean, modern, and reliable electricity system have resulted in significant costs. The burden of financing the electricity system improvements and funding key programs has unfairly fallen on the shoulders of today's consumers.

- The proposed Ontario Fair Hydro Plan Act (OFPA) is founded on the principle that costs related to the development of a clean, modern and reliable electricity system (with a diverse supply mix) ought to be charged to those consumers, today and in the future, who will be the beneficiaries of those costs.

- The Government of Ontario is committed to ensuring that the costs of financing these investments are allocated fairly among present and future generations of consumers.

- The challenge inherent in the development of the legislation was the need to balance several key factors: the fundamental principles of the program, the program's desired accounting treatment, ratepayer interests, expectations of the financial markets, financeability, and legal considerations.

Stakeholder Consultation and the Process to Prepare the Legislation

- The development of the Ontario Fair Hydro Plan Act was preceded by extensive consultation, on an ongoing basis, with representatives from the Ontario Energy Board (OEB), IESO, Ontario Power Generation (OPG), the Ontario Provincial Controller's Office Division (OPCD), the Ministry of Energy, the Ministry of Finance, dealers, investment advisors and Canadian (and in some cases U.S.) counsel for each of the involved parties.

- As appropriate, other Ministries were circulated with drafts of the legislation and consulted on particular issues.

- Several drafts of the legislation were circulated among stakeholders and several mark-ups of draft legislation were received in response.

- Lengthy face to face meetings also took place with stakeholders and their counsel both as a group and individually.

- Legislative counsel were involved on a daily basis and produced multiple versions of the legislation.

- A steering committee chaired by the Deputy Minister met and were briefed weekly on the status of the legislation (i.e., the "Rate Mitigation Implementation Group" consisting of senior executives of the Ministry of Energy, Cabinet Office, Ministry of Finance, Treasury Board Secretariat, OFA, OPCD, OPG, OEB and IESO.

Brief Overview of the Legislation – Fair Allocation

- Legislation is based on the principle that the costs incurred to move to a clean, modern and reliable electricity system creates benefits that will be experienced by multiple generations of Ontario ratepayers and, therefore, in the interest of fairness, those costs should be shared by those multiple generations.

- The legislation does two things: (i) it establishes the fundamental elements of the fair allocation program, and, (ii) it puts the mechanisms in place to permit the financing of periodic shortfalls in revenue that are created by the fair allocation of electricity costs over multiple generations.

- With respect to the “fair allocation”, the legislation identifies:
  - What costs ought to be more fairly allocated (“clean energy costs”);
  - Mechanisms to allocate costs fairly among generations of consumers (“fair adjustment” and “fair allocation”);
  - The consumers to whom the program applies (“specified consumers”);
  - How the program is funded (borrowing on the strength of the revenue stream from consumers); and
  - The roles of various provincial entities in the program (i.e., Minister of Energy, Ontario Energy Board, IESO and OPG).

Brief Overview of the Legislation – Financeability

- In order to ensure the financeability of the program, considerable portions of the legislation are devoted to dealing with the “nuts and bolts” of what is required for successful financing including,
  - The quantification of the value of the regulatory asset;
  - The transfer of the regulatory asset to the (OPG) financing entity (which creates the “investment asset”);
  - The establishment of the “invoicing” process that ensures the investor’s “line of sight” to the investment asset;
  - The establishment of an OPG financing plan to ensure, among other things, an appropriate program of financing the shortfalls that are created by the deferred collection of revenues; and
  - Provisions setting out the way in which the financings are backed by amounts payable by specified consumers.

Building Blocks of the Legislation – What Costs are Part of the Program?

- In order to achieve its purpose, the legislation establishes the following “building blocks”:
  - Clean Energy Initiative – This is the term used to describe the Government of Ontario’s policies to foster growth and investment in and remove barriers and promote opportunities for clean and renewable energy sources and technologies and promoting conservation and demand management. The “clean energy costs” under the legislation arise from the “clean energy initiative”.
  - Clean Energy Costs – These are costs (attributable to the “clean energy initiative”) that are to be more fairly distributed among generations of consumers.
  - Clean Energy Benefits – These are the value of the benefits derived by the “specified consumers” (including the clean energy costs).
  - Clean Energy Adjustments – This is adjustment to a consumer invoice on a monthly basis to repay principal, interest and other financing.

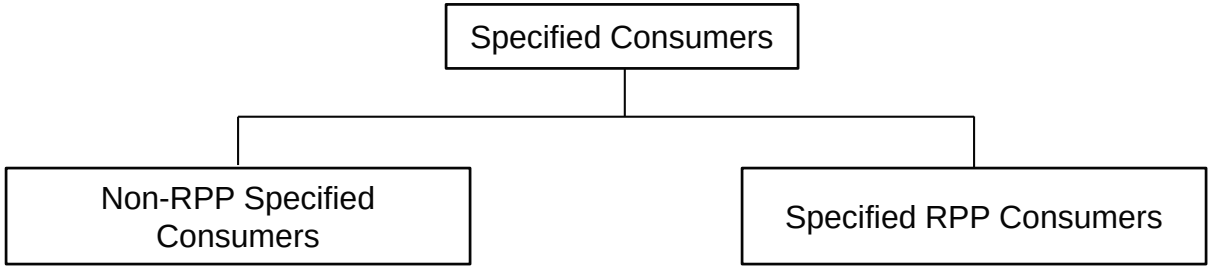
Building Blocks of the Legislation – How are the Costs to be Allocated?

- Fair Adjustment – This is the adjustment that gives the “relief” to certain specified consumers during the period from July 1, 2017 to June 30, 2021 (including this program’s portion of the 25 per cent reduction).

- Fair Allocation Amount – This is the concept/mechanism by which the fair distribution of “clean energy costs” (including, for example, financing costs, the cost of the power contracts, and the costs of the fair adjustment) is calculated and implemented.

Building Blocks of the Legislation – What Groups of Consumers Does the Program Apply To?

- Specified Consumers – This is the defined group of consumers to whom the legislative program applies. These consumers are persons who have an account with an electricity vendor for the supply of electricity in Ontario and,
  - Have a demand for electricity of 50 kilowatts or less (or as otherwise prescribed);
  - Annually use not more than 250,000 kilowatt hours of electricity (or as otherwise prescribed);
  - Carry on a farming business (basically pursuant to the *Farm Registration and Farm Organizations Funding Act*);
  - Have an account with an electricity vendor that is for a “dwelling”, condominium property, residential complex or co-operative housing; or
  - Are otherwise prescribed.



Building Blocks of the Legislation – How is the Program Financed?

- The ability to engage in the fair distribution of clean energy costs among the specified consumers requires financing during periods where the collection of the clean energy costs is, as part of the fair allocation, deferred to later years (thereby creating a revenue shortfall). A series of complex provisions are required to:
  - (i) Enable the financing, and
  - (ii) Meet requirements known to be important to rating agencies and investors.

- Regulatory Asset – This is fundamentally IESO's right to recover the revenues that it has deferred collecting because the clean electricity costs are being allocated across generations of ratepayers.

- Investment Asset – This is the asset that results when the regulatory asset is transferred to the (OPG) financing entities.

- The (OPG) financing entities will fund the acquisition (transfer) of the investment asset in the capital markets.

How the Legislation Works – Clean Energy Initiative

- The “clean energy initiative” concept is set out by definition. Its purpose is to establish the fundamental basis for the legislation.

- The definition is self-explanatory and is as follows:

“clean energy initiative” means the policies of the Government of Ontario related to,

a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies,,

b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies,

c) promoting conservation, demand management and energy efficiency; and

d) investing in energy infrastructure to ensure a clean, modern and reliable system;

How the Legislation Works – Clean Energy Costs and Benefits

- "Clean energy costs" are those costs that arise from the "clean energy initiative" and are allocated to the specified consumers for past, present and expected costs.

- The costs included in the "clean energy costs" include estimated amounts to be paid by IESO in adjustments made under section 25.33 of the *Electricity Act* (basically, the Global Adjustment provisions) which relate to contracts for,
  - Renewable energy generation or capacity;
  - Conservation and demand management, including shortage;
  - Energy efficiency; and
  - Natural gas generation and capacity (excluding certain contracts under section 78.2 of the *Ontario Energy Board Act* or as prescribed); and
  - Payments made under section 78.5 of the *Ontario Energy Board Act.*

- Other such costs to be included in "clean energy costs" may be prescribed

- These are the costs to be distributed fairly among the specified consumers through the "fair allocation amount".

How the Legislation Works – Fair Allocation Adjustment

- The fair adjustment provisions are set out in Part II of the legislation.

- Part II establishes that the rate that will be payable by "specified RPP consumers" from May 1, 2017 to April 30, 2018 for the first fair adjustment is the rate that would be required from this program to contribute to that consumer to receiving a total a monthly invoice amount that is 25 per cent lower than the monthly invoice amount for that consumer under the "comparison rate". The comparison rate is a rate to be determined by the OEB using the method prescribed by regulation under s 79.16(1)(b) of the OEB Act.

- Part II includes a transition provision in circumstances where for technical or operational reasons invoices cannot be adapted in time for the issuance of the first invoices under the program (i.e., adaptation of invoices must be implemented by August 1, 2017 followed by a subsequent lump sum credit to the consumer once the invoice is adapted).

- The Lieutenant General in Council is given the authority after April 30, 2018 to make regulations prescribing the rate for electricity (and therefore prescribing the "fair adjustment" until June 30, 2021). After June 30, 2021, regulations will have regard to the fair allocation amount and clean energy adjustments.

How the Legislation Works – Fair Allocation Amount

- The Minister sets the fair allocation amount.

- The establishment of the “fair allocation amount” is required to,
  - Fairly measure and allocate the estimated clean energy costs (and the clean energy benefits) among the “specified consumers” for applicable “reference periods”; and
  - Take into account (in the fair allocation) funding obligations (financing) that have been incurred (largely arising from the redistribution of cost across generations of consumers).

- The “fair allocation amount” is to have regard to:
  - Clean energy costs and allocating the appropriate proportionate amount of the clean energy benefits to the “specified consumers” (in the applicable “reference periods”);
  - Reasonable assumptions regarding the time value of money, the number of consumers in the “reference period”; and
  - Expected electricity consumption for the reference period.

How the Legislation Works – Regulatory Asset and Investment Asset

- IESO will have a funding deferral resulting from the reduction in amounts collected from specified consumers during the first 4 years because of the fair adjustment. The IESO's funding deferral will be financed indirectly through the debt capital markets.

- The Act enables the financing of this IESO funding deferral, on an ongoing basis, by establishing the funding deferral as a "regulatory asset". In simple terms, the regulatory asset is IESO's right to recover the revenues that it has deferred collecting.

- IESO will then legally transfer portions of this right to recover revenues to the (OPG) financing entities.

- The (OPG) financing entity that receives the transfer of the right to recover revenues acquires a right to impose, invoice and collect those regulatory charges (called the "clean energy adjustments"). This is generally described in the legislation as the "investment asset".

- The (OPG) financing entity will need to finance its acquisition (from IESO) of the investment asset, and it will do so in the capital markets.

How the Legislation Works – Issuance and Payment of Debt

- Debt securities and related funding obligations will be incurred by one or more (OPG) financing entities. These entities will be managed by OPG, as the financial services manager.

- The financings will be backed primarily by the “clean energy adjustments” payable by specified consumers. The “clean energy adjustments” will track the actual payment obligations incurred by the financing entities when they become due and payable. To ensure intergenerational fairness, these amounts will be managed by OPG to align with the “fair allocation amounts” ascribed to each of the next 60 six month periods ending in 2047 (or such later period as prescribed).

- IESO and each electricity distributor will act as agent for the financing entities to impose, invoice and collect the clean energy adjustments, which will be channeled through to pay each financing entity’s related funding obligations.

- To support the program, the Government of Ontario will be expected to provide certain performance guarantees, indemnities and bond-purchase covenants. The terms of these obligations will be worked out over time in connection with the marketing of financings through OPG. The goal will be achieve highest rated securities, although that will largely depend on issues such as the strength of the Government of Ontario’s undertakings not to adversely affect the program through subsequent legislation.

How the Legislation Works – Financing Plan

- The Financing Plan is prepared by the Financial Services Manager (OPG).

- The Financing Plan is the plan which is intended to set out when a “funding obligation” (financing) should be incurred so that the (OPG) financing entity can raise money to acquire the “investment interest” from IESO.

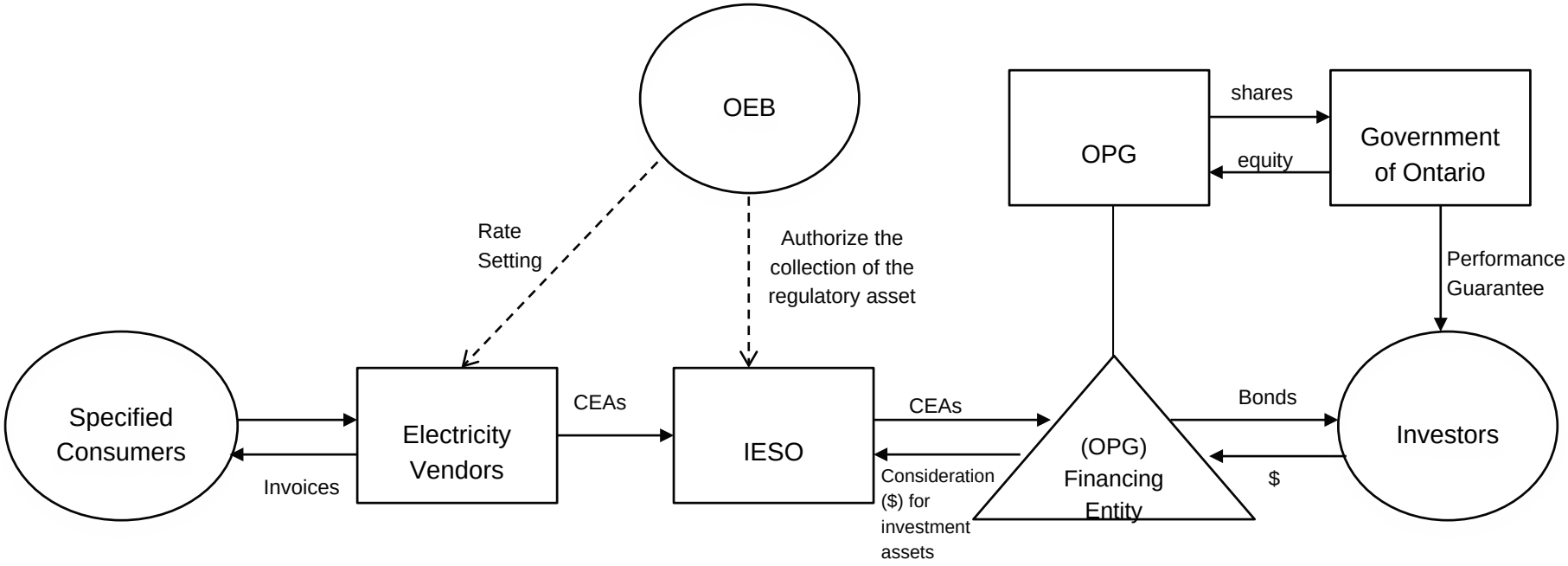
- There are rules that apply to the Financing Plan:
  - It must align with the “estimated finance amount” that will become due and payable during a “reference period”;
  - It must take into account the “fair allocation” and any “fair adjustment”;
  - It must plan to implement the financing in a reasonable and cost effective manner that reflects prevailing market terms and conditions; and
  - It must be based on certain reasonable assumptions set out in regulations (for example, related to anticipated IESO shortfalls, maturity of funding obligations, availability of refinancings, redemption opportunities and liquidity, and similar assumptions).

How the Legislation Works – Financing Plan (Continued)

- The (OPG) Financial Services Manager must incur funding obligations in conformity with the applicable Financing Plan.

- The Financing Plan will guide OPG's decisions regarding the repayment terms of the debt securities to be issued by financing entities. The Financing Plan will also deal with fundamental issues, such as the alignment (using derivatives) of any foreign currency obligations incurred by financing entities with the Canadian dollar cash flows arising through the clean energy adjustments.

How the Financing Structure Works



Note: CEAs are “clean energy adjustments”

Who Does What – Role of the Minister of Energy

- Determine the “fair allocation amount” applicable for each reference period. The fair allocation amounts will be set for all reference periods at the beginning of the program, based on reasonable expectations and forecasts at that time.

Who Does What – Role of the OPG

- As financial services manager, OPG will be responsible for the following under the Act:
  - Prepare and implement Financing Plan.
  - Establish and administer the financing entities.
  - Capitalize the financing entities by acquiring subordinated debt and equity, as required to achieve OPG's accounting and capital markets objectives.
  - Estimate and "true up" periodic finance amounts, to be passed through as regulatory charges in the form of Clean Energy Adjustments.

Who Does What – Role of IESO

- Calculate and record IESO funding shortfalls from time to time in a variance account, giving rise to a right of recovery from specified consumers to the extent not funded through the financings.

- Transfer the IESO's rights of recovery to (OPG) financing entities, in consideration for cash payments made by the financing entities from the proceeds of their financings.

- Coordinates the collection of "clean energy adjustments" from Electricity Distributors.

- Remit "clean energy adjustments" to (OPG) financing entity, for payment of financing entity funding obligations.

- Fund initial interest costs and expenses during the first 4 years.

Who Does What – Role of LDCs

- Obligation to invoice specified consumers.
- Collect, as agent of the investment interest owners, “clean energy adjustments” from specified consumers.
- Hold money received for clean energy adjustments in trust until remittance to the IESO.

Who Does What – Role of the OEB

- Determine and set rates to account for fair adjustments, fair allocations and clean energy adjustments (monthly adjustments).

- Determine and set rates and process to allow IESO to recover funding shortfalls (to the extent such amounts are not transferred to an (OPG) financing entity and financed in the capital markets).

- Review the administrative costs of OPG in connection with the administration of the program.

Part 2 – Overview of Legislative Amendments for Social Programs

- As part of the proposed Ontario Fair Hydro Plan, the Ministry of Energy is proposing amendments the *Ontario Energy Board Act, 1998* (OEBA) to enable the following measures:
  - Enhancing and providing tax-based funding for Rural or Remote Electricity Rate Protection (RRRP) through new enhanced rate protection for residential customers with high distribution rates;
  - Enhancing and providing tax-based funding for the Ontario Electricity Support Program (OESP); and
  - Creating a new First Nation On-Reserve Delivery Credit and providing for tax-based funding.

Overview of RRRP and Broadened Distribution Rate Protection

- Section 79 of the *Ontario Energy Board Act* would be amended to provide the Ministry the authority to prescribe, through regulation, classes of consumers whose cost would be transferred from the rate-base to the tax-base.
- If the proposed legislative amendments are approved, the government intends to propose regulatory amendments that would prescribe Hydro One's R2 customers as receiving RRRP from appropriated funds effective July 1, 2017. This would fulfill the government's intention to transfer the majority of the costs of administering the RRRP program to the tax-base.
- In addition, Energy is proposing legislative amendments that would broaden rate protection by creating a new distribution rate protection program to complement RRRP. This new program would be funded through tax payers.
- Distribution rate protection would be extended to eligible residential customers served by LDCs with the highest distribution costs.
  - Proposed legislative amendments would enable a maximum monthly base distribution charge to established through regulations.
- If the proposed legislative amendments are approved, the government intends to prescribe by regulation both program details and the residential customers eligible for broadened distribution rate protection served by the following LDCs:
  - Hydro One (R1 and R2 rate classes), Algoma Power, Atikokan Hydro, InnPower, Chapleau Public Utilities Commission, Sioux Lookout Hydro, Lakeland Power (Parry Sound service territory) and Northern Ontario Wires Inc.

Ontario Electricity Support Program

- Proposed legislation related to the Ontario Electricity Support Program (OESP) would shift program funding from the rate base to the tax base.
  - Tax-based funding would only kick in once the existing OESP variance account is depleted, which is expected to happen in the fall of 2017.

- To allow for the existing program structure to stay in place until tax-based funding kicks in, proposed new legislation would only come into force via a proclamation Order in Council, on a date to be determined.
  - This would ensure that existing OEB authorities remain in place while ratepayer funding is being used.

- In addition, a new authority to allow the OEB and the Ministry of Community and Social Services (MCSS) to share data on customers to support increased participation in the OESP program among Ontario Works and Ontario Disability and Support Program clients would be put in place.
  - Information Privacy Commissioner (IPC) staff were consulted, and customer consent is reflected.
  - This information sharing component will come into force at Royal Assent, allowing OEB and MCSS to begin this process quickly, and support increasing OESP participation levels.

First Nations Delivery Credit

- Energy is proposing legislative amendments that would establish a first Nation Delivery Credit for On-Reserve Consumers. This new program would be funded through tax payers.

- The proposed First Nation Delivery Credit would provide:
  - All prescribed on-reserve consumers with a credit for the entirety of their delivery line or with a credit for the monthly service charge.
  - The costs that are covered by the delivery credit are also described in legislation.

- If the proposed legislative amendments are approved, the government intends to propose regulatory amendments that would:
  - Establish the class of customers eligible;
  - Determine what is considered on-reserve; and
  - Determine the method of calculating the delivery credit.

From:	Gadi Mayman
To:	Ronald Kwan; Mike Manning; Ken Kandeepan
Cc:	Anna Strathy; Deena Padamadan
Subject:	FW: AGENDA & MATERIAL: Fiscal Prep Committee, May 3, 2017
Date:	Tuesday, May 02, 2017 10:10:25 AM
Attachments:	FPC Agenda -May 3, 2017.docx 23121467-v9-Ontario Fair Hydro Plan Act - Briefing Presentation.pptx

Any thoughts?

From: Anna Strathy
Sent: Tuesday, May 02, 2017 9:16 AM
To: Gadi Mayman
Cc: Hresa Gavaris
Subject: FW: AGENDA & MATERIAL: Fiscal Prep Committee, May 3, 2017

FYI, materials for FPC tomorrow attached.

From: Young, Gwendolynne (MOF) [mailto:Gwendolynne.Young@ontario.ca]
Sent: Tuesday, May 02, 2017 9:12 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Colleen Waddell (ENERGY) <Colleen.Waddell@ontario.ca>
Cc: Vivienne Skoberne (MOHLTC) <Vivienne.Skoberne@ontario.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>
Subject: FW: AGENDA & MATERIAL: Fiscal Prep Committee, May 3, 2017

Hi Anna and Colleen,

Tomorrow at Fiscal Prep (1015-1145), ENERGY is presenting on their submission for the Fair Hydro Plan Act. Attached is the agenda and deck.

Could you please line up Gadi and Scott to attend with the Deputy? Please let me know if there are any issues.

Thanks!

Gwen.

Gwen Young
p: 416.325.0741 | bb: 647.982.2419

From: McLean, David (MOF)
Sent: May 2, 2017 8:37 AM
To: Kim, Minzi (MOF); Clarke-Darshanand, Jamille (MOF); Young, Gwendolynne (MOF); Tekle, Jonathan (MOF)
Subject: FW: AGENDA & MATERIAL: Fiscal Prep Committee, May 3, 2017

FYI

From: Bosco, Pina (CAB)
Sent: May 2, 2017 8:36 AM
To: Angus, Helen (TBS); Betzner, Lynn (CAB); Bevan, Andrew (OPO); Bossin, Bryan (OPO); Bromm, William (CAB); Davidson, Steven (CAB); Ghiassi, Ali (MOF); Greenberg, Martha (CAB); Hughes, Karen (TBS); Jackson, Kelly (MOF); Jancik, Mike (TBS); MacKenzie, Rebecca (OPO); Madhany, Shamira (CAB); McEachern, Gillian (OPO); McIntyre, Moira (OPO); Mendes, Elizabeth (MOF); Mksyartinian, Jacob (OPO); Orsini, Steve (CAB); Pichelli, Jason (TBS); Rowe, Mary (OPO); Schuurman, Tim (MOF); Thompson, Scott (MOF); Tomney, Genevieve (OPO); Zegarac, George (MOI)
Cc: An, Derrick (OPO); Baird, Natasha (MOF); Borges, Judy (OPO); Bosco, Pina (CAB); Corluka,

Marijana (CAB); Farrow, Alicia (CAB); Foster, Robert (CAB); Hartog, Erika (TBS); Kwamena, Boafoa (CAB); Laughton, Patrick (TBS); MacIntyre, Kyle (TBS); Marangoni, Emily (OPO); Matela, Angelo (CAB); McLean, David (MOF); Noursi-Scott, Diana (OPO); Roach, Jackie (CAB); Tinkler, Tanya (CAB)
Subject: AGENDA & MATERIAL: Fiscal Prep Committee, May 3, 2017

Good morning everyone,
Attached is the agenda and resending the material for tomorrow's Fiscal Prep Committee meeting.
Have a good day,
Pina

Pina Bosco
Executive Advisor (Acting)
Office of the Secretary of the Cabinet
416-325-7641

From: Bosco, Pina (CAB)
Sent: May-01-17 9:06 PM
To: Angus, Helen (TBS); Betzner, Lynn (CAB); Bevan, Andrew (OPO); Bossin, Bryan (OPO); Bromm, William (CAB); Davidson, Steven (CAB); Ghiassi, Ali (MOF); Greenberg, Martha (CAB); Hughes, Karen (TBS); Jackson, Kelly (MOF); Jancik, Mike (TBS); MacKenzie, Rebecca (OPO); Madhany, Shamira (CAB); McEachern, Gillian (OPO); McIntyre, Moira (OPO); Mendes, Elizabeth (MOF); Mksyartinian, Jacob (OPO); Orsini, Steve (CAB); Pichelli, Jason (TBS); Rowe, Mary (OPO); Schuurman, Tim (MOF); Thompson, Scott (MOF); Tomney, Genevieve (OPO); Zegarac, George (MOI)
Cc: An, Derrick (OPO); Baird, Natasha (MOF); Borges, Judy (OPO); Bosco, Pina (CAB); Corluka, Marijana (CAB); Farrow, Alicia (CAB); Foster, Robert (CAB); Hartog, Erika (TBS); Kwamena, Boafoa (CAB); Laughton, Patrick (TBS); MacIntyre, Kyle (TBS); Marangoni, Emily (OPO); Matela, Angelo (CAB); McLean, David (MOF); Noursi-Scott, Diana (OPO); Roach, Jackie (CAB); Tinkler, Tanya (CAB)
Subject: MATERIAL: Fiscal Prep Committee, May 3, 2017

Hello everyone,
Attached is material for this week's Fiscal Prep Committee mtg which is scheduled to take place on Wednesday, May 3rd from 10:15 – 11:45 in Boardroom 6501.
Thank you,
Pina

Pina Bosco
Executive Advisor (Acting)
Office of the Secretary of the Cabinet
(416) 325-7641

2017 Fiscal Preparation Committee
AGENDA

May 3, 2017 10:15 – 11:45

Room 6501, Whitney Block

ITEM AND MINISTRY	ESTIMATED TIME
Energy- Fair Hydro Plan Legislation	10:15 – 11:45

The Proposed Fair Hydro Act

May 3, 2017

Purpose

- Purpose is to walkthrough the main elements of the legislation.

- The Act consists of two components:
  - Part 1: Legislation to provide for the fair allocation of costs of electricity over time \
  - Part 2: Legislative amendments for social programs

- The proposed *Fair Hydro Act, 2017* would be an omnibus bill with 2 schedules: the *Ontario Fair Hydro Plan Act, 2017* and amendments to the *Ontario Energy Board Act, 1998*

Part 1 – Overview of Legislation to Provide for the Fair Allocation of Costs of Electricity Over Time

1. Ontario Fair Hydro Plan Act – Fundamental Principles
2. Brief Overview of the Legislation
3. Stakeholder Consultation and the Process to Prepare the Legislation
4. Building Blocks of the Legislation
   - What costs are part of the program?
   - How are the costs allocated fairly amount ratepayers now and in the future?
   - What consumers does the program apply to?
   - How is the program financed?
4. How the Legislation Works
   - Clean Energy Initiative
   - Clean Energy Costs and Benefits
   - Clean Energy Adjustments
   - Fair Adjustment
   - Fair Allocation Amount
   - Regulatory Asset and the Investment Asset
   - Issuance and Payment of Debt
   - Financing Plan
5. Who Does What
   - Minister of Energy
   - Role of OPG
   - Role of IESO
   - Role of LDCs
   - Role of OEB

Ontario Fair Hydro Plan Act – Fundamental Principles

- The actions taken by the Government of Ontario to achieve a clean, modern, and reliable electricity system have resulted in significant costs. The burden of financing the electricity system improvements and funding key programs has unfairly fallen on the shoulders of today's consumers.

- The proposed Ontario Fair Hydro Plan Act (OFPA) is founded on the principle that costs related to the development of a clean, modern and reliable electricity system (with a diverse supply mix) ought to be charged to those consumers, today and in the future, who will be the beneficiaries of those costs.

- The Government of Ontario is committed to ensuring that the costs of financing these investments are allocated fairly among present and future generations of consumers.

- The challenge inherent in the development of the legislation was the need to balance several key factors: the fundamental principles of the program, the program's desired accounting treatment, ratepayer interests, expectations of the financial markets, financeability, and legal considerations.

Stakeholder Consultation and the Process to Prepare the Legislation

- The development of the Ontario Fair Hydro Plan Act was preceded by extensive consultation, on an ongoing basis, with representatives from the Ontario Energy Board (OEB), IESO, Ontario Power Generation (OPG), the Ontario Provincial Controller's Office Division (OPCD), the Ministry of Energy, the Ministry of Finance, dealers, investment advisors and Canadian (and in some cases U.S.) counsel for each of the involved parties.

- As appropriate, other Ministries were circulated with drafts of the legislation and consulted on particular issues.

- Several drafts of the legislation were circulated among stakeholders and several mark-ups of draft legislation were received in response.

- Lengthy face to face meetings also took place with stakeholders and their counsel both as a group and individually.

- Legislative counsel were involved on a daily basis and produced multiple versions of the legislation.

- A steering committee chaired by the Deputy Minister met and were briefed weekly on the status of the legislation (i.e., the "Rate Mitigation Implementation Group" consisting of senior executives of the Ministry of Energy, Cabinet Office, Ministry of Finance, Treasury Board Secretariat, OFA, OPCD, OPG, OEB and IESO.

Brief Overview of the Legislation – Fair Allocation

- Legislation is based on the principle that the costs incurred to move to a clean, modern and reliable electricity system creates benefits that will be experienced by multiple generations of Ontario ratepayers and, therefore, in the interest of fairness, those costs should be shared by those multiple generations.

- The legislation does two things: (i) it establishes the fundamental elements of the fair allocation program, and, (ii) it puts the mechanisms in place to permit the financing of periodic shortfalls in revenue that are created by the fair allocation of electricity costs over multiple generations.

- With respect to the “fair allocation”, the legislation identifies:
  - What costs ought to be more fairly allocated (“clean energy costs”);
  - Mechanisms to allocate costs fairly among generations of consumers (“fair adjustment” and “fair allocation”);
  - The consumers to whom the program applies (“specified consumers”);
  - How the program is funded (borrowing on the strength of the revenue stream from consumers); and
  - The roles of various provincial entities in the program (i.e., Minister of Energy, Ontario Energy Board, IESO and OPG).

Brief Overview of the Legislation – Financeability

- In order to ensure the financeability of the program, considerable portions of the legislation are devoted to dealing with the “nuts and bolts” of what is required for successful financing including,
  - The quantification of the value of the regulatory asset;
  - The transfer of the regulatory asset to the (OPG) financing entity (which creates the “investment asset”);
  - The establishment of the “invoicing” process that ensures the investor’s “line of sight” to the investment asset;
  - The establishment of an OPG financing plan to ensure, among other things, an appropriate program of financing the shortfalls that are created by the deferred collection of revenues; and
  - Provisions setting out the way in which the financings are backed by amounts payable by specified consumers.

Building Blocks of the Legislation – What Costs are Part of the Program?

- In order to achieve its purpose, the legislation establishes the following “building blocks”:
  - Clean Energy Initiative – This is the term used to describe the Government of Ontario’s policies to foster growth and investment in and remove barriers and promote opportunities for clean and renewable energy sources and technologies and promoting conservation and demand management. The “clean energy costs” under the legislation arise from the “clean energy initiative”.
  - Clean Energy Costs – These are costs (attributable to the “clean energy initiative”) that are to be more fairly distributed among generations of consumers.
  - Clean Energy Benefits – These are the value of the benefits derived by the “specified consumers” (including the clean energy costs).
  - Clean Energy Adjustments – This is adjustment to a consumer invoice on a monthly basis to repay principal, interest and other financing.

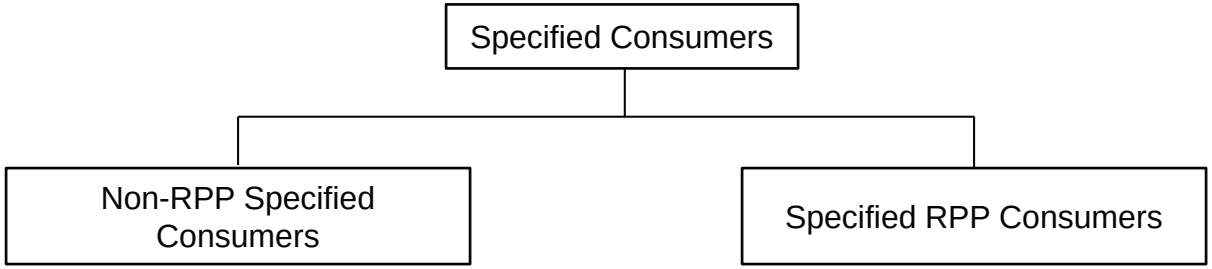
Building Blocks of the Legislation – How are the Costs to be Allocated?

- Fair Adjustment – This is the adjustment that gives the “relief” to certain specified consumers during the period from July 1, 2017 to June 30, 2021 (including this program’s portion of the 25 per cent reduction).

- Fair Allocation Amount – This is the concept/mechanism by which the fair distribution of “clean energy costs” (including, for example, financing costs, the cost of the power contracts, and the costs of the fair adjustment) is calculated and implemented.

Building Blocks of the Legislation – What Groups of Consumers Does the Program Apply To?

- Specified Consumers – This is the defined group of consumers to whom the legislative program applies. These consumers are persons who have an account with an electricity vendor for the supply of electricity in Ontario and,
  - Have a demand for electricity of 50 kilowatts or less (or as otherwise prescribed);
  - Annually use not more than 250,000 kilowatt hours of electricity (or as otherwise prescribed);
  - Carry on a farming business (basically pursuant to the *Farm Registration and Farm Organizations Funding Act*);
  - Have an account with an electricity vendor that is for a “dwelling”, condominium property, residential complex or co-operative housing; or
  - Are otherwise prescribed.



Building Blocks of the Legislation – How is the Program Financed?

- The ability to engage in the fair distribution of clean energy costs among the specified consumers requires financing during periods where the collection of the clean energy costs is, as part of the fair allocation, deferred to later years (thereby creating a revenue shortfall). A series of complex provisions are required to:
  - (i) Enable the financing, and
  - (ii) Meet requirements known to be important to rating agencies and investors.

- Regulatory Asset – This is fundamentally IESO's right to recover the revenues that it has deferred collecting because the clean electricity costs are being allocated across generations of ratepayers.

- Investment Asset – This is the asset that results when the regulatory asset is transferred to the (OPG) financing entities.

- The (OPG) financing entities will fund the acquisition (transfer) of the investment asset in the capital markets.

How the Legislation Works – Clean Energy Initiative

- The “clean energy initiative” concept is set out by definition. Its purpose is to establish the fundamental basis for the legislation.

- The definition is self-explanatory and is as follows:

“clean energy initiative” means the policies of the Government of Ontario related to,

a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies,,

b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies,

c) promoting conservation, demand management and energy efficiency; and

d) investing in energy infrastructure to ensure a clean, modern and reliable system;

How the Legislation Works – Clean Energy Costs and Benefits

- "Clean energy costs" are those costs that arise from the "clean energy initiative" and are allocated to the specified consumers for past, present and expected costs.

- The costs included in the "clean energy costs" include estimated amounts to be paid by IESO in adjustments made under section 25.33 of the *Electricity Act* (basically, the Global Adjustment provisions) which relate to contracts for,
  - Renewable energy generation or capacity;
  - Conservation and demand management, including shortage;
  - Energy efficiency; and
  - Natural gas generation and capacity (excluding certain contracts under section 78.2 of the *Ontario Energy Board Act* or as prescribed); and
  - Payments made under section 78.5 of the *Ontario Energy Board Act.*

- Other such costs to be included in "clean energy costs" may be prescribed

- These are the costs to be distributed fairly among the specified consumers through the "fair allocation amount".

How the Legislation Works – Fair Allocation Adjustment

- The fair adjustment provisions are set out in Part II of the legislation.

- Part II establishes that the rate that will be payable by "specified RPP consumers" from May 1, 2017 to April 30, 2018 for the first fair adjustment is the rate that would be required from this program to contribute to that consumer to receiving a total a monthly invoice amount that is 25 per cent lower than the monthly invoice amount for that consumer under the "comparison rate". The comparison rate is a rate to be determined by the OEB using the method prescribed by regulation under s 79.16(1)(b) of the OEB Act.

- Part II includes a transition provision in circumstances where for technical or operational reasons invoices cannot be adapted in time for the issuance of the first invoices under the program (i.e., adaptation of invoices must be implemented by August 1, 2017 followed by a subsequent lump sum credit to the consumer once the invoice is adapted).

- The Lieutenant General in Council is given the authority after April 30, 2018 to make regulations prescribing the rate for electricity (and therefore prescribing the "fair adjustment" until June 30, 2021). After June 30, 2021, regulations will have regard to the fair allocation amount and clean energy adjustments.

How the Legislation Works – Fair Allocation Amount

- The Minister sets the fair allocation amount.

- The establishment of the “fair allocation amount” is required to,
  - Fairly measure and allocate the estimated clean energy costs (and the clean energy benefits) among the “specified consumers” for applicable “reference periods”; and
  - Take into account (in the fair allocation) funding obligations (financing) that have been incurred (largely arising from the redistribution of cost across generations of consumers).

- The “fair allocation amount” is to have regard to:
  - Clean energy costs and allocating the appropriate proportionate amount of the clean energy benefits to the “specified consumers” (in the applicable “reference periods”);
  - Reasonable assumptions regarding the time value of money, the number of consumers in the “reference period”; and
  - Expected electricity consumption for the reference period.

How the Legislation Works – Regulatory Asset and Investment Asset

- IESO will have a funding deferral resulting from the reduction in amounts collected from specified consumers during the first 4 years because of the fair adjustment. The IESO's funding deferral will be financed indirectly through the debt capital markets.

- The Act enables the financing of this IESO funding deferral, on an ongoing basis, by establishing the funding deferral as a "regulatory asset". In simple terms, the regulatory asset is IESO's right to recover the revenues that it has deferred collecting.

- IESO will then legally transfer portions of this right to recover revenues to the (OPG) financing entities.

- The (OPG) financing entity that receives the transfer of the right to recover revenues acquires a right to impose, invoice and collect those regulatory charges (called the "clean energy adjustments"). This is generally described in the legislation as the "investment asset".

- The (OPG) financing entity will need to finance its acquisition (from IESO) of the investment asset, and it will do so in the capital markets.

How the Legislation Works – Issuance and Payment of Debt

- Debt securities and related funding obligations will be incurred by one or more (OPG) financing entities. These entities will be managed by OPG, as the financial services manager.

- The financings will be backed primarily by the “clean energy adjustments” payable by specified consumers. The “clean energy adjustments” will track the actual payment obligations incurred by the financing entities when they become due and payable. To ensure intergenerational fairness, these amounts will be managed by OPG to align with the “fair allocation amounts” ascribed to each of the next 60 six month periods ending in 2047 (or such later period as prescribed).

- IESO and each electricity distributor will act as agent for the financing entities to impose, invoice and collect the clean energy adjustments, which will be channeled through to pay each financing entity’s related funding obligations.

- To support the program, the Government of Ontario will be expected to provide certain performance guarantees, indemnities and bond-purchase covenants. The terms of these obligations will be worked out over time in connection with the marketing of financings through OPG. The goal will be achieve highest rated securities, although that will largely depend on issues such as the strength of the Government of Ontario’s undertakings not to adversely affect the program through subsequent legislation.

How the Legislation Works – Financing Plan

- The Financing Plan is prepared by the Financial Services Manager (OPG).

- The Financing Plan is the plan which is intended to set out when a “funding obligation” (financing) should be incurred so that the (OPG) financing entity can raise money to acquire the “investment interest” from IESO.

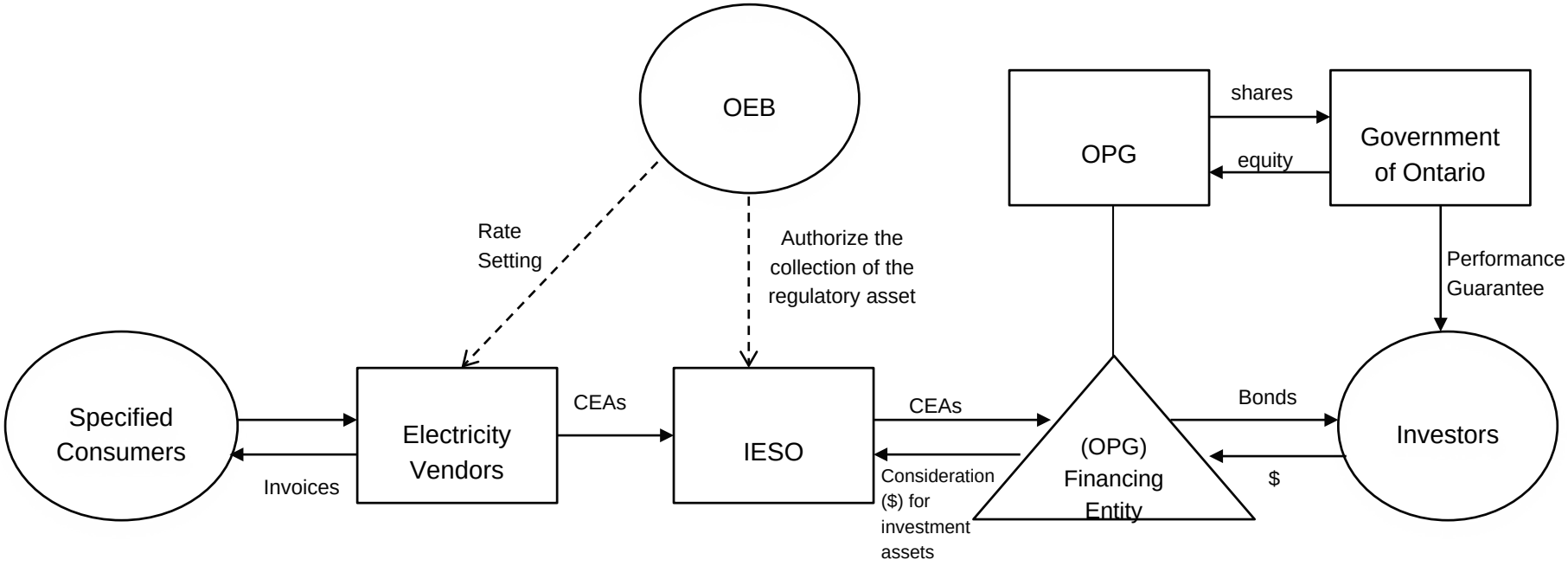
- There are rules that apply to the Financing Plan:
  - It must align with the “estimated finance amount” that will become due and payable during a “reference period”;
  - It must take into account the “fair allocation” and any “fair adjustment”;
  - It must plan to implement the financing in a reasonable and cost effective manner that reflects prevailing market terms and conditions; and
  - It must be based on certain reasonable assumptions set out in regulations (for example, related to anticipated IESO shortfalls, maturity of funding obligations, availability of refinancings, redemption opportunities and liquidity, and similar assumptions).

How the Legislation Works – Financing Plan (Continued)

- The (OPG) Financial Services Manager must incur funding obligations in conformity with the applicable Financing Plan.

- The Financing Plan will guide OPG's decisions regarding the repayment terms of the debt securities to be issued by financing entities. The Financing Plan will also deal with fundamental issues, such as the alignment (using derivatives) of any foreign currency obligations incurred by financing entities with the Canadian dollar cash flows arising through the clean energy adjustments.

How the Financing Structure Works



Note: CEAs are “clean energy adjustments”

Who Does What – Role of the Minister of Energy

- Determine the “fair allocation amount” applicable for each reference period. The fair allocation amounts will be set for all reference periods at the beginning of the program, based on reasonable expectations and forecasts at that time.

Who Does What – Role of the OPG

- As financial services manager, OPG will be responsible for the following under the Act:
  - Prepare and implement Financing Plan.
  - Establish and administer the financing entities.
  - Capitalize the financing entities by acquiring subordinated debt and equity, as required to achieve OPG's accounting and capital markets objectives.
  - Estimate and "true up" periodic finance amounts, to be passed through as regulatory charges in the form of Clean Energy Adjustments.

Who Does What – Role of IESO

- Calculate and record IESO funding shortfalls from time to time in a variance account, giving rise to a right of recovery from specified consumers to the extent not funded through the financings.

- Transfer the IESO's rights of recovery to (OPG) financing entities, in consideration for cash payments made by the financing entities from the proceeds of their financings.

- Coordinates the collection of "clean energy adjustments" from Electricity Distributors.

- Remit "clean energy adjustments" to (OPG) financing entity, for payment of financing entity funding obligations.

- Fund initial interest costs and expenses during the first 4 years.

Who Does What – Role of LDCs

- Obligation to invoice specified consumers.
- Collect, as agent of the investment interest owners, “clean energy adjustments” from specified consumers.
- Hold money received for clean energy adjustments in trust until remittance to the IESO.

Who Does What – Role of the OEB

- Determine and set rates to account for fair adjustments, fair allocations and clean energy adjustments (monthly adjustments).

- Determine and set rates and process to allow IESO to recover funding shortfalls (to the extent such amounts are not transferred to an (OPG) financing entity and financed in the capital markets).

- Review the administrative costs of OPG in connection with the administration of the program.

Part 2 – Overview of Legislative Amendments for Social Programs

- As part of the proposed Ontario Fair Hydro Plan, the Ministry of Energy is proposing amendments the *Ontario Energy Board Act, 1998* (OEBA) to enable the following measures:
  - Enhancing and providing tax-based funding for Rural or Remote Electricity Rate Protection (RRRP) through new enhanced rate protection for residential customers with high distribution rates;
  - Enhancing and providing tax-based funding for the Ontario Electricity Support Program (OESP); and
  - Creating a new First Nation On-Reserve Delivery Credit and providing for tax-based funding.

Overview of RRRP and Broadened Distribution Rate Protection

- Section 79 of the *Ontario Energy Board Act* would be amended to provide the Ministry the authority to prescribe, through regulation, classes of consumers whose cost would be transferred from the rate-base to the tax-base.
- If the proposed legislative amendments are approved, the government intends to propose regulatory amendments that would prescribe Hydro One's R2 customers as receiving RRRP from appropriated funds effective July 1, 2017. This would fulfill the government's intention to transfer the majority of the costs of administering the RRRP program to the tax-base.
- In addition, Energy is proposing legislative amendments that would broaden rate protection by creating a new distribution rate protection program to complement RRRP. This new program would be funded through tax payers.
- Distribution rate protection would be extended to eligible residential customers served by LDCs with the highest distribution costs.
  - Proposed legislative amendments would enable a maximum monthly base distribution charge to established through regulations.
- If the proposed legislative amendments are approved, the government intends to prescribe by regulation both program details and the residential customers eligible for broadened distribution rate protection served by the following LDCs:
  - Hydro One (R1 and R2 rate classes), Algoma Power, Atikokan Hydro, InnPower, Chapleau Public Utilities Commission, Sioux Lookout Hydro, Lakeland Power (Parry Sound service territory) and Northern Ontario Wires Inc.

Ontario Electricity Support Program

- Proposed legislation related to the Ontario Electricity Support Program (OESP) would shift program funding from the rate base to the tax base.
  - Tax-based funding would only kick in once the existing OESP variance account is depleted, which is expected to happen in the fall of 2017.

- To allow for the existing program structure to stay in place until tax-based funding kicks in, proposed new legislation would only come into force via a proclamation Order in Council, on a date to be determined.
  - This would ensure that existing OEB authorities remain in place while ratepayer funding is being used.

- In addition, a new authority to allow the OEB and the Ministry of Community and Social Services (MCSS) to share data on customers to support increased participation in the OESP program among Ontario Works and Ontario Disability and Support Program clients would be put in place.
  - Information Privacy Commissioner (IPC) staff were consulted, and customer consent is reflected.
  - This information sharing component will come into force at Royal Assent, allowing OEB and MCSS to begin this process quickly, and support increasing OESP participation levels.

First Nations Delivery Credit

- Energy is proposing legislative amendments that would establish a first Nation Delivery Credit for On-Reserve Consumers. This new program would be funded through tax payers.

- The proposed First Nation Delivery Credit would provide:
  - All prescribed on-reserve consumers with a credit for the entirety of their delivery line or with a credit for the monthly service charge.
  - The costs that are covered by the delivery credit are also described in legislation.

- If the proposed legislative amendments are approved, the government intends to propose regulatory amendments that would:
  - Establish the class of customers eligible;
  - Determine what is considered on-reserve; and
  - Determine the method of calculating the delivery credit.

From:	Anna Strathy
To:	Ken Kandeepan; Mike Manning; Bonnie Lemcke; John Psinas; Opal Kandelas
Subject:	FW: DPAC Update #31 | Lockup Logistics | April 26, 2017
Date:	Wednesday, April 26, 2017 3:30:05 PM
Attachments:	2017 Budget Lockup Primer and Emergency Procedures_v4.doc 2017 D-Day Minute-by-Minute_v6.doc 2017 MacBlock_Layout_Room.pdf 2017 Document Lockup MOF TBS Contacts.xlsx 2017 Document Lockup - Line Ministry Contacts.xlsx 2017 Budget Lockup - Confirmed Stakeholders.xlsx

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Lockup materials, attached.

From: Jaikaran, Ronald (MOF) [mailto:Ronald.Jaikaran@ontario.ca]

Sent: Wednesday, April 26, 2017 2:00 PM

Subject: DPAC Update #31 | Lockup Logistics | April 26, 2017

Hi everyone,

We're only one day away from lock up! Below are a few updates and a summary of tomorrow's events.

1. **Staff are encouraged to attend today's Pep Rally/Lock up Orientation at the MacDonald Block Cafeteria at 3:30PM**.
    - Green Lock Up access cards for those attending lock up will be available for pick up at the Orientation session.
2. All Briefing Book Binder content was sent out on distribution today. Divisions are able to print any of the material they require.
3. The following **Lockup logistics material** are attached:
    - Lockup Primer and Emergency Protocols
    - Minute-by-Minute Schedule
    - MacDonald Block Map
    - MOF/TBS Contact List
    - Line Ministry contact list
    - Stakeholder List
4. Summary of the key events tomorrow:

    Media Lockup
    - Media begins to arrive at 7:30AM.
    - **MOF/TBS Policy staff are expected to arrive by 9:00am**
    - There will be 8 tables set up in the morning for the following topics:
        - Fiscal Plan
        - Economic Outlook
        - Health care
        - Education
        - Infrastructure
        - Housing Affordability
        - Tax Measures
        - Business and Other Sector Supports
    - If throughout the day we notice more questions pertaining to one of the

backup topics, we will swap out an existing topic with one of the backups.

TB/MBC Briefing (8:00AM – 9:30AM) – This briefing will take place in the TB/MBC Boardroom (1st Floor Frost South). Required ADMs will be notified.

Opposition Briefings (10:00AM – 11:00AM) - These briefings will be held in the Kenora, Nipigon and Nipissing rooms.

- The names of required ADMs are listed in the attached staff contact list.
- EAs in attendance will be expected to retrieve question cards, find the appropriate person to respond and ensure the card has the response recorded.
- All cards are to be returned to the coordination desk, located in Room M2-19 (beside the Severn Room).

Stakeholder Lock Up (12:00PM – 4:00PM) - Stakeholders will be in various rooms on the 2nd floor of MacDonald Block.

- Coordination Desk Volunteers will be responsible for collecting question cards and finding the appropriate policy experts to respond. Policy experts will be visiting stakeholder rooms to provide responses.
- All question cards must be returned to the coordination desk for logging.
- EAs are asked to assist with locating policy experts and ensuring question cards are returned to the coordination desk.

Pre-Minister's Briefing (11:30PM – 12:00PM) – A briefing with several ADMs will be arranged in the Trillium Boardroom (1st Floor, Macdonald Block Cafeteria) to provide updates on media questions and develop a strategy for the Minister's briefing at noon.

Minister's Briefing (12:00PM – 12:30PM) - A briefing with a small group of ADMs will be arranged (in the OPP Boardroom) to provide the minister with an update of the type of questions that have been raised throughout the morning. This briefing will help prepare the Minister for his 1:00PM new conference. ***Note: attendance for this briefing is very limited. Required ADMs will be notified. No other staff will be permitted in the OPP Boardroom.***

Minister's New Conference (1:00PM – 1:30PM) - The Minister will address the media in the Ontario room.

- All policy staff will be asked to clear the Huron Room and media lock up area. Staff may go to the cafeteria.
- ADMs will be permitted in the Ontario Room. They may also choose to watch the conference in the Trillium Boardroom (1st Floor, Macdonald Block Cafeteria).

DMs Technical Briefing (3:00PM – 4:00PM) – Our Deputy will be delivering a briefing to all Deputies in advance of the budget release. Select ADMs will be notified if they're required to attend.

Minister's Speech (4:00PM) – The Minister will table Budget in the Legislature at approximately 4:00PM.

5. **Remember to have fun tomorrow!** You've all worked extremely hard to put this Budget together. Lock up gives us an opportunity to see the release of the Budget and our hard work pay off.

Thanks,
Ron

If you have any questions, please feel free to contact myself or Alana Rowe.
Thanks,
Ron

Ronald Jaikaran
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Document Development and Support Unit
Office of the Budget | Ministry of Finance
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ronald.jaikaran@ontario.ca

From: Jaikaran, Ronald (MOF)
Sent: April-25-17 9:08 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS); Rose, Charmaine A. (TBS); 'Anna.Strathy@ofina.on.ca'; Lesau, Victoria (MOF)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #30 | April 25, 2017

Good morning,
We're two days away from Budget Lockup! A few reminders and updates for you:

1. **DM/MO Sign-off: Communications Products**

   - Final sign-off will take place today in the Trillium boardroom, 7th floor Frost South.
   - Revised communications products will be on distribution last night

2. **Briefing Books**

   - If you haven't done so, please submit BNs and Technical Qs & As by **10:00 am, today** in the iDoc drive.
   - The briefing book binders will consist of the following mandatory content:
     - Briefing Notes (BNs) & Technical Qs & As: Please work with your division and any others that may be impacted.

- Briefing Notes and Qs & As are to be produced at the discretion of divisions. BNs are not required for every initiative in the Document, divisions are asked to use best judgement to determine which initiatives/sections require notes and Qs & As.

3. **Budget Day Lock Up Logistics**

- Our annual **Lockup Orientation Pep Rally will take place in the Macdonald Block cafeteria tomorrow at 3:30 – 4:30 pm** (an invite will go out today).
    - **Staff will be able to pick up their lockup security badges at the rally tomorrow.**
- Attached are draft **Lock Up logistics material**:
    - Lockup Primer and Emergency Protocols
    - Minute-by-Minute Schedule
    - MacDonald Block Map
- Final material, including contact lists will be circulated tomorrow.

4. **Budget Lockup**

- **EAs, please remember to fill out the attached spreadsheet, identifying directors and managers who will be available to answer questions and provide support on Document Day.**
    - **The following key topics have been identified for the Media Room Lock Up:** the Province's fiscal plan (including debt/borrowing), economic outlook, health care, education and training, infrastructure, housing affordability, tax measures, and business and other sector support initiatives.
    - Please identify staff that would be available for Media Lock up and those that will be available for stakeholder questions. Please remember to indicate who will be "On Call" or "in Attendance" at lock up.
- **Please provide names to Nicole Yanqui by 11:00 am, today.**

5. **Doc Day Supporting Material**

- EAs, another friendly reminder to please send your supporting Doc material to me no later than **1:00pm, today.**
- I am preparing a binder of supporting materials that will be tabled at TB/MBC

on Doc day. Supporting materials include any and all products used to support DM and Minister Doc briefings as well as FPC, BPC and MM&P meetings related to the Document.

- Subject to TB/MBC approval, all supporting materials will be minuted as part of the special TB/MBC meeting on Doc Day.

- Divisions may also have additional materials that informed the development of briefing materials (i.e., backpocket materials, control sheets, tables, etc.).

- If you are unsure as to what material should be included please let me know.

If you have any questions, please feel free to contact myself or Alana Rowe.
Thanks,
Ron

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From: Jaikaran, Ronald (MOF)
Sent: April-20-17 6:12 PM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS); Rose, Charmaine A. (TBS); 'Anna.Strathy@ofina.on.ca'; Lesau, Victoria (MOF)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #29 | April 20, 2017

Good evening everyone,
We are officially one week away from the release date! A few details for tomorrow and the upcoming week are below:

1. **ADM Sign-off: Communications Products: Friday April 21st (9:30AM –**

11:30AM)

- Sign-off will take place in the Trillium boardroom, 7th floor Frost North.
- Revised communications products will be on distribution this evening.
- Products to be reviewed at sign-off are: New Release, Fact Sheets (Balance, Opportunities, Helping Ontarians, Health, Education), Web Copy, Tweets and Facebook Posts.
- ADM's will review the communication products on screen, and only contentious sections will remain in tracked changes.

2. Budget Lockup

- Lock up planning is well underway. As part of Lock up, we would like to identify staff that need to attend and be on call.
- Attached is a memo was sent out from the ADM of the office of the budget to all ADMs in MOF & TBS asking divisions to help identify policy experts that will help respond to media and stakeholders' inquiries at Lockup.
- **EAs, please fill out the attached spreadsheet, identifying directors and managers who will be available to answer questions and provide support on Document Day.**
    - **The following key topics have been identified for the Media Room Lock Up:** the Province's fiscal plan (including debt/borrowing), economic outlook, health care, education and training, infrastructure, housing affordability, tax measures, and business and other sector support initiatives.
    - Please identify staff that would be available for Media Lock up and those that will be available for stakeholder questions. Please remember to indicate who will be "On Call" or "in Attendance" at lock up.
- Our Deputy's Office will be in touch with line ministries to identify staff that would be on call for Lockup.
- **Please provide names to Nicole Yanqui by EOD Monday April 24.**
- Logistics Materials to further support Document Day are under development, and will be circulated once available.

3. Briefing Books

- The briefing book binders will consist of the following mandatory content:

- Briefing Notes (BNs) & Technical Qs & As: Please work with your division and any others that may be impacted.

- Briefing Notes and Qs & As are to be produced at the discretion of divisions. BNs are not required for every initiative in the Document, divisions are asked to use best judgement to determine which initiatives/sections require notes and Qs & As.

- Media Qs & As: These are currently under development by CSB and will go on distribution tomorrow evening. All media Qs&As are to be ADM approved.

- Divisions are asked to have their briefing book coordinators submit BNs and Technical Qs & As by **EOD Friday April 21** in the iDoc drive.

4. **Doc Day Supporting Material**

- EAs, a friendly reminder to please send your supporting Doc material to me no later than **EOD Monday April 24.**

- As a reminder, this is to support TB/MBC on Document Day. I will be preparing a binder of supporting materials that will be tabled at TB/MBC on Doc day. Supporting materials include any and all products used to support DM and Minister Doc briefings as well as FPC, BPC and MM&P meetings related to the Document.

    - Subject to TB/MBC approval, all supporting materials will be minuted as part of the special TB/MBC meeting on Doc Day.

- Divisions may also have additional materials that informed the development of briefing materials (i.e., backpocket materials, control sheets, tables, etc.).

- If you are unsure as to what material should be included please let me know.

Key Upcoming Dates:
April 21: ADM Sign-off on Communication Products
April 21: BNs and Qs & As due
April 24: DM/MO Sign-off on Communication Products (TBD)
April 24: Doc Day Supporting Material Due
April 27: Document Day
If you have any questions, please feel free to contact myself or Alana Rowe.
Thanks,
Ron
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From: Jaikaran, Ronald (MOF)
Sent: April-19-17 12:14 PM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS); Rose, Charmaine A. (TBS); 'Anna.Strathy@ofina.on.ca'; Lesau, Victoria (MOF)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #28 | April 19, 2017

Good afternoon everyone,

I wanted to thank you for your continued flexibility during this process! We are in the home stretch! A few details for the next few days are below:

1. **Statement**

   - The Minister's Statement was put on distribution last night.
   - **EA's, please coordinate a review of the Statement and provide ADM-approved hard-copy edits to myself and Alana by EOD today.**

2. **Director Sign-off: Communications Products: Happening Now! (10:00AM – 12:00PM)**

   - Sign-off is currently taking place in the CSB boardroom, 3rd floor Frost North. Directors are asked to drop-in at their convenience if they haven't done so already.
   - Products being reviewed are: New Release, Fact Sheets (Balance, Opportunities, Helping Ontarians, Health, Education), Web Copy, Tweets and Facebook Posts.

3. **ADM Sign-off: Communications Products: Friday April 21st (9:30AM – 11:30PM)**

   - Sign-off will take place in the Trillium boardroom, 7th floor Frost North.

- Products to be reviewed are: New Release, Fact Sheets (Balance, Opportunities, Helping Ontarians, Health, Education), Web Copy, Tweets and Facebook Posts.

- ADM's will review the communication products on screen, and only contentious sections will remain in tracked changes.

4. **Doc Day Supporting Material**
   - EAs, please remember to send your supporting Doc material to me no later than **EOD Monday April 24.**
   - As a reminder, this is to support TB/MBC on Document Day. I will be preparing a binder of supporting materials that will be tabled at TB/MBC on Doc day. Supporting materials include any and all products used to support DM and Minister Doc briefings as well as FPC, BPC and MM&P meetings related to the Document.
     - Subject to TB/MBC approval, all supporting materials will be minuted as part of the special TB/MBC meeting on Doc Day.
   - Divisions may also have additional materials that informed the development of briefing materials (i.e., backpocket materials, control sheets, tables, etc.).
   - If you are unsure as to what material should be included please let me know.
5. **Briefing Books**
   - The briefing book binders will consist of the following mandatory content:
     - Briefing Notes (BNs) & Technical Qs & As: Templates have been attached. Please work with your division and any others that may be impacted.
     - Briefing Notes and Qs & As are to be produced at the discretion of divisions. BNs are not required for every initiative in the Document, divisions are asked to use best judgement to determine which initiatives/sections require notes and Qs & As.
     - Media Qs & As: These are currently under development by CSB and will be circulated to divisions for review. All media Qs&As are to be ADM approved.
     - Divisions are asked to submit their BNs and Technical Qs & As by **EOD Friday April 21.**
     - Melissa Ouzas and Pauline Padmore will be reaching out to your Briefing Book Coordinators with more details.

Key Upcoming Dates:
April 19: Director Sign-off on Communication Products
April 21: ADM Sign-off on Communication Products
April 24: DM/MO Sign-off on Communication Products (TBD)
April 24: Doc Day Material Due
If you have any questions, please feel free to contact myself or Alana Rowe.
Thanks,
Ron

Ronald Jaikaran
Team Lead, Document Policy Advisor and Coordinator
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From: Jaikaran, Ronald (MOF)
Sent: April-18-17 12:48 PM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS); Rose, Charmaine A. (TBS); 'Anna.Strathy@ofina.on.ca'; Lesau, Victoria (MOF)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #27 | Communications Products | April 18, 2017

Good afternoon everyone,

We've completed sign-off on the papers. The final papers have been distributed electronically. It's now time to turn our attention to the communication products.

1. **Director Sign-off: Communications Products: April 19th (10:00AM – 12:00PM)**

   - Communication products are being updated for distribution this evening. Any edits to these products should be walked into director sign-off.
   - Sign-off will take place in the CSB boardroom, 3rd floor Frost North.
   - Products to be reviewed are: New Release, Fact Sheets (Balance, Opportunities, Helping Ontarians, Health, Education), Web Copy, Tweets and Facebook Posts.
   - ADM sign-off on the communication products will take place on Friday (April 21st) in the Trillium Boardroom.

2. **Statement**

   - The Statement is still under development and will be put on distribution in the near future. There will be a short turnaround for comments, so please stay tuned for this.

3. **Doc Day Supporting Material**

   - To support TB/MBC on Document Day, I will be preparing a binder of

supporting materials that will be tabled at TB/MBC on Doc day. Supporting materials include any and all products used to support DM and Minister Doc briefings as well as FPC, BPC and MM&P meetings related to the Document.
    - Subject to TB/MBC approval, all supporting materials will be minuted as part of the special TB/MBC meeting on Doc Day.
- Divisions may also have additional materials that informed the development of briefing materials (i.e., backpocket materials, control sheets, tables, etc.).
- EAs, please send your supporting Doc material to me no later than **EOD Monday April 24.**

4. **Briefing Books**
    - Instructions on briefing book binder material are forthcoming.

Key Upcoming Dates:
April 19: Director Sign-off on Communication Products
April 21: ADM Sign-off on Communication Products
April 24: DM/MO Sign-off on Communication Products (TBD)
April 24: Doc Day Material Due
If you have any questions, please feel free to contact myself or Alana Rowe.
Thanks,
Ron

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From: Jaikaran, Ronald (MOF)
Sent: April-12-17 9:34 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS); Rose, Charmaine A. (TBS); 'Anna.Strathy@ofina.on.ca'; Lesau, Victoria (MOF)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #26 | DM/MO Sign-Off | April 12, 2017

Good morning everyone,
Today is the first day of DM/MO sign-off. Sessions will be taking place in the Trillium Boardroom. The schedule is as follows:

- April 12 (10:00AM – 11:15AM): Chapters 1,5,6A,6B, 6C
- April 12 (2:30PM – 4:30PM): Chapters 3, 4B, 4C, 4D
- April 13 (3:00PM – 5:00PM): Chapters 2, 4A, 7, Foreword, Post Cards

These sessions will be kept to a small room. ADMs are asked to be on call, should their assistance be required. I will be in touch with EAs throughout the day as we go through sign-offs.

Loose Ends

Thanks for everyone's quick work in addressing Premier, PO and SoC comments yesterday. Attached is our latest list of loose ends. Should you have any further updates, please feel free to send to Alana and myself.

Ron

Ronald Jaikaran
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Office of the Budget | Ministry of Finance
Phone: 416-212-9335
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From: Jaikaran, Ronald (MOF)
Sent: April-11-17 3:53 PM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS); Rose, Charmaine A. (TBS); 'Anna.Strathy@ofina.on.ca'
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #25 | SoC Edits | April 11, 2017

Hi everyone,

Thanks to those of you that have already responded to our loose ends request. We've received edits from the SoC as well. We'd like to have responses to as many comments as possible. We've updated our Loose Ends tracker with SoC edits (see attached).

EAs, please take another look and provide edits to me (cc'ing Alana) by end of day today. This tracker will be used to support DM/MO sign-off tomorrow.

Thanks,
Ron

From: Jaikaran, Ronald (MOF)
Sent: April-11-17 12:41 PM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS); Rose, Charmaine A. (TBS); 'Anna.Strathy@ofina.on.ca'
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #24 | Premier Edits & Loose Ends | April 11, 2017

Good morning everyone,

We received Premier edits to the papers. These edits are reflected in the attached loose ends tracker highlighted in yellow along with any items that are still outstanding.

Premier Edits & Loose Ends

- EA's, please review these comments/edits (highlighted in yellow) with your Divisions and provide a response in the loose ends tracker and any proposed ADM-approved hardcopy edits if required. These are due **at 4:00 pm today.**
- These edits will be entered in tracked changes and will be considered by the DM and MO at sign-off tomorrow.

DMO/MO Sign-off- April 12th & 13th

- DM/MO sign-off will take place in the Trillium Boardroom (7th Floor, Frost South).
- Attendance for this meeting will be limited. Required attendees will be notified directly.
- ADMs may be required to be on call during sign-off should any questions arise it would be appreciated.
    - Alana and myself will be connecting with DPCs and EAs throughout the

day for any final fact-checks or loose ends.

Communications Products

- Communications products were on distribution on Friday.
- EAs are asked to coordinate edits amongst their divisions and provide feedback to Communications Advisors **by April 12, at noon.**

Key Upcoming Dates:
April 12-13: DM/MO Sign-off
April 19: Director Sign-off on Communication Products
April 21: ADM Sign-off on Communication Products
April 24: DM Sign-off on Communication Products
If you have any questions, please feel free to contact Alana or myself.
Thanks,
Ron

Ronald Jaikaran
Team Lead, Document Policy Advisor and Coordinator
Document Development and Support Unit
Office of the Budget | Ministry of Finance
Phone: 416-212-9335
ronald.jaikaran@ontario.ca

From: Jaikaran, Ronald (MOF)
Sent: April-10-17 10:48 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS); Rose, Charmaine A. (TBS); Anna.Strathy@ofina.on.ca
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #23 | Loose Ends & Post ADM Sign-Off Review | April 10, 2017

Good morning everyone,

I hope you had a great weekend. Thank you for all of your hard work completing ADM sign-off last week as well as your continued flexibility throughout the process. ADM sign-off was a big milestone as we begin to wrap up the sign-off process.

Further details on the week ahead:

Loose Ends

- **There are still a number of placeholders throughout the Document.**

EAs, please review the attached and work with your divisions to address all loose ends identified.

Please provide your **ADM-approved edits** clearly identifying changes to Alana and myself no later than **3:00 today.** There will be a distribution tonight.

We are only accepting edits to placeholders and significant factual error. All other proposed edits will be considered at DM/MO sign-off.

Premier and PO Edits

We are still waiting on edits from the Premier and Senior PO. They are expected to be received tomorrow morning.

- We will be in contact with the affected divisions once these edits are received.

DMO/MO Sign-off- April 12th & 13th

- DM/MO sign-off will take place in the Trillium Boardroom (7th Floor, Frost South).
- Attendance for this meeting will be limited. Required attendees will be notified directly.
- ADMs may be required to be on call during sign-off should any questions arise it would be appreciated.
    - Alana and myself will be connecting with DPCs and EAs throughout the day for any final fact-checks or loose ends.

Communications Products

Communications products were on distribution on Friday.

EAs are asked to coordinate edits amongst their divisions and provide feedback to Communications Advisors by **April 12, noon.**

Key Upcoming Dates:
April 12-13: DM/MO Sign-off
April 19: Director Sign-off on Communication Products
April 21: ADM Sign-off on Communication Products
April 24: DM Sign-off on Communication Products
If you have any questions, please feel free to contact Alana or myself.
Thanks,
Ron

Ronald Jaikaran
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Phone: 416-212-9335
ronald.jaikaran@ontario.ca

From: Jaikaran, Ronald (MOF)
Sent: April-06-17 10:13 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS); Rose, Charmaine A. (TBS); Anna.Strathy@ofina.on.ca
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #22 | ADM Sign Off (Day 2) | April 6, 2017

Hi everyone,
Today is the second day of ADM Sign-off. The following chapters will be reviewed by ADM's in the Trillium Boardroom (7th Floor, Frost South) today:

- Chapters 2, 4A, 6B, 6C, 7, Foreword & Postcards.

ADM Sign-Off Process

- Chapters will be displayed on a screen and as the edits are being discussed by ADMs, the changes will be made in real time.
- **Lead DPCs will be asked to input the edits for their chapter during sign-off.**

Sign-Off Loose Ends

- I will continue to reach out to EAs on loose ends. **We would like to have as many of these resolved today.**

- **EAs, any edits to the papers at this stage must be ADM-approved** and should be brought to Alana and/or myself.

Foreword

- A reminder that the foreword will also be signed off today.
- **EAs, if you haven't already, please coordinate hand written edits amongst your divisions and provide them to Alana or myself.**

Premier Review

- **The Premier and Senior PO will receive a copy of the papers this Friday** and will be reviewing over the weekend.
- Edits will be reviewed on Monday and will be incorporated through DM/MO sign-offs.
- If there are follow ups required, I'll contact divisions directly.

Key Upcoming Dates:

April 6: ADM/MO Sign-Off
April 7-9: Premier and Senior PO review of Papers
April 11-12: DM/MO Sign-off
April 19: Director Sign-off on Communication Products
April 21: ADM Sign-off on Communication Products
April 24: DM Sign-off on Communication Products

If you have any questions, please feel free to contact Alana or myself.

Thanks,
Ron

Ronald Jaikaran
Team Lead, Document Policy Advisor and Coordinator
Document Development and Support Unit
Office of the Budget | Ministry of Finance
Phone: 416-212-9335
ronald.jaikaran@ontario.ca

From: Jaikaran, Ronald (MOF)
Sent: April-05-17 10:00 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS); Rose, Charmaine A. (TBS); Anna.Strathy@ofina.on.ca
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole

(TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #21 | ADM Sign Off (Day 1) | April 5, 2017

Hi everyone,

Today is the first day of ADM Sign-off. The following chapters will be reviewed by ADM's in the Trillium Boardroom (7th Floor, Frost South) today:

- Chapters 1, 3, 4B, 4C, 4D ,5 & 6A

ADM Sign-Off Process

- Chapters will be displayed on a screen and as the edits are being discussed by ADMs, the changes will be made in real time.
- **Lead DPCs will be asked to input the edits for their chapter in real time during sign-off.**

DPCs, A few notes on process and tips to help you along the way:

- You'll be seated at the table with ADMs as they go through your chapter. You'll be asked to scroll through the pages and accepting/rejecting any track change edits on screen.
    - You will sit through the sign-off on the entire chapter. Even if there are multiple contributing DPCs, we will not be switching DPCs halfway through the chapters.
- As ADMs discuss, you'll be asked to transcribe the edits in real time. Alana and I will act as extra sets of eyes and ears to make sure you get everything inputted correctly.
- Some of you may already be aware of changes that need to be made at sign-off today.
    - It is recommended that you save those changes/paragraphs on a USB stick (pw-protected) so you can copy and paste edits rather than typing them all out. This will help speed up the process.
- After sign-off, you'll be asked to go down to BudSec to do one final check to make sure everything was correctly inputted.
- You'll then be required to obtain your ADMs signature. **They should initial each page and sign the front cover.**
    - **Note: If they have additional edits, they must initial beside the edit.**
- We ask that you kindly remind your ADM that they'll need to stick around at Frost to sign-off.

Foreword

- A copy of the Foreword was put on distribution last night.
- **EAs, please coordinate hand written edits amongst your divisions. You are welcome to provide hand written edits to the Foreword to me by end of day today.**

Sign-Off Loose Ends

- During sign-offs, I will be reaching out to EAs if any follow-ups are required.

Communications Products

- EAs are asked to consolidate edits to Comms products on behalf of their divisions and relay them to the appropriate Communications Services Branch (CSB) Lead by **end of day today.** A list of Comms advisors can be found in the Production Contact List sent out on electronic distribution.

Key Upcoming Dates:

April 4: Line Ministry Sign-off
April 4: Final Spring Bill draft due
April 5: ADM/MO Sign-Off
April 6: ADM/MO Sign-Off
April 7-9: Premier and Senior PO review of Papers
April 11-12: DM/MO Sign-off
If you have any questions, please feel free to contact Alana or myself.
Thanks,
Ron

Ronald Jaikaran
Team Lead, Document Policy Advisor and Coordinator
Document Development and Support Unit
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Phone: 416-212-9335
ronald.jaikaran@ontario.ca

From: Jaikaran, Ronald (MOF)
Sent: April-04-17 7:17 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS); Rose, Charmaine A. (TBS); Anna.Strathy@ofina.on.ca
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #20 | Line Ministry Sign Off | April 4, 2017

Good morning everyone,
Thank you for your continued support and hard work rolling in MO edits yesterday. As you know, line ministry sign off is scheduled for today from 10:00AM – 2:00PM. A few updates and reminders:

1. DPCs, please review excerpts that have been pulled for line ministry review at BudSec between **8:00 AM and 9:30 AM. There will not be an opportunity to do this later in the day.**
    - A revised schedule for line-ministry sign-off is attached.
    - Line Ministry staff must sign the attached Oath of Confidentiality (DMs do not need to sign).
    - After sign-off, policy staff may photocopy any LMs' edits but must return the originals to BudSec.

- Line ministry edits will be inputted in tracked changes by BudSec.
- ADMs will have the opportunity to accept/reject these proposed edits during ADM sign-off. (April 5th & 6th).

2. **Document References-** The MO has provided us with a list of Document initiatives (see attached). Divisions are asked to draft short narratives for inclusion in the yellows. Please send drafts in password protected documents to me, cc'ing Alana **by 5PM today.** These will be rolled into the yellows in tracked changes in advance of ADM sign-off. If you are unsure of placement in the yellows please let me know.
3. **ADM Sign-Off-** A heads up that the schedule for ADM sign-off may be shifting to accommodate competing priorities. As always, we appreciate your continued flexibility throughout the document process.

Key Upcoming Dates:
April 4: Line Ministry Sign-off
April 4: Final Spring Bill draft due
April 5: ADM/MO Sign-Off
April 6: ADM/MO Sign-Off
April 7-9: Premier and Senior PO review of Papers
April 11-12: DM/MO Sign-off
If you have any questions, please feel free to contact Alana or myself.
Thanks,
Ron

Ronald Jaikaran
Team Lead, Document Policy Advisor and Coordinator
Document Development and Support Unit
Office of the Budget | Ministry of Finance
Phone: 416-212-9335
ronald.jaikaran@ontario.ca

From: Jaikaran, Ronald (MOF)
Sent: April-03-17 11:31 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS); Rose, Charmaine A. (TBS); Anna.Strathy@ofina.on.ca
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole

(TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #19 | MO Feedback | April 3, 2017

Good morning everyone,

Thank you for all of your hard work completing Branch Review and Director sign-off last week. A few updates and reminders for today:

1. Our Minister's Office has reviewed the director sign-off version on the papers. **The edits have been saved in their respective section folders on the iDoc drive** in folders called "MO Feedback". Staff are being asked to review and roll in these edits in advance of line ministry sign-off tomorrow. The papers will then go on distribution this evening for line ministries to review.
2. **Revised drafts of your papers are due to BudSec at 4PM today.**
    - DPCs, please submit your papers in the iDoc drive. Once you've saved your file in the drive, please email your BudSec contact, cc'ing Alana and myself to notify us that your paper is ready.
    - After today's distribution, DPCs edit rights will be removed. Any edits after today must be brought to EAs and be raised at ADM sign-off.
    - We will be reaching out to individuals with additional MO comments throughout the day.
3. **MO edits must be reviewed and incorporated into the papers.** A reminder that If there are MO edits that aren't incorporated into the next distribution, the attached feedback tracker MUST be filled out providing clear rationale for not including the MO's edits.
    - The tracker provides an opportunity to convey comments and considerations to the MO regarding their edits.
    - **Completed Feedback Trackers are due to me by 5PM on Monday April 3.**
4. **Line Ministry Sign-off- Tuesday April 4th**
    - All DPCs must review their excerpts that have been pulled for line ministry review at BudSec between **8:00 AM and 9:30 AM.** There will not be an opportunity to do this later in the day.
    - The schedule for line-ministry sign-off is attached. A reminder to staff to please send the names of policy staff that will be attending line ministry sign-off to Pauline Padmore.
    - It is recommended that Lead ADMs be presenting during line ministry sign-off. ADMs will be asked to bring any documentation needed to support sign off.
    - Line Ministry staff must sign the attached Oath of Confidentiality (DMs do not need to sign).
    - After sign-off, policy staff may photocopy any LMs' edits but must return the originals to BudSec.
    - Line ministry edits will be inputted in tracked changes by BudSec and ADM's will have the opportunity to accept or reject these proposed edits during ADM sign-off. (April 5th & 6th).
5. **Communication Products**
    - Communication products were distributed on Friday evening.

- DPCs are asked to work closely with their CSB leads to confirm that the revisions made to the papers during Director sign-off and Line-ministry sign-off are reflected in the comms products to ensure alignment with the narrative.

- EAs are asked to consolidate edits to Comms products on behalf of their divisions and relay them to the appropriate Communications Services Branch (CSB) Lead by **end of day Wednesday April 5.** A list of Comms advisors can be found in the Production Contact List sent out on electronic distribution.

Key Upcoming Dates:
April 3: MO Feedback
April 4: Line Ministry Sign-off
April 4: Final Spring Bill draft due
April 5: ADM/MO Sign-Off
April 6: ADM/MO Sign-Off
April 7-9: Premier and Senior PO review of Papers
April 11-12: DM/MO Sign-off
If you have any questions, please feel free to contact Alana or myself.
Thanks,
Ron

Ronald Jaikaran
Team Lead, Document Policy Advisor and Coordinator
Document Development and Support Unit
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Phone: 416-212-9335
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From: Jaikaran, Ronald (MOF)
Sent: March-31-17 9:47 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS); Rose, Charmaine A. (TBS)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole

(TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #18 | Director Sign-Off | March 31, 2017

Good morning everyone,

Thank you for all of your hard work completing Branch Review yesterday. As you're aware, it's day two of sign-offs, with director sign-off taking place today. A few updates and reminders for today:

1. We received some edits late last night to several photos and captions. Please note in some cases the photos and captions have changed at the request of the MO. Please review and have your director sign-off.
2. A heads up that we may receive initial comments from PO today. I will connect with the appropriate divisions if any edits are received.
3. Attached is a **schedule for director sign-off**. Please continue to email Pauline Padmore if there is a change in location or time for your sign-off.
4. Also attached is a **schedule for line ministry sign-off**. **EA's, please send the name of staff that will attend for each ministry's sign-off to Pauline Padmore.**
5. A reminder that DPCs will need to clearly identify which sections of the papers are to be pulled for line ministry sign-off on the director-approved papers (*detailed instructions below*).
6. ADM sign-off invites were sent out yesterday. If you did not receive an invite or are unsure if you need to attend, please feel free to contact me.

First Distribution of Communication Products – Friday March 31

- Communication products will be on distribution today.
- DPCs are asked to work closely with their CSB leads to confirm that the revisions made to the papers during Director sign-off are reflected in the comms products to ensure alignment.
- Please contact your respective CSB Lead if you have any further questions identified in the Document Distribution Contact List.

<u>Director Sign-off Instructions</u>

1. DPCs are to pick up their sign-off binder shell from BudSec on the morning of Director Sign-off.
    - Verify that the sign-in sheet is included.
    - Print the sign-off checklist at the end of the sign-off instructions (attached).
    - DPCs must print their own chapter and insert single-sided in their binder.
        - MO edits must be reviewed and incorporated into the papers. A reminder that If there are MO edits that aren't incorporated into the next distribution, the attached feedback tracker MUST be filled out providing clear rationale for not including the MO's edits.
        - **Completed Feedback Trackers are due to me, cc'ing Alana by 5PM today.**
2. When staff arrive, have them fill out the sign-in sheet with their printed name, telephone number and initials.
3. Staff will be responsible for reviewing and initialing content indicating their approval. **There should be initials on every line/sentence/number/chart/table/photo/caption in every paper.**
    - Postcards are to be signed-off today**.**
4. If staff makes an edit, he/she must wait until all staff have inputted their edits in

that chapter before it can be reprinted. All changes must be marked on the master copy of the Document.

5. Once all staff have reviewed and approved their sections, DPCs are required to incorporate all edits by staff and print a clean copy of their chapter.
6. The lead DPC's director will be responsible for reviewing edits and ensuring that all edits have been captured.
   - **The director-approved copy will need to clearly identify which sections of the papers are to be pulled for line ministry sign-off.**
7. Hardcopies with staff signatures are to be **delivered to BudSec at 4:00pm today.**
8. When your sign-off is complete, DPCs please remember to place your paper in the iDoc and let your BudSec coordinator know that your paper is ready for pick up. It is the same process as other paper submissions.

Key Upcoming Dates:
Mar. 31: Director Sign-off
Apr. 4: Line Ministry Sign-off
April 4: Final Spring Bill draft due
April 5: ADM/MO Sign-Off
April 6: ADM/MO Sign-Off
April 7-9: Premier and Senior PO review of Papers
April 11-12: DM/MO Sign-off
If you have any questions, please feel free to contact Alana or myself.
Thanks,
Ron

Ronald Jaikaran
Team Lead, Document Policy Advisor and Coordinator
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Office of the Budget | Ministry of Finance
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From: Jaikaran, Ronald (MOF)
Sent: March-30-17 9:49 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M.

(TBS); Howard, Joan (MOF); Pho, Kevin (TBS); Rose, Charmaine A. (TBS)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #17 | Branch Review | March 30, 2017

Good morning everyone,

We've made significant progress on the papers and are now beginning the next phase of the process, sign-offs.

Branch Review/Staff sign marks the beginning of the sign-off process.

- The schedule for each chapter's sign-off is attached.
- If there are any last minute changes please let Pauline Padmore know to ensure the schedule is kept up-to-date.

Branch Review Instructions

1. DPCs are to pick up their sign-off binder shell from BudSec on the morning of Branch Review
    - Verify that the sign-in sheet is included.
    - Print the sign-off checklist at the end of the sign-off instructions (attached).
    - DPCs must print their own chapter that incorporates MO and additional staff edits single-sided and insert in their binder.
        - MO edits must be reviewed and incorporated into the papers. A reminder that If there are MO edits that aren't incorporated into the next distribution, the attached feedback tracker MUST be filled out providing clear rationale for not including the MO's edits.
        - **Completed Feedback Trackers are due to me, cc'ing Alana by 5PM on Friday March 31.**
2. When staff arrive, have them fill out the sign-in sheet with their printed name, telephone number and initials.
3. Staff will be responsible for reviewing and initialing content indicating their approval. **There should be initials on every line/sentence/number/chart/table/photo/caption in every paper.**
    - Postcards were also put on distribution. They must also be signed-off today.
4. If an employee makes an edit, he/she must wait until all staff have inputted their edits in that chapter before it can be reprinted. All changes must be marked on the master copy of the Document.
5. Once all staff have reviewed and approved their sections, DPCs are required to incorporate all edits by staff and print a clean copy of their chapter.
6. The lead DPC's manager will be responsible for reviewing edits and ensuring that all edits have been captured.
7. Hardcopies with staff signatures are to be **delivered to BudSec at 4:00pm today.**

Other Updates

- Line Ministry Sign-off: All line ministries are have been invited to sign-off on April 4. See attached email for details.
- ADM Sign-off: Outlook invites will be sent out later today
- Further instructions for Director and Line-Ministry sign-off will follow in the

coming days.

Key Upcoming Dates:

Mar. 30: Branch Review
Mar. 31: Director Sign-off
Apr. 4: Line Ministry Sign-off
April 4: Final Spring Bill draft due
April 5: ADM/MO Sign-Off
April 6: ADM/MO Sign-Off

If you have any questions, please feel free to contact Alana or myself.

Thanks,
Ron

Ronald Jaikaran
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From: Jaikaran, Ronald (MOF)
Sent: March-28-17 10:23 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #16 | MO Feedback on Sixth Distribution | March 28, 2017

Good morning everyone,

Our Minister's Office has reviewed the sixth distribution of the papers. **The edits have been saved in their respective section folders on the iDoc drive** in folders called "MO Feedback".

MO FEEDBACK & GENERAL COMMENTS

A few comments for the next round:

- The MO has advised that several previously removed sections are making their way back into the narrative. Please be mindful of this. If a section has been removed multiple times by the MO - it should **not** be reinserted into the papers.
- **EAs, we have attached an updated version of the Outstanding Approvals**

Tracker reflecting the latest distribution. Please review and provide us with comments. This will help determine the remaining narrative loose ends and identify areas we need to follow up.

- As we approach sign-off, initiatives in the yellows that have already received approval should have square brackets removed. Please review these placeholders and ensure that the correct labels are being applied to the pending text.

- **Technical and Other Amendments** - This section should on its own page. All items currently tracking for inclusion in the Spring Bill should reference the proposed amendment. If Spring Bill initiatives don't fit the narrative, they should be moved to the Other Amendments section and shortened to 1-2 sentences.
- I have a few more specific comments and edits but will be reaching out to those DPCs individually throughout the day today.

PROCESS

1. A reminder that MO and additional staff edits must be rolled in before Branch Review. This is to ensure that a clean as possible version is available for sign-off. The papers will be distributed that evening once all chapters have been signed off (*see attached Sign-Off instructions for details*).
   - DPCs – please remember to send your sign-off locations/times to Pauline Padmore using the attached Boardroom templates.
2. MO edits must be reviewed and incorporated into the papers. **A reminder that If there are MO edits that aren't incorporated** into the next distribution, the **attached feedback tracker MUST be filled out providing clear rationale** for not including the MO's edits.
   - The tracker provides an opportunity to convey comments and considerations to the MO regarding their edits.
   - **Completed Feedback Trackers are due to me by 5PM on Thursday March 30.**
   - Please let me know if you will sending your tracker late
3. **Post Cards -** These were also put on distribution last Friday. Postcards will need to be signed-off along with the papers.

Key Upcoming Dates:

Mar. 28: Final Instructions for Spring Bill items due
Mar. 30: Branch Review
Mar. 31: Director Sign-off
Apr. 4: Line Ministry Sign-off
April 4: Final Spring Bill draft due
April 5: ADM/MO Sign-Off
April 6: ADM/MO Sign-Off

If you have any questions, please feel free to contact Alana or myself.

Thanks,
Ron

Ronald Jaikaran
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Office of the Budget | Ministry of Finance
Phone: 416-212-9335

ronald.jaikaran@ontario.ca

From: Jaikaran, Ronald (MOF)
Sent: March-27-17 11:00 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #15 | Revised Timelines | March 27, 2017

Hi everyone,

I wanted to provide you with an update to the production schedule as there have been a few revisions. Updated calendars were distributed on Friday evening.

1. **Sign-Off Date Changes**
   - Branch Review and Director sign-off dates have shifted by one day (March 30th and 31st respectively).
   - Line-Ministry sign-off has moved to the following week (April 4). A Deputy memo will be sent out inviting line ministries. Once this goes out, I will let everyone know.
2. **MO Feedback on 6th Distribution – Tuesday March 28th**
   - We still expect edits from the MO on Tuesday morning as previously communicated.
   - Tracked changes versions will be available to DPC's in the iDoc around **10:00am.**
   - MO edits will need to be incorporated as part of Branch Review.
   - As always, please wait for the email from myself to advise that the files are ready for pick up.
3. **Sign-off Instructions are attached**
   - DPC's, please review in advance of sign-off training which is scheduled for this afternoon**.**
   - Using the attached templates, if you could please let **Pauline Padmore** know where your Branch Review and Director-sign off will take place by **EOD Tuesday March 28th.**

Key Upcoming Dates:

th

Mar. 28: MO feedback on the 6 Distribution
Mar. 28: Final Instructions for Spring Bill items due
Mar. 30: Branch Review
Mar. 31: Director Sign-off
Apr. 4: Line Ministry Sign-off
April 4: Final Spring Bill draft due
April 5: ADM/MO Sign-Off
April 6: ADM/MO Sign-Off
If you have any questions, please feel free to contact Alana or myself.
Thanks,
Ron

Ronald Jaikaran
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From: Jaikaran, Ronald (MOF)
Sent: March-24-17 11:25 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #14 | Sixth Distribution | March 24, 2017

Good morning everyone,
Today is the sixth distribution of papers, the last before we begin the sign-off process.

PROCESS

1. **The sixth draft of your papers are due to BudSec at NOON today.**
    - DPCs, please submit your papers in the iDoc drive. Once you've saved your file in the drive, please email your BudSec contact, cc'ing Alana and myself to notify us that your paper is ready.
2. **MO edits must be reviewed and incorporated into the papers.** A reminder that If there are MO edits that aren't incorporated into the next distribution, the attached feedback tracker MUST be filled out providing clear rationale for not

including the MO's edits.

- The tracker provides an opportunity to convey comments and considerations to the MO regarding their edits.
- **Completed Feedback Trackers are due to me by 3PM on Friday March 24.**
- Please let me know if you will sending your tracker late

3. A friendly reminder to please identify chapter contributors throughout each section of the papers.
   - Each subsection should have a contributing author identified using square brackets.
4. In order to comply with **Accessibility for Ontario's with Disabilities Act,** we must include "Alt Text" for all images, charts and graphs. **Accessibility Text** must be included on the last page(s) of your chapters for Branch Review. A template has been attached.

   - When creating your description(s) consider the following:

     - Why is this chart/image/table here?
     - What information is it presenting?
     - What purpose does it fulfil?
     - If I could not use the non-text content, what words would I use to convey the same function and/or information

TIMELINES

5. **The Minister's Office will provide feedback on the sixth distribution on March 28.**
   - The edits will be provided in track changes and will be made available in the iDoc drive.
   - I will notify divisions when the edits become available.

Key Upcoming Dates:

Mar. 24: Sixth draft of papers due to BudSec at NOON for the sixth Distribution
Mar. 28: MO feedback on the 6th Distribution
Mar. 28: Final Instructions for Spring Bill items due
Mar. 29: Branch Review
Mar. 30: Director Sign-off
Mar. 31: Line Ministry Sign-off
April 4: Final Spring Bill draft due
April 5: ADM/MO Sign-Off
April 6: ADM/MO Sign-Off

If you have any questions, please feel free to contact Alana or myself.

Thanks,
Ron

Ronald Jaikaran
Team Lead, Document Policy Advisor and Coordinator

Document Development and Support Unit
Office of the Budget | Ministry of Finance
Phone: 416-212-9335
ronald.jaikaran@ontario.ca

From: Jaikaran, Ronald (MOF)
Sent: March-22-17 9:58 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #13 | MO Feedback on Fifth Distribution | March 22, 2017

Good morning everyone,

Our Minister's Office has reviewed the fifth distribution of the papers. **The edits have been saved in their respective section folders on the iDoc drive** in folders called "MO Feedback".

- DPCs, if you have issues accessing your files or need access to a paper you do not lead, please contact your BudSec paper Coordinator (listed in the Production Contact List).

MO FEEDBACK & GENERAL COMMENTS

A few comments for the next round:

- **What We Have Been Doing Since 2013**- You will notice in a few chapters that the "Achievements" sections have been revised and cut down. Moving forward, these sections will be on their own page and will include visuals. BudSec will work with the various DPCs to revise these sections for the next turn.
- A reminder to DPCs and contributing all initiatives that do not have the appropriate approvals in place must be **identified** (i.e., items that require LRC, TB/MBC or Cabinet approval must be square bracketed). Staff are required to indicate where the initiative is tracking and what date using square brackets. This must be inputted into the papers. Square-bracketed items are being rolled up for review. We will communicate next steps once the list has been reviewed.
- Items currently tracking for inclusion in the Spring Bill must be referenced in the Document. If the item does not fit the narrative of a particular chapter, it should

be moved to the Technical Amendments section in the Tax Chapter (Chp. 7). (*See the 2015 Budget*[fin.gov.on.ca] *(pg. 343) and 2016 Budget*[fin.gov.on.ca] *(pg. 338) for examples).*

- Please continue to identify chapter contributors throughout each section of the papers.
    - Each subsection should have a contributing author identified using square brackets.

- I have a few more specific comments in terms of narrative but will be reaching out to those DPCs individually throughout the day today.

PROCESS

1. MO edits must be reviewed and incorporated into the papers. **A reminder that If there are MO edits that aren't incorporated** into the next distribution, the **attached feedback tracker MUST be filled out providing clear rationale** for not including the MO's edits.
    - The tracker provides an opportunity to convey comments and considerations to the MO regarding their edits.
    - **Completed Feedback Trackers are due to me by 3PM on Friday March 24.**
    - Please let me know if you will sending your tracker late

TIMELINES

2. **As you may know, sign-offs are scheduled to take place next week.**
    - Detailed instructions will be circulated later this week.
    - DPCs you should have received a meeting invite for training from Melissa Ouzas. If you did not receive this invite please let her know.
    - Branch Review will take place the following week on **Wednesday March 29th.**
3. The MO will be providing feedback on the sixth distribution on Tuesday March 28

Key Upcoming Dates:

Mar. 24: Sixth draft of papers due to BudSec at NOON for the sixth Distribution
Mar. 28: MO feedback on the 6th Distribution
Mar. 28: Final Instructions for Spring Bill items due
Mar. 29: Branch Review
Mar. 30: Director Sign-off
Mar. 31: Line Ministry Sign-off
April 4: Final Spring Bill draft due

If you have any questions, please feel free to contact Alana or myself.

Thanks,
Ron

Ronald Jaikaran
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From: Jaikaran, Ronald (MOF)
Sent: March-17-17 11:50 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #12 | Fifth Distribution | March 17, 2017

Good morning everyone,

Today is the fifth distribution of papers.

PROCESS

1. **The fifth draft of your papers are due to BudSec at NOON today.**
    - DPCs, please submit your papers in the iDoc drive. Once you've saved your file in the drive, please email your BudSec contact, cc'ing Alana and myself to notify us that your paper is ready.
2. **MO edits must be reviewed and incorporated into the papers.** A reminder that If there are MO edits that aren't incorporated into the next distribution, the attached feedback tracker MUST be filled out providing clear rationale for not including the MO's edits.
    - The tracker provides an opportunity to convey comments and considerations to the MO regarding their edits.
    - **Completed Feedback Trackers are due to me by 3PM on Friday March 17.**
    - Please let me know if you will sending your tracker late
3. A friendly reminder to please identify chapter contributors throughout each section of the papers.
    - Each subsection should have a contributing author identified using square brackets.

TIMELINES

4. **The Minister's Office will provide feedback on the fifth distribution on March 22.**
    - The edits will be provided in track changes and will be made available in the iDoc drive.
    - I will notify divisions when the edits become available.

Key Upcoming Dates:
March 17: Fifth draft of papers due to BudSec at NOON for the fifth Distribution
Mar. 22: MO Feedback on the 5th Distribution
Mar. 24: Sixth draft of papers due to BudSec at NOON for the sixth Distribution
Mar. 28: MO feedback on the 6th Distribution
Mar. 28: Final Instructions for Spring Bill items due
Mar. 29: Branch Review
Mar. 30: Director Sign-off
Mar. 31: Line Ministry Sign-off
April 4: Final Spring Bill draft due
If you have any questions, please feel free to contact Alana or myself.
Thanks,
Ron

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From: Jaikaran, Ronald (MOF)
Sent: March-15-17 11:39 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); Gavin.He@ofina.on.ca; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); gavin.he@ofina.on.ca; Serena.ly@ofina.on.ca; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #11 | MO Feedback on Fourth Distribution | March 15, 2017

Good morning everyone,
Thank you for your patience. Our Minister's Office has completed reviewing the fourth distribution of the papers. The edits have been saved in their respective section folders on the iDoc drive in folders called "MO Feedback".

- DPCs, if you have issues accessing your files or need access to a paper you do not lead, please contact your BudSec paper Coordinator (listed in the Production Contact List).

MO FEEDBACK & GENERAL COMMENTS

A few comments for the next round:

- A reminder to DPCs and contributing authors that all initiatives that do not have the appropriate approvals in place must be **identified** (i.e., items that require LRC, TB/MBC or Cabinet approval must be square bracketed). Staff are required to indicate where the initiative is tracking and what date using square brackets. This must be inputted into the papers.
- Items currently tracking for inclusion in the Spring Bill must be referenced in the Document. If the item does not fit the narrative of a particular chapter, it should be moved to the Technical Amendments section in the Tax Chapter (Chp. 7). (*See the 2015 Budget*[fin.gov.on.ca] *(pg. 343) and 2016 Budget*[fin.gov.on.ca] *(pg. 338) for examples).*
- The papers are being reviewed by proofreaders as well as the MO. Please ensure to incorporate as many proof-reader edits where applicable**.** The edits are labelled (*MOF8*).
- Comms advisors may be in touch with DPCs to include placeholder language on Budget Talks initiatives in this turn of the papers. These should be included in the papers as break out boxes.
- Please identify chapter contributors throughout each section of the papers.
    - Each subsection should have a contributing author identified using square brackets.

PROCESS

1. EA's a friendly reminder that the **Outstanding Approvals Tracker is due EOD today.** If there are difficulties connecting with lead authors or If you anticipate missing this deadline please let me know.
2. MO edits must be reviewed and incorporated into the papers. **It has been brought to our attention that edits are not being accepted and rational is not being provided by divisions. A reminder that If there are MO edits that aren't incorporated** into the next distribution, the **attached feedback tracker MUST be filled out providing clear rationale** for not including the MO's edits.
    - The tracker provides an opportunity to convey comments and considerations to the MO regarding their edits.
    - **Completed Feedback Trackers are due to me by 3PM on Friday March 17.**
    - Please let me know if you will sending your tracker late

TIMELINES

3. **As you may know, the timelines for sign-off have shifted one week later.**
    - MO will provide edits on the 5th distribution on **Wednesday March 22nd.** These edits will be made available in the iDoc drive.
    - Branch Review will take place the following week on **Wednesday March 29th.**

Key Upcoming Dates:

March 17: Fifth draft of papers due to BudSec at NOON for the fifth Distribution

Mar. 22: MO Feedback on the 5 Distribution
Mar. 24: Sixth draft of papers due to BudSec at NOON for the sixth Distribution
Mar. 28: MO feedback on the 6th Distribution
Mar. 28: Final Instructions for Spring Bill items due
Mar. 29: Branch Review
Mar. 30: Director Sign-off
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April 4: Final Spring Bill draft due
If you have any questions, please feel free to contact Alana or myself.
Thanks,
Ron

Ronald Jaikaran
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From: Jaikaran, Ronald (MOF)
Sent: March-10-17 10:03 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); Gavin.He@ofina.on.ca; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); gavin.he@ofina.on.ca; Serena.ly@ofina.on.ca; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #10 | Fourth Distribution | March 10, 2017

Good morning everyone,
Today is the fourth distribution of papers.

PROCESS

1. **The fourth draft of your papers are due to BudSec at NOON today.**
    - DPCs, please submit your papers in the iDoc drive. Once you've saved your file in the drive, please email your BudSec contact, cc'ing Alana and myself to notify us that your paper is ready.
2. **If there are MO edits that aren't incorporated** into the next distribution, the **attached feedback tracker must be filled out providing clear rationale** for

not including the MO's edits.

- The tracker provides an opportunity to convey comments and considerations to the MO regarding their edits.
- **Completed Feedback Trackers are due to me by 3PM on Friday March 10.**

3. **Sign-offs are a few weeks away. Instructions will be circulated to divisions next week.**
   - We will also be hosting sign-off training for DPCs. You will receive a calendar invite in the near future.

TIMELINES

4. **The Minister's Office will provide feedback on the fourth distribution on March 15.**
   - The edits will be provided in track changes and will be made available in the iDoc drive.
   - I will notify divisions when the edits become available.

Key Upcoming Dates:

March 10: Fourth draft of papers due to BudSec at NOON for the fourth Distribution
March 15: MO Feedback on the 4th Distribution
March 15: Initial Spring Bill instructions
March 17: Fifth draft of papers due to BudSec at NOON for the fifth Distribution
March 21: MO Feedback on the 5th Distribution
March 22: Branch Review
March 23: Director Sign-off
March 24: Line Ministry Sign-Off
March 28: Final Spring Bill Instructions due

If you have any questions, please feel free to contact Alana or myself.

Thanks,
Ron

Ronald Jaikaran
Team Lead, Document Policy Advisor and Coordinator
Document Development and Support Unit
Office of the Budget | Ministry of Finance
Phone: 416-212-9335
ronald.jaikaran@ontario.ca

From: Jaikaran, Ronald (MOF)
Sent: March-08-17 10:01 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); Gavin.He@ofina.on.ca; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); gavin.he@ofina.on.ca; Serena.ly@ofina.on.ca; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend,

Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #9 | MO Feedback on Third Distribution | March 8, 2017

Good morning everyone,

Our Minister's Office has reviewed the third distribution of the papers. **The edits have been saved in their respective section folders on the iDoc drive** in folders called "MO Feedback".

- DPCs, if you have issues accessing your files or need access to a paper you do not lead, please contact your BudSec paper Coordinator (listed in the Production Contact List).

MO FEEDBACK & GENERAL COMMENTS

A few comments for the next round:

- All subtitles throughout the Document, should contain a verb describing the action being taken with each initiative. (i.e., Strengthening, Modernizing, Expanding, Implementing, etc.)
- Rename "*Commitments Since 2013*" sections to "*Achievements Since 2013*".
- DPCs and contributing authors must identify all initiatives that do not have the appropriate approvals in place (i.e., items that require LRC, TB/MBC or Cabinet approval must be square bracketed). Staff are required to indicate where the initiative is tracking and what date using square brackets. This must be inputted into the papers.

PROCESS

1. A reminder that l**ead DPC's should be reaching out to key contributors to relay MO edits** or any other key information related to the chapter.
    - If you have any questions about the required edits, please send me an email and I can follow up with our Minister's Office.
2. **MO edits must be reviewed and incorporated into the papers**. **If there are MO edits that aren't incorporated** into the next distribution, the **attached feedback tracker must be filled out providing clear rationale** for not including the MO's edits.
    - The tracker provides an opportunity to convey comments and considerations to the MO regarding their edits.
    - **Completed Feedback Trackers are due to me by 3PM on Friday March 10.**

TIMELINES

3. The fourth distribution is this Friday. **Revised papers are due to Budget Secretariat at 12PM on Friday March 10.**

Key Upcoming Dates:

March 8: MO Feedback on the 3rd Distribution
March 10: Fourth draft of papers due to BudSec at NOON for the fourth Distribution
March 15: MO Feedback on the 4th Distribution
March 15: Initial Spring Bill instructions

March 17: Fifth draft of papers due to BudSec at NOON for the fifth Distribution
March 21: MO Feedback on the 5th Distribution
March 22: Branch Review
March 23: Director Sign-off
March 24: Line Ministry Sign-Off
March 28: Final Spring Bill Instructions due

From: Jaikaran, Ronald (MOF)
Sent: March-03-17 6:11 PM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); Gavin.He@ofina.on.ca; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); gavin.he@ofina.on.ca; Serena.ly@ofina.on.ca; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #8 | Revised Timelines | March 3, 2017

Hi everyone,

Thank you for submitting your papers for this evening's distribution. As promised, I wanted to provide you with an update to the production schedule.

1. **Tentative Release Date Change**
   - The tentative release date has been revised. New calendars will be put on distribution today that provide details of the changes.
   - Two additional distributions have been added to the schedule (March 10th and March 17th).
   - A reminder that the release date is confidential and should not be shared with anyone outside of MOF/TBS.
2. **MO Feedback on 3rd Distribution – Wednesday March 8**
   - As a result of the date change, we expect edits from the MO on Wednesday morning (not Tuesday as mentioned earlier today).
   - Tracked changes versions will be available to DPC's in the iDoc around **10:00am.**
   - As always, please wait for the email from myself to advise that the files are ready for pick up.
3. **Distribution #4 – Friday March 10**
   - Papers are to be submitted to BudSec on **Friday March 10 at 12:00pm**.

Key Upcoming Dates:

March 3: Third Distribution of the papers

March 8: MO Feedback on the 3rd Distribution
March 10: Fourth draft of papers due to BudSec at NOON for the fourth Distribution
March 15: MO Feedback on the 4th Distribution
March 17: Fifth draft of papers due to BudSec at NOON for the fifth Distribution
March 21: MO Feedback on the 5th Distribution
March 22: Branch Review
March 23: Director Sign-off
Thanks for your ongoing flexibility during the process. If you have any questions, please feel free to contact Alana or myself.
Have a great weekend!
Ron

Ronald Jaikaran
Team Lead, Document Policy Advisor and Coordinator
Document Development and Support Unit
Office of the Budget | Ministry of Finance
Phone: 416-212-9335
ronald.jaikaran@ontario.ca

From: Jaikaran, Ronald (MOF)
Sent: March-03-17 11:16 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); Gavin.He@ofina.on.ca; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); gavin.he@ofina.on.ca; Serena.ly@ofina.on.ca; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF) 1; MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #7 | Third Distribution | March 3, 2017

Good morning everyone,
Today is the third distribution of papers.

PROCESS

1. **The third draft of your papers are due to BudSec at NOON today.**
   - DPCs, please submit your papers in the iDoc drive. Once you've saved your file in the drive, please email your BudSec contact, cc'ing Alana and myself to notify us that your paper is ready.
2. **If there are MO edits that aren't incorporated** into the next distribution, the **attached feedback tracker must be filled out providing clear rationale** for not including the MO's edits.

- The tracker provides an opportunity to convey comments and considerations to the MO regarding their edits.
- **Completed Feedback Trackers are due to me by 3PM on Friday March 3.**

TIMELINES

3. **The document production timelines are currently being reviewed**. An update will be provided later this evening once available.
4. **Under the current timelines, the Minister's Office will provide feedback on the third distribution on March 7.**
   - The edits will be provided in track changes and will be made available in the iDoc drive.
   - I will notify divisions when the edits become available.

Key Upcoming Dates:

March 3: Third draft of papers due to BudSec at NOON for the third Distribution
March 7: MO Feedback on the 3rd Distribution (TBD)
March 7: Branch Review (TBD)
March 8: Director Sign-Off (TBD)
March 9: Line-Ministry Sign-off (TBD)

If you have any questions, please feel free to contact myself or Alana Rowe.

Thanks,
Ron

Ronald Jaikaran
Team Lead, Document Policy Advisor and Coordinator
Document Development and Support Unit
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From: Jaikaran, Ronald (MOF)
Sent: March-01-17 10:58 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); Gavin.He@ofina.on.ca; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); gavin.he@ofina.on.ca; Serena.ly@ofina.on.ca; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF) 1; MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #6 | Second Distribution | March 1, 2017

Good morning everyone,
Our Minister's Office has reviewed the second distribution of the papers. **The edits have been saved in their respective section folders on the iDoc drive** in folders called "MO Feedback".

- DPCs, if you have issues accessing your files or need access to a paper you do not lead, please contact your BudSec paper Coordinator (listed in the Production Contact List).

MO FEEDBACK & GENERAL COMMENTS

A few comments for the next round:

- Items currently tracking for inclusion in the Spring Bill must be referenced in the Document. If the item does not fit the narrative of a particular chapter, it should be moved to the Technical Amendments section in the Tax Chapter (Chp. 7). (*See the 2015 Budget*[fin.gov.on.ca] *(pg. 343) and 2016 Budget*[fin.gov.on.ca] *(pg. 338) for examples).*
- The content in the **Commitments since 2013** text boxes should be presented in the form of infographics, similar to the 2016 FES brochures. Text boxes should no longer be used. (*See the following links for examples*: Education[fin.gov.on.ca], Health Care[fin.gov.on.ca], Jobs[fin.gov.on.ca])
- In the yellows, you may see comments that say "To be discussed at weeklies". The MO would like to discuss these items further at their weekly meetings with divisions. If you require further information or context, I'm happy to follow up with the MO.

PROCESS

1. A reminder that l**ead DPC's should be reaching out to key contributors to relay MO edits** or any other key information related to the chapter.
    - If you have any questions about the required edits, please send me an email and I can follow up with our Minister's Office.
2. **MO edits must be reviewed and incorporated into the papers**. **If there are MO edits that aren't incorporated** into the next distribution, the **attached feedback tracker must be filled out providing clear rationale** for not including the MO's edits.
    - The tracker provides an opportunity to convey comments and considerations to the MO regarding their edits.
    - **Completed Feedback Trackers are due to me by 3PM on Friday March 3.**
3. Our Deputy has reached out to line ministries regarding Document security. Please see attached memo and protocols. You may reach out to LMs as required. Please remember that your ADM should be aware of any line ministry outreach.

TIMELINES

4. The third distribution is this Friday. **Revised papers are due to Budget Secretariat at 12PM on Friday March 3.**
5. The current production schedule is under review. We will provide updates later this week of any changes to the current timelines.

Key Upcoming Dates:

March 3: Third draft of papers due to BudSec at NOON for third Distribution

March 6: MO Feedback on the 3rd Distribution

March 7: Branch Review (TBD)
March 8: Director Sign-Off (TBD)
March 9: Line-Ministry Sign-off (TBD)
If you have any questions, please feel free to contact myself or Alana Rowe.
Thanks,
Ron

Ronald Jaikaran
Team Lead, Document Policy Advisor and Coordinator
Document Development and Support Unit
Office of the Budget | Ministry of Finance
Phone: 416-212-9335
ronald.jaikaran@ontario.ca

From: Jaikaran, Ronald (MOF)
Sent: February-24-17 11:06 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Waddell, Colleen (ENERGY); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); Gavin.He@ofina.on.ca; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); gavin.he@ofina.on.ca; Serena.ly@ofina.on.ca; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Ize-Dukuze, Marilyn (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #5 | Second Distribution | February 24, 2017

Good morning everyone,
Happy Friday! Today is the second distribution of papers.

PROCESS

1. **The second draft of your papers are due to BudSec at NOON today.**
   - DPCs, please submit your papers in the iDoc drive. Once you've saved your file in the drive, please email your BudSec contact, cc'ing Alana and myself to notify us that your paper is ready.
   - If you have any technical or timing issues with submitting, please contact your BudSec paper coordinator.
   - The papers will be distributed this evening.
2. **A reminder to contributing authors to work with lead DPCs to ensure your content is inserted in the correct chapter.**
   - The revised contact list has been attached if you are unsure who you should be connecting with.
3. **Alana and I connected with impacted DPCs yesterday in regards to chapter title changes.** Please ensure that these changes are reflected in this

turn of the papers it would be appreciated. If you need a reminder please get in touch with us.

4. **If there are MO edits that aren't incorporated** into the next distribution, the **attached feedback tracker must be filled out providing clear rationale** for not including the MO's edits.
    - The tracker provides an opportunity to convey comments and considerations to the MO regarding their edits.
    - **Completed Feedback Trackers are due to me by 3PM on Friday February 24.**
5. **The Minister's Office will provide feedback on the second distribution on March 1.**
    - The edits will be provided in track changes and will be made available in the iDoc drive.
    - I will notify divisions when the edits become available.

Key Upcoming Dates:

February 24: Second draft of papers due to BudSec at NOON for Second Distribution
February 24: MO Feedback Tracker due at 3PM
March 1: MO Feedback on the 2nd Distribution
March 3: Third draft of papers due to BudSec at NOON for third Distribution
March 6: MO Feedback on the 3rd Distribution
March 7: Branch Review

If you have any questions, please feel free to contact myself or Alana Rowe.

Thanks,
Ron

Ronald Jaikaran
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Document Development and Support Unit
Office of the Budget | Ministry of Finance
Phone: 416-212-9335
ronald.jaikaran@ontario.ca

From: Jaikaran, Ronald (MOF)
Sent: February-22-17 10:20 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Waddell, Colleen (ENERGY); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); Gavin.He@ofina.on.ca; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); gavin.he@ofina.on.ca; Serena.ly@ofina.on.ca; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Ize-Dukuze, Marilyn (MOF); MacIntyre, Kyle (TBS); Simone,

Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #4 | MO Feedback on First Distribution | February 22, 2017

Good morning everyone,

Our Minister's Office has reviewed the first distribution of the papers. **The edits have been saved in their respective section folders on the iDoc drive** in folders called "MO Edits".

- DPCs, if you have issues accessing your files or need access to a paper you do not lead, please contact your BudSec paper Coordinator (listed in the Production Contact List).

MO FEEDBACK & GENERAL COMMENTS

1. Overall, our Minister's Office was pleased with the first draft of the papers. A few comments for the second distribution:
    a. All chapters should be written using the following structure:

        Introduction
        - This should be a summary of the chapter and no more than 2pages
        - It should summarize the types of commitments the chapter will cover
        - Include value statements (i.e., Why this section/topic is important? What outcome is the government is trying to achieve?)

        Highlights since 2013
        - This should be in the form of a text box/call-out box on a separate page following the introduction
        - Highlights/accomplishments should be written in succinct bullet points
        - The page can include pictures, graphics, icons or other visuals.

        Initiatives
        - When describing individual initiatives, the narrative should follow our lens and answer the following:
            - What is the government's commitment?
            - Why it's important?
            - What outcomes is the government trying to achieve? What are the key performance indicators?

    b. When referencing investments, please be specific about where/what region in Ontario the investments are taking place.
    c. Some MO comments in the papers say "Suggested KMs" – these Key Messages are meant to be a guide and not copied word-for-word into the narrative.

PROCESS

2. A reminder that l**ead DPC's should be reaching out to key contributors to relay MO edits** or any other key information related to the chapter.
    - If you have any questions about the required edits, please send me an email and I can follow up with our Minister's Office.
3. **MO edits must be reviewed and incorporated into the papers**. **If there are MO edits that aren't incorporated** into the next distribution, the **attached feedback tracker must be filled out providing clear rationale** for not including the MO's edits.
    - The tracker provides an opportunity to convey comments and

considerations to the MO regarding their edits.

- **Completed Feedback Trackers are due to me by 3PM on Friday February 24.**

4. EAs, please remember to set up weekly meetings with your teams and MO advisors to discuss Document narratives and feedback.
    - MO Advisors are listed in the table of contents that was part of the first distribution
    - If you're unsure of who you should be contacting, please feel free to get in touch with me.
5. **A teleconference** will be set up later this week to check in and to discuss any issues that may arise before the second distribution. Stay tuned for further details. As always, feel free to contact Alana or myself with any additional questions you may have.

TIMELINES

6. The second distribution is this Friday. **Revised papers are due to Budget Secretariat at 12PM on Friday February 24.**

Key Upcoming Dates:

February 22: MO Feedback on 1st Distribution
February 22: Security Awareness Training (2:00 pm- 3:00 pm)
February 24: Second draft of papers due to BudSec at NOON for Second Distribution
February 24: MO Feedback Tracker due at 3PM
March 1: MO Feedback on the 2nd Distribution
March 3: Third draft of papers due to BudSec at NOON for third Distribution
March 6: MO Feedback on the 3rd Distribution
March 7: Branch Review

If you have any questions, please feel free to contact myself or Alana Rowe.

Thanks,
Ron

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Phone: 416-212-9335
ronald.jaikaran@ontario.ca

From: Jaikaran, Ronald (MOF)
Sent: February-17-17 9:22 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Waddell, Colleen (ENERGY); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); Gavin.He@ofina.on.ca; Wynberg, Lynsey (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); gavin.he@ofina.on.ca; Serena.ly@ofina.on.ca; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal,

Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Ize-Dukuze, Marilyn (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #3 | Lockdown & First Distribution | February 17, 2017

Hi everyone,

Today is the first day of Lockdown and the first distribution of papers.

PROCESS

1. **A friendly reminder that the first draft of your papers are due to BudSec at NOON today**
    - DPCs, please submit your papers in the iDoc drive.
    - Once you've saved your file in the drive, please email your BudSec contact, cc'ing Alana and myself to notify us that your paper is ready.
    - If you have any technical or timing issues with submitting, please contact your BudSec paper coordinator.
    - The papers will be distributed this evening.
2. EAs, please submit your line ministry (LM) contacts template by **EOD today**
    - **Divisions are asked to use the attached template to identify LMs that you think will need to be involved in developing major components of the Document narrative in advance of line-ministry sign-off**.
    - The complete list of LMs will be reviewed by our Deputy and Minister's Office. Once approved, we will be reaching out to the identified contacts to ensure they have the appropriate security training needed to be involved in the Document process.
3. **The Minister's Office will provide feedback on the first distribution on February 22.**
    - The edits will be provided in track changes and will be made available in the iDoc drive.
    - I will notify divisions when the edits become available.
4. **Document Protocols (Production, Communication & Security)**
    - Please take a few minutes to review the attached protocols. They identify roles, responsibilities and outline the best practices and guidelines during the Document process.

SECURITY

5. **Today is the first day of Document Lockdown.** The Frost building will be under enhanced security protocols (*see attached Security Bulletin for details*) . Please keep in mind the following protocols:
    - Watch out for "piggybacking" at both the main entrance and the entrance to your floor. Every person must swipe in. Staff should not hold the door open for any unknown guests.
    - Please ensure that yellow papers are never left unattended and are locked whenever you are away from your desk.
    - Yellow paper should not be put in the shredding bins.
    - All Document-related files must be password protected with the 2017 Document internal or external passwords.

Key Upcoming Dates:

February 17: Lockdown Begins
February 17: First draft of papers due to BudSec at NOON for First Distribution
February 20: *Family Day*
February 22: MO Feedback on 1st Distribution
February 22: Security Awareness Training (2:00 pm- 3:00 pm)
February 24: Second draft of papers due to BudSec at NOON for Second Distribution
March 1: MO Feedback on the 2nd Distribution
You may also feel free to "unsubscribe" to these updates at any time.
Thanks,
Ron

Ronald Jaikaran
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Office of the Budget | Ministry of Finance
Phone: 416-212-9335
ronald.jaikaran@ontario.ca

From: Jaikaran, Ronald (MOF)
Sent: February-15-17 6:59 PM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Waddell, Colleen (ENERGY); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); Gavin.He@ofina.on.ca; Wynberg, Lynsey (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (OFA); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); gavin.he@ofina.on.ca; Serena.ly@ofina.on.ca
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Ize-Dukuze, Marilyn (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #2 | Revised ToC | February 15, 2017

Good evening everyone,
Thanks for your input on the table of contents. Attached is a revised version. Please see below for further updates:

NARRATIVE

1. Attached is a revised **Table of Contents** outlining the structure for developing DOC narratives. We included your input and worked with the Minister's Office to update the ToC. A few things to note:
    a. Some sections have changed or merged and initiatives have also been moved around.
    b. MO advisors and DPCs have been added.
2. Staff should begin drafting their narratives according to the revised ToC. Divisions are asked to craft their narratives according to the following **narrative lens** below. All narratives should respond to the following questions:
    a. What is the government's commitment? What did the government commit to in the 2016 Budget?

b. Why the commitment is important?
c. What outcomes will the government's plan achieve?

- Divisions should be working together on their narratives as many sections throughout the Document have multiple contributing authors.

SECURITY

3. Each year, line ministries (LMs) are involved in developing the Document narratives. This year, we're introducing **a new security measure** in accordance with the recommendations of our recent review of Document security measures.
   a. **Divisions are asked to use the attached template to identify LMs that you think will need to be involved in this year's Document development** in advance of line-ministry sign-off.

i. The complete list of LMs will be reviewed by our Deputy and Minister's Office. Once approved, we will be reaching out to the identified contacts to ensure they have the appropriate security training needed to be involved in the Document process.

   b. **Please send your completed templates by end of day Friday Feb. 17.**

4. A reminder that **security training sessions** are still being held for new staff and anyone that would like a refresher. The following sessions are still available:
   - Thursday February 16 – 2pm to 3pm
   - Wednesday February 22 – 2 pm to 3 pm
   - Thursday February 23 – noon to 1 pm
   - Friday February 24 – 10am to 11am

   a. Please contact **Lee Zavagno** to enroll your staff in security training.
   b. If additional sessions are required, please let me know, we'll arrange to have those set up.

PROCESS

5. You should all have received an email from Document, Production (MOF) requesting your computer information. Please review that email and submit your computer information. This will ensure that you receive distributions when they are sent out.

TIMELINES

6. A complete planning and production calendar is still under development and will be circulated to divisions via secure distribution later this week.

Key Upcoming Dates:

February 16: Security Awareness Training (2:00 pm- 3:00 pm)
February 17: Lockdown Begins
February 17: First draft of papers due to BudSec at NOON for First Distribution
February 20: *Family Day*
February 22: MO Feedback on 1st distribution
February 22: Security Awareness Training (2:00 pm- 3:00 pm)
February 24: Second draft of papers due to BudSec at NOON for Second Distribution

Please don't hesitate to contact me with questions.
You may also feel free to "unsubscribe" to these updates at any time.
Thanks,
Ron

Ronald Jaikaran
Team Lead, Document Policy Advisor and Coordinator

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From: Jaikaran, Ronald (MOF)
Sent: February-13-17 5:32 PM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Waddell, Colleen (ENERGY); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); Gavin.He@ofina.on.ca; Wynberg, Lynsey (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS)
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Subject: DPAC Update #1 | Welcome to the 2017 Document Process | February 13, 2017

Good evening,

As many of you already know, the 2017 Budget process is well underway. Similar to years past, I'll be providing regular DPAC Updates to ensure we're on the same page and remain aligned throughout the process. There will be a mix of email updates, teleconferences and in-person meetings this process.

Please feel free to forward this email along to staff and/or let me know if you'd like me to add anyone to this email distribution list.

Last Friday we held a Document Planning session with your ADMs. At the meeting the following items were discussed:

NARRATIVE

1. The preliminary **Table of Contents** outlines a structure for developing DOC narratives. It outlines key contacts throughout the process.
    a. A request for divisions to review, provide comments and identify key contacts where necessary was sent to EAs on Friday. Thank you to those that have submitted their feedback. Please provide revisions to Alana cc'ing myself as soon as possible.
2. Staff should begin drafting their narratives according to the ToC. Divisions are asked to craft their narratives according to the following **narrative lens** below. All narratives should include the following format:
    a. What is the government's commitment?
    b. Why the commitment is important?
    c. What outcomes will the government's plan achieve?

PROCESS

3. Budget Secretariat has sent out a few requests for divisions to:
    a. Identify **Divisional Paper Coordinators (DPCs)**, Production Staff Persons (PSPs) and Briefing Book Coordinators (BBCs). Please review the request and provide a response by Monday February 13th.
    b. Review **Divisional Distribution Lists**, based on previous document processes, to be updated for the upcoming 2017 Spring Document Process. Please review and provide a response by Tuesday February 14th at noon.
4. A **briefing schedule** is currently being developed and will be circulated to divisions in the near future.

SECURITY

5. Maintaining high standards of confidentiality help preserve the integrity of the document development process. It is important that we adhere to the best practices throughout the process.
    a. **Passwords**: The new 2017 DOC passwords were communicated verbally to all divisions. Please feel free to call me if you do not know the 2017 DOC passwords. **The passwords should not be shared via email.**
    b. **Security Awareness Training**: Sessions have been set up (See attached email). **Attendance is mandatory for all new staff, however existing Frost Complex staff are encouraged to attend security training for a refresher.** Sessions will take place on:
        - Tuesday February 14 – 11 am to noon
        - Wednesday February 15 – noon to 1pm
        - Thursday February 16 – 2pm to 3pm
        - Wednesday February 22 – 2 pm to 3 pm
        - Thursday February 23 – noon to 1 pm
        - Friday February 24 – 10am to 11am
    c. Please contact **Lee Zavagno** to enroll your staff in security training.
    d. If additional sessions are required, please let me know, we'll arrange to have those set up.

TIMELINES

6. A complete planning and production calendar will be circulated to divisions via secure distribution later this week.

Key Upcoming Dates:

February 13: Deadline to identify DPCs and PSPs
February 14: Deadline to submit Distribution Lists (Noon)
February 14: Security Awareness Training (11:00 am-12:00 pm)
February 15: DPC Training
February 15: Security Awareness Training (12:00 pm- 1:00 pm)
February 16: Security Awareness Training (2:00 pm- 3:00 pm)
February 17: Lockdown Begins
February 17: First draft of papers due to BudSec at NOON for First Distribution
February 22: MO Feedback on 1st distribution
February 22: Security Awareness Training (2:00 pm- 3:00 pm)
February 24: Second draft of papers due to BudSec at NOON for Second Distribution

Please don't hesitate to contact me with questions.
You may also feel free to "unsubscribe" to these updates at any time.
Thanks,
Ron

Ronald Jaikaran
Team Lead, Document Policy Advisor and Coordinator
Document Development and Support Unit
Office of the Budget | Ministry of Finance
Phone: 416-212-9335
ronald.jaikaran@ontario.ca

2017 BUDGET LOCKUP PRIMER

The Budget Lock-Up provides the media and other stakeholders with the opportunity to review the Budget and have their questions answered in a secure environment. As a policy contributor, you may be:

On-call offsite: You should be available by email or phone over the course of the day and able to arrive at the lock-up within about 10 minutes of being alerted to answer a media, political party or stakeholder question.

On standby onsite: You will be stationed in the Staff Lounge (Macdonald Block cafeteria) and will be alerted when you are needed to answer a media, political party or stakeholder question.

Designated to the media lockup: If you are responsible for a policy area that is anticipated to be of high interest to the media, you will be stationed in the Huron Room. The DPAC will inform you in advance.

Staff Registration – St. Lawrence Lounge

Badges are required to access Lock-up. Staff can register and pick-up a badge in the St. Lawrence Lounge on the main floor of the Macdonald Block (facing the 900 Bay Street exit). Please bring your ministry photo ID and your lanyard, as you will be required to wear your badge at all times.

Staff assigned to the media lock-up: pick up your badge before reporting to the Ontario/Huron rooms.

All other staff (i.e. staff on-call): you can register and pick up a badge once you are notified and dispatched to a room to answer a question.

Media Lock-Up *(8:00am – 4:00pm, Ontario/Huron Rooms)*

Media will begin to arrive around 8:00 am. Designated policy experts should arrive by 9 a.m. to answer media questions. Policy experts will be grouped and seated by subject area.

Please note that subject areas and policy experts may change over the course of the day to best serve the media; a Communications staffer will advise you of any changes.

For media questions outside the scope of the designated policy experts in the room, alert a Communications staffer who will work with the policy coordination desk to ensure the appropriate expert is dispatched to the media lockup to answer the question.

Designated policy staff must clear the Huron room at 12:40 p.m., at which point they can move to the cafeteria for lunch.

All ministry staff* must clear the media lockup during the press conferences (*except SMC). Members of the senior management team can also watch the press conference on a closed-circuit TV in the Trillium boardroom (1st Floor, cafeteria area).

Other staff should go to the cafeteria or their offices and be on-call for stakeholder lockup in the afternoon.

MPP Lock-Up *(9:00am – 4:00pm, multiple rooms)*

Lock-Up for the Liberal and Opposition MPPs (NDP and PC) and their political staff begins at 8:30 a.m. MPPs are escorted from their lockup to attend the Legislature at 3:30 p.m. Political staff will remain in Lock-Up until the Budget is released. Executives brief the NDP at 10:00 a.m. and the PC at 10:30 a.m.

Stakeholder Lock-Up *(12:00pm–4:00 pm, multiple rooms)*

Stakeholders will begin to arrive at noon and their Lock-Up will start at 1:00 p.m.

Every room will have inquiry cards available for stakeholders to ask questions. At regular intervals (every 5-10 minutes), volunteers will collect completed inquiry cards and deliver them to the policy coordination desk. The policy coordination desk will log stakeholders' questions and ensure appropriate policy staff are dispatched.

Policy experts are expected to be available on-site or on-call (within a 10-minute walking distance from Macdonald Block), and must report to the policy coordination desk if they are called to answer a question.

ADDITIONAL INFORMATION

Staff Lounge - Cafeteria

Managers, staff and line-ministry support will be accommodated in the cafeteria on the main floor of Macdonald Block. Copies of the Budget will not be available in the cafeteria. As questions arise, staff will be dispatched from the cafeteria to the appropriate Lock-Up room. Staff should remain in their Queen's Park offices until contacted.

Executive Lounge – Trillium Boardroom

Directors, EAs and ADMs who are not assigned to the media lockup should congregate in the Trillium boardroom, located inside the Macdonald Block cafeteria. As questions arise in the lock-ups, executives will be called out of the Trillium boardroom to respond. Accommodating executives in this central location will ensure the policy coordination desk can locate policy experts quickly.

Copies of the Budget will be available as well as a closed-circuit TV to view the press conferences. OPP will monitor access and ensure budget documents do not leave this room.

Policy Coordination Desk – Room M2-19 (beside the Severn Room)

The policy coordination desk will be located in Room M2-19 (beside the Severn Room) and serves as the central hub for receiving inquiry cards from stakeholders and arranging for each question to be answered.

Transmitting Devices

Transmitting devices (i.e., BlackBerries, personal smartphones) are NOT allowed in the lock-up rooms until the lock-up is released. OPP will have scanners to ensure this rule is strictly enforced. If you are on-call and are requested to answer a question at Lock-Up, turn off your device before entering. You are permitted to use transmittal devices in the hallways or in the cafeteria.

EMERGENCY PROCEDURES

Fire Alarm

In the event of an emergency, please take your direction from the OPP officers only.

You will be directed to evacuate the building.

If you require assistance, please alert an OPP officer so arrangements can be made to assist you.

Medical Emergency

In the event of a medical emergency, please alert an OPP officer who can provide appropriate first aid.

First aid kits are available from the registration desks at the Ontario Room and the St. Lawrence Lounge.

There are multiple Automated Emergency Defibrillator (AED) units available within the Macdonald Block.

In the event that you require professional medical attention, transportation to the nearest facility will be provided.

Family Emergency

In the event of a family emergency, you can be reached through Sgt. Ryan Bennett, Queen's Park OPP Detachment at (416) 807-6323.

** Remember that if you are required to leave the building, you are not permitted to take any part of the Ontario Budget documents with you and you will remain bound by your Oath of Office until the Budget is tabled. **

Critical Timelines for 2017 Ontario Budget Lockup

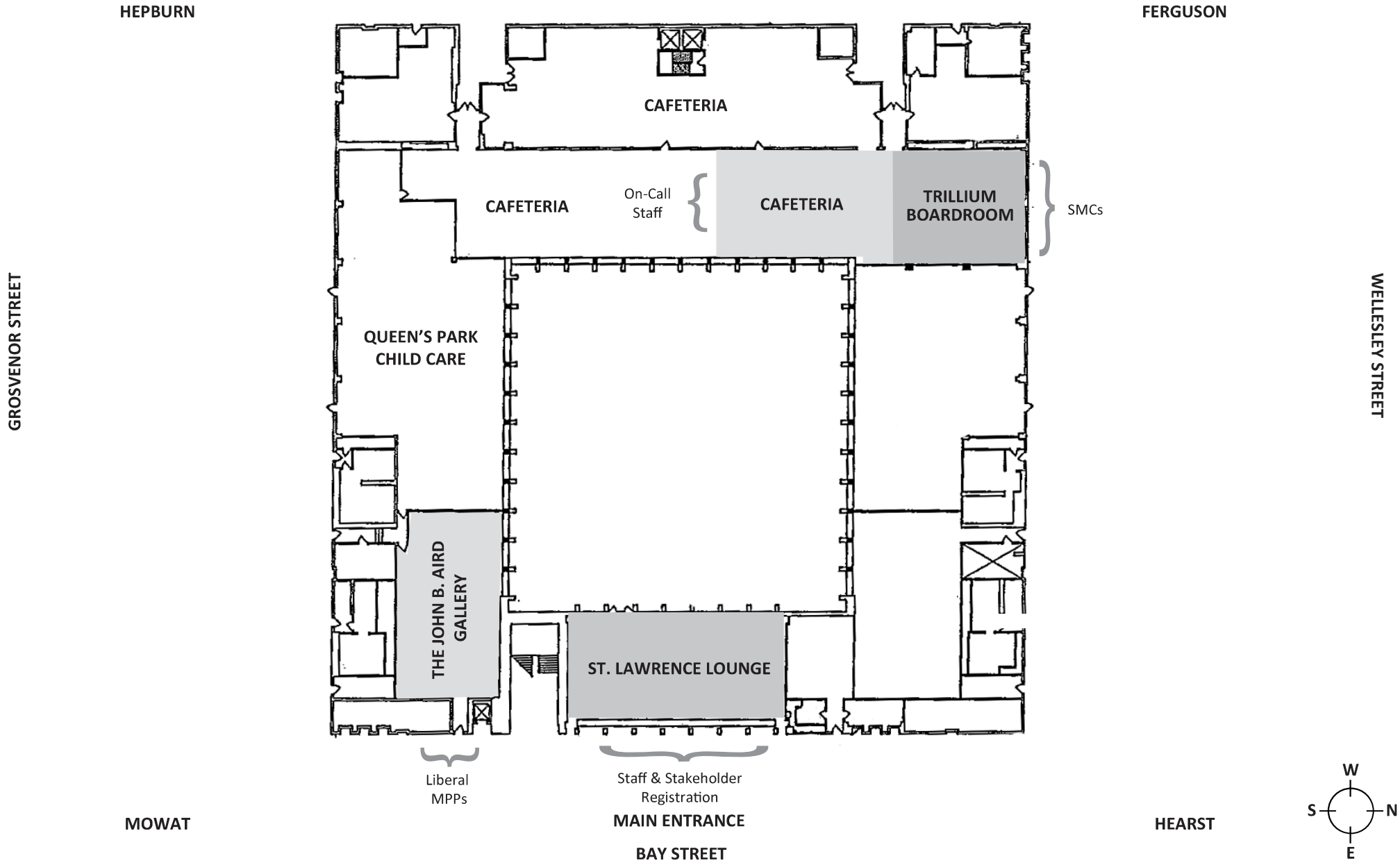
Time	Major Events	Location	Minister's Activities	Deputy's Activities	Executive Team	Policy Staff
6:00 a.m.	OPP Breakfast & Security Briefing	Macdonald Block Cafeteria				
6:30 a.m.	Officers open Superior, Ontario Rooms and Huron	Superior, Ontario, Huron				
6:30 a.m.	Bespoke arrives to set up	Superior, Ontario, Huron				
7:00 a.m.	Volunteers and contractors arrive	900 Bay – St. Lawrence Lounge – 1st Floor				
7:30 a.m.	Coordination Desk staff arrive	M2-19 (beside Severn)				
7:30 a.m.	Media registration begins	Outside Ontario Room				
7:30 a.m.	Staff, line-ministry and political volunteers arrive	900 Bay Entrance – St. Lawrence Lounge – 1st Floor				
8:00 a.m.	Political volunteers arrive	Erie/Thames/ St. Clair - Liberal Kenora – NDP Nipigon/Nipissing - PC				
8:30 – 9:30	TB/ MBC Briefing	TBO Boardroom, 1st Floor, Frost South		TBO Briefing	TBO Briefing	
9:00 a.m.	Political staff arrive (MPPs arrive later in the day)	Erie/Thames/ St. Clair – Liberal Kenora – NDP Nipigon/Nipissing – PC	Speech Prep (Frost)			Staff are on call via blackberries or in 1st Floor, North end of cafeteria. Respond to questions as required. Media lockup: 8:00 – 4:00 Opposition Briefings NDP – 10:00 PC – 10:30
9:00 a.m.	SMC and designated policy staff arrive	Huron Room		Huron Room	Huron Room	
10:00 – 10:30	NDP briefing	Kenora		Kenora	Kenora	
10:30 – 11:00	PC briefing	Nipigon/Nipissing		Nipigon/Nipissing	Nipigon/Nipissing	
10:30 a.m.	OPP Briefing – 2nd shift	Macdonald Block Food Court				
11:00 a.m.	Stakeholder registration volunteers arrive	900 Bay Entrance – St. Lawrence Lounge – 1st Floor				

Time	Major Events	Location	Minister's Activities	Deputy's Activities	Executive Team	Policy Staff
11:30 – 12:00	DMs and ADMs pre-brief	Trillium Boardroom, Mac Block, 1st Floor		Trillium Boardroom	Trillium Boardroom	
11:30 – 1:00	Lunch	Cafeteria – 1st Floor – Staff	OPP Boardroom	OPP Boardroom	OPP Boardroom	
12:00 – 12:30	Minister's pre-brief	OPP Boardroom		OPP Boardroom		
12:00 p.m.	Stakeholder registration opens	St. Lawrence Lounge	Prep for news conference in OPP Boardroom	Brief/lunch with Minister		
12:00 – 4:00	Stakeholder briefings	Stakeholder Rooms				
1:00 – 1:30	Minister's news conference	Ontario Room	Ontario Room	Ontario Room		
1:30 – 1:45	De-brief with Minister, DM & ADMs	OPP Boardroom	OPP Boardroom	OPP Boardroom		
1:45 – 2:15	PC news conference	Ontario Room	Speech prep in OPP Boardroom	PC News Conference – Ontario Room		
2:00 p.m.	Caucus arrive	John B. Aird Art Gallery				
2:15 p.m.	Caucus Briefing	John B. Aird Art Gallery				
2:30 – 3:00	NDP news conference	Ontario Room	Issues briefing in OPP Boardroom	NDP News Conference – Ontario Room		
3:00 – 4:00	Deputies' Briefing	Treasury Board Boardroom, Frost South, 1st Floor		Deputies' technical briefing in TBO Boardroom, Frost South – 1st Floor		
3:00 – 3:15	Gallery guests identified and escorted to the Legislature via tunnel	Stakeholder Rooms				
3:30	MPPs are escorted to Legislature: PCs @ 3:30 - Nipigon/Nipissing NDPs @ 3:30 - Kenora Liberals @ 3:35 – John B. Aird Art Gallery	Legislature				
4:10 (approx.)	Budget is tabled	Legislature	Budget Speech	Budget is tabled and Lock-Up is released		
5:00 -7:00 (approx.)	Media satellite tour	Library	Media Satellite tour begins			

2017 BUDGET LOCKUP — Room Allocations

Macdonald Block First Floor

Prepared by Budget Secretariat
416-325-1588
Updated on March 23, 2017

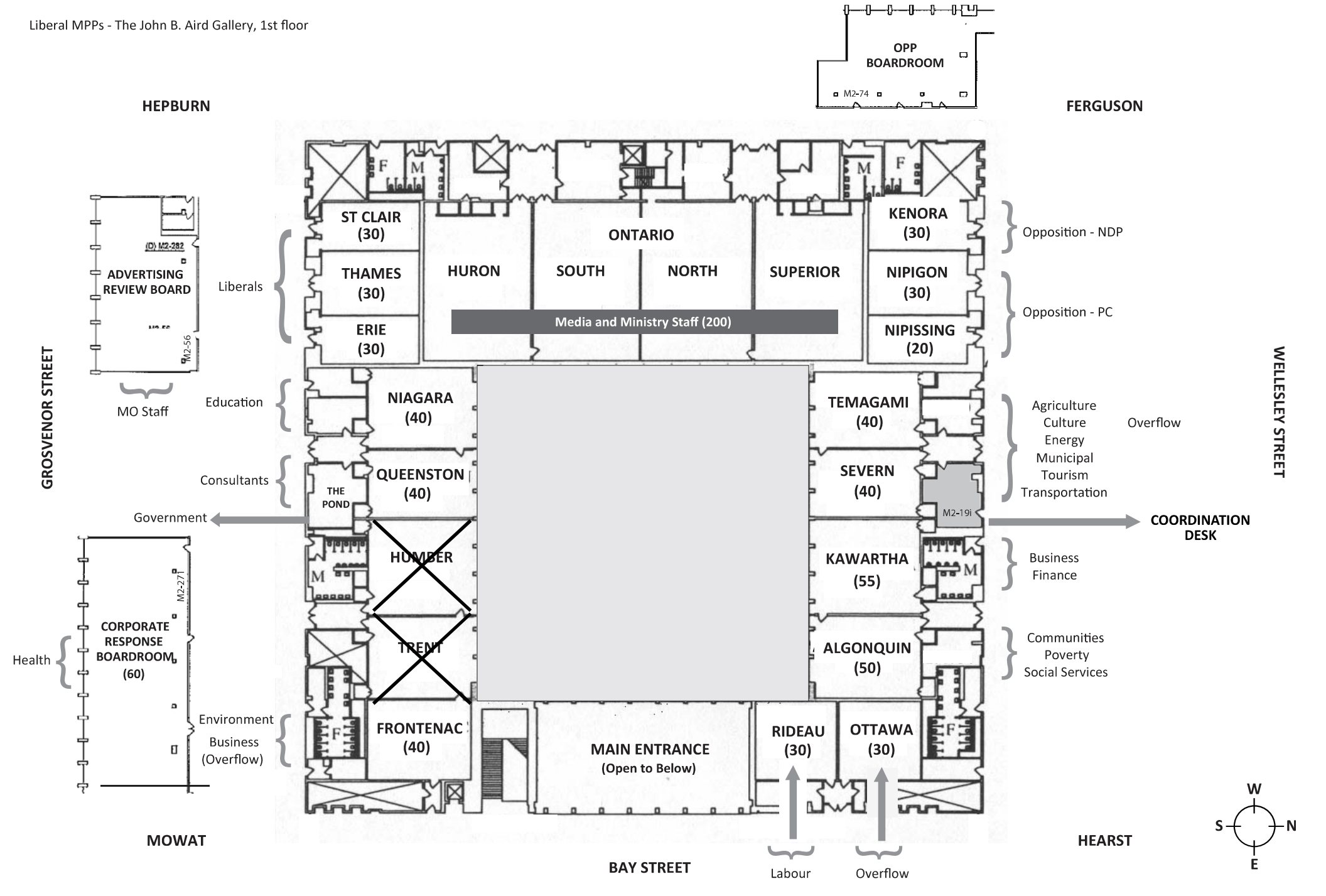


2017 BUDGET LOCKUP — Room Allocations

Macdonald Block Second Floor

Prepared by Budget Secretariat
416-325-1588
Updated on March 23, 2017

Liberal MPPs - The John B. Aird Gallery, 1st floor



2017 DOCUMENT LOCKUP CONTACTS

MEDIA LOCK UP- (FRONT DESK) HURON ROOM, 8:00AM – 4:00PM* (*except during media conferences 12:30PM-3:00PM)

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	Rob Gray	Rob.Gray@ontario.ca	416-325-0801	647-639-2291

BACK-UP TOPICS **PLEASE NOTE: please attend this room ONLY IF YOU ARE CALLED.				
Financial Institutions				
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OPPOSITION BRIEFINGS, KENORA/NIPIGON/NIPISSING ROOMS, 10–11:00AM

Leads: Tim Schuurman, Karen Hughes

Gadi Mayman Michael Waterston Brian Lewis	Bill Praamsma Allan Doheny Sriram Subrahmanyan	Ann Langleben Kathleen Ward Mike Weir	Nancy Kennedy Ronald Kwan Leah Myers	Maria Duran-Schneider Cindy Veinot Artur Arruda Teuta Dodbiba

2017 DOCUMENT CONTACTS

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Ontario's Balanced Budget	John Psinas	AT LOCKUP	John.Psinas@ofina.on.ca	416-325-8072	416-543-0664
	Selena Esmail	AT LOCKUP	Selena.Esmail@ontario.ca	(416) 325-5621	416-903-3966
Declining Net Debt-to-GDP					
Ontario's Economic Performance and Outlook	Rob Nicholson	ON CALL	Robert.Nicholson@ontario.ca	416-325-0778	647-403-7842
Ontario: A Growth Leader					
Ontario: Creating High Quality Jobs					
Ontario's Diverse Economy					
Ontario's Strong Trade Connections with the United States					
Maintaining Tax Competitiveness					
Healthy Outlook for Ontario's Economy					
The Path Forward for All					
Chapter II: Helping You and Your Family					
Introduction					
Helping with Everyday Costs	Gavin He (EA, Electricity)	AT LOCKUP	Gavin.He@ofina.on.ca	416-325-0924	416-302-9526
Delivering the Largest Single Reduction to Electricity Rates in Ontario's History	John Kim	AT LOCKUP	John.Kim@ontario.ca	416) 212-6996	(647) 284-8608
	Bruno Amara	AT LOCKUP	Bruno.Amara@ofina.on.ca	(416) 325-1489	(416) 276-3427
Reducing Electricity Rates by 25 Per Cent	Shajee Kathirgamanathan	AT LOCKUP	Shajee.Kathirgamanathan@ofina.on.ca	(416) 325-1402	(647) 294-3359
Providing Targeted and Expanded Relief for Rural, Remote, Low-Income and First Nation Customers	Emily Kerr	ON CALL	Emily.Kerr@ofina.on.ca	(416) 325-8356	(416) 371-7975
Providing a First Nations On-Reserce Delivery Credit					
Providing Further Support for Rural and Remote Communities					
Lowering Electricity Costs for the Most Vulnerable Consumers					
Promoting Energy-Efficient Improvements to Ontario Homes	John Kim	AT LOCKUP	John.Kim@ontario.ca	416) 212-6996	(647) 284-8608

Reducing Electricity Costs for Businesses	Bruno Amara	AT LOCKUP	Bruno.Amara@ofina.on.ca	(416) 325-1489	(416) 276-3427
Modernizing the Province's Electricity Markets	Shajee Kathirgamanathan	AT LOCKUP	Shajee.Kathirgamanathan@ofina.on.ca	(416) 325-1402	(647) 294-3359
Expanding Access to Natural Gas	Graham Flanagan	AT LOCKUP	Graham.Flanagan@ontario.ca	416-325-4641	416-554-1879
	Gladys Miu	AT LOCKUP	Gladys.Miu@ontario.ca	416-325-5311	416-995-7067
Elimination of the Drive Clean Emission Test Fee	Felix Fung		Felix.Fung@ontario.ca	416-327-0203	
Helping Parents					
Children and Youth Pharmacare	Scott Coe	AT LOCKUP	Scott.Coe@ontario.ca	416-325-8244	416-961-5782
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Helping Students					
Making Postsecondary Education More Affordable					
Supporting Seniors					
Promoting Health and Active Aging	Scott Coe	AT LOCKUP	Scott.Coe@ontario.ca	416-325-8244	416-961-5782
Elderly Persons Centres	Jonathan Lear	AT LOCKUP	Jonathan.Lear@ontario.ca	416-327-2026	647-927-2459
Connecting Seniors with Community, Culture and Technology	Scott Coe	AT LOCKUP	Scott.Coe@ontario.ca	416-325-8244	416-961-5782
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Lowering Public Transit Costs for Seniors					
Ensuring Sprinklers Are Installed in Licensed Retirement Homes	James Pearce	AT LOCKUP	James.Pearce@ontario.ca	416-325-9334	647-622-1591
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Supporting Seniors' Health	Scott Coe	AT LOCKUP	Scott.Coe@ontario.ca	416-325-8244	416-961-5782
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Community Investments					
Increasing Investments in Long-Term Care					
Expanding Seniors' Access to Affordable Drugs					
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Consumer Protection					

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	Daniel Padro	AT LOCKUP	Daniel.Padro@ontario.ca	416-326-9227	416-801-1522
Strengthening Consumer Protection for Owners of Newly Built Homes					
Regulation of Financial Planning	Shameez Rabdi		Shameez.Rabdi@ontario.ca	(416) 325-3577	647-204-4361
Supporting Financial Literacy					
Strengthening Investor Protection	Shameez Rabdi		Shameez.Rabdi@ontario.ca	(416) 325-3577	
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Provincial Employment Strategy for People with Disabilities					
Helping Newcomers Integrate in the Labour Market					
Empowering Newcomers' Financial Literacy	G. Talwar	AT LOCKUP	Garima. Talwar@ontario.ca	(416) 212-2296	647) 226-8074
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Increasing Access to Capital for Entrepreneurs	John Tsialtas	AT LOCKUP	John.Tsialtas@ontario.ca	416-325-0923	416-988-3010
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Expanding International Trade Opportunities					
Reducing Barriers to Interprovincial Trade					
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Investing in Regional and Community Partnerships					
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Helping Businesses Find Skilled Newcomers					
Social Enterprises	John Tsialtas	AT LOCKUP	John.Tsialtas@ontario.ca	416-325-0923	416-988-3010
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Mapping the Provincial Sharing Economy Strategy	Paul Devnich	AT LOCKUP	Paul.Devnich@ontario.ca	(416) 212-1858	(905) 447-9444
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Transitioning to a Low-Carbon Economy					
Capping Emissions	Daniel Tirburcio	ON CALL	Daniel.Tiburcio@ontario.ca	(416) 212-1555	416-261-1253
	Mary Davis	ON CALL	Mary.C.Davis@ontario.ca	416) 212-2296	(647) 625-9168
	Saasia Hussain	AT LOCKUP	Saadia.Hussain@ontario.ca	416-325-0935	
Investing to Grow a Low-Carbon Economy	Selena Esmail	AT LOCKUP	Selena.Esmail@ontario.ca	(416) 325-5621	416-903-3966
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Improving Retirement Security					
Enhancing the Canada Pension Plan	Mary Davis	ON CALL	Mary.C.Davis@ontario.ca	416) 212-2296	(647) 625-9168
Implementing Pooled Registered Pensions Plans	L. Kappius / Alex Killoch	ON CALL	Lauren.Kappius@ontario.ca/ Alex.Killoch@ontario.ca	(416) 237-1915/ 416) 325-5724	(416) 346-0087/ (647) 290-7629
Reviewing the Solvency Funding Framework	L. Kappius / Alex Killoch	ON CALL	Lauren.Kappius@ontario.ca/ Alex.Killoch@ontario.ca	(416) 237-1915/ 416) 325-5724	(416) 346-0087/ (647) 290-7629
Introducing a Framework for Target Benefit Pension Plans	Claire Woodcock / Alex Killcoch	ON CALL	Claire.Woodcock@ontario.ca / Alex.Killoch@ontario.ca	416) 327-2060 / 416) 325-5724	(416) 620-9163 / (647) 290-7629
Expanding the Framework for Defined Contribution Pension Plans	L. Kappius / Marc Sharrett	ON CALL	Lauren.Kappius@ontario.ca / Marc.Sharrett@ontario.ca	(416) 237-1915 / (416) 212-6595	(416) 346-0087 / (416) 892-0399
Expanding the Powers of the Superintendent	L. Kappius / Alex Killoch	ON CALL	Lauren.Kappius@ontario.ca/ Alex.Killoch@ontario.ca	(416) 237-1915/ 416) 325-5724	(416) 346-0087/ (647) 290-7629
Missing Beneficiary Requirements	Alex Killoch	AT LOCKUP	Alex.Killoch@ontario.ca	416) 325-5724	(647) 290-7629
Chapter IV: Public Sevices You Can Count On					
Chapter IV, Section A: Strengthening Health Care					
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Summary of New Investments					
Increasing Access					
Reducing Wait Times					
Enhancing the Patient Experience					
Increasing Access					
Building More Health Infrastructure	Gladys Miu	AT LOCKUP	Gladys.Miu@ontario.ca	416-325-5311	416-995-7067
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Investing in Primary Care					
Expanding Interprofessional Primary Care Teams					
Extending Registered Nurse Prescribing					

Increasing Equitable Access to Health Care through Ontario's First Nations Health Action Plan					
Advancing Timely Cancer Care and Stem Cell Transplants	Gladys Miu	AT LOCKUP	Gladys.Miu@ontario.ca	416-325-5311	416-995-7067
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Enhanced Cancer Screenings					
Expanding Access to Safe Abortion					
Improving Pain Management					
Acting on Ontario's Opioid Strategy					
Preventing Fetal Alcohol Spectrum Disorder (FASD) and Supporting Those Affected by FASD	Jody Hendry	AT LOCKUP	Jody.Hendry@ontario.ca	416-327-2027	
Reducing Wait Times					
Increasing Operating Funding for All Public Hospitals					
Improving Critical Procedures and Wait Times					
Streamlining Access and Reducing Wait Times for Specialized Care					
Innovating for Timely Specialized Care					
Improving Access to Home and Community Care					
Faster Access to Mental Health and Addictions Services					
Increased Access to Structures Psychotherapy					
Providing More Supportive Housing					
Bringing Together Youth Services in One-Stop Hubs					
Enhancing Patient Experience					
Supporting Seniors in Their Communities					
Enhancing Long-Term Care					
Ensuring the Best Quality of Care for Patients					
Making Northern Health Travel More Affordable					
Improving Care for Mothers, Babies and Children					
Improving Patients' Experience and Improving Delivery through Local Health Integration					
Easy Access to Health Services					
Protecting Health Care for Tomorrow					
Encouraging a Smoke-Free Ontario					
Health Innovation					
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Health System Research Fund					
Chapter IV, Section B: Investing in Education					
Introduction					
Achieving Excellence					
Reducing Class Sizes					
Improving Math and Knowledge Skills					
Supporting Education for the Changing Economy					
Implementing Ontario's Indigenous Education Strategy					
Developing a Master Education Agreement with the Anishinabek Nation					
Ensuring Equity					
Strengthening Supports for Students with Special Needs					
Enhancing Austism Supports					
Promoting Student Well-Being	Gladys Miu	AT LOCKUP	Gladys.Miu@ontario.ca	416-325-5311	416-995-7067
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Building New and Improved Schools					

Negotiating Central Agreements for Teachers and Education Workers					
Ensuring a High Quality, Accessible Postsecondary Education System					
Envisioning a French-Language University					
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Increasing Gas Tax Funding					
Investing in Highway Infrastructure	Paul Cleaver	AT LOCKUP	Paul.Cleaver@ontario.ca	416-212-6337	647-302-3566
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Merging Hyrdo One Brampton	Sarah McGowan	AT LOCKUP	Sarah.McGowan@ofina.on.ca	(416) 325-1427	(416) 817-2367
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What We've Been Doing Since 2013	Jody Hendry	AT LOCKUP	Jody.Hendry@ontario.ca	416-327-2027	
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Raising Social Assisstance Asset Limites and Gift Exemptions	Garima Talwar	AT LOCKUP	Garima. Talwar@ontario.ca	(416) 327-0130	(647) 226-8074
Increasing Social Assistance Rates	Garima Talwar	AT LOCKUP	Garima. Talwar@ontario.ca	(416) 327-0130	(647) 226-8074

Increasing Access to Affordable and Adequate Housing for All Ontarians					
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Child Welfare Reform					
Collective Impact for At-Risk Youth					
Improving Autism Services					
Grandview Children's Treatment Centre					
Addressing Racism					
Anti-Racism Strategy					
Indigenous-Focused Anti-Racism Strategy					
Ontario Black Youth Action Plan					
Welcoming New Ontarians	Jody Hendry	AT LOCKUP	Jody.Hendry@ontario.ca	416-327-2027	
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Ontario's Response to the Global Refugee Crisis					
Multicultural Community Capacity Grant					
Improving the Justive System					
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Ensuring Wage Parity for First Nations Police Officers					
Expanding Indigenous Supports					
Taking Steps to End Human Trafficking					
Streamlining and Modernizing the Court System					
Transforiming the Corrections System					
Enhancing Mental Health in Corrections					
Justice Infrastructure					
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Introduction: Continued Collaboration with Our Partners					
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Partnerships with Indigenous Communities					

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Walking Together: Ontario's Long-Term Strategy to End Violence against Indigenous Women	Jody Hendry	AT LOCKUP	Jody.Hendry@ontario.ca	416-327-2027	
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Ontario's Growing Contribution to the Federation	Stephen Laurent	ON CALL	Stephen.Laurent@ontario.ca	416-327-2712	647-234-4091
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Federal-Provincial Collaboration: Effective, Efficient and Equitable Intergovernmental Relations in Canada	Stephen Laurent	ON CALL	Stephen.Laurent@ontario.ca	416-327-2712	647-234-4091
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Evidence-Based Decision Making					
Improving Programs and Services through Behavioural Science Research					
Moving Forward					
Advancing the Goals of the Poverty Reduction Strategy					
Improving the Health and Well-Being of Ontarians					
Optimizing Digital Services					
Transformation and Efficiency Initiatives	Didem Proulx		Didem.Proulx@ontario.ca	416-212-2895	
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Government Made Simple	Russ Whitehead		Russ.Whitehead@ontario.ca	416-417-8759	
The Ontario Digital Service	Russ Whitehead		Russ.Whitehead@ontario.ca	416-417-8759	
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Simpler, More Targeted Postsecondary Student Financial Assistance	Tim Cook	AT LOCKUP	Tim.Cook@ontario.ca	416-212-9636	416-524-8953
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In-Year Expense Performance					
Expense Changes					
Medium- Term Fiscal Outlook					
Key Changes since the 2016 Budget	Liane Inglis	AT LOCKUP	Liane.Inglis@ontario.ca	(416) 212-3165	647-289-8923
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Ontario's Revenue Outlook					
Medium-Term Revenue Outlook					
Key Changes in the medium-Term Revenue Outlook since the 2016 Budget					
Risks to the Revenue Outlook					
Medium-Term Expense Outlook					
Risks to the Expense Outlook					
Contingent Liabilities					
Fiscal Prudence					
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External Economic Environment					
Ontario Economic Outlook Details					
Uncertain Global Environment					
Private-Sector Forecasts					
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Chapter VII: A Fair and Sustainable Tax System					
Introduction					
Section A: Taxation					
Paralleling Federal Measures					
Clarifying the Treatment of Fertility-Related Expenses under the Medical Expense Tax Credit	Mark Smith	AT LOCKUP	Mark.Smith@ontario.ca	416-327-0418	647-388-9596
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Other Measures					
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Granting Municipalities the Authority to Levy a Hotel Tax	Lynn Lawson	AT LOCKUP	Lynn.Lawson@ontario.ca	416-325-2606	416-629-0983
Supporting Renewable Biodiesel in the Coloured Fuel Market	Cheryl Whittam	AT LOCKUP	Cheryl.Whittam@ontario.ca	416-325-4909	647-621-7319
Strengthening Ontario's Tax System					
Income Tax Avoidance					
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Section B: Tobacco					
Supporting Smoke-Free Ontario	Jeff Sweeting	AT LOCKUP	Jeff.Sweeting@ontario.ca	(416) 325-4427	(647) 297-7221
Section C: Strengthening Ontario's Property Tax and Assessment System					
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Property Tax Measures	Chris Broughton	lock up	Chris.Broughton@ontario.ca	314-3801	416-455-6307
Modernizing Railway Right-of-Way Propterty Taxation	Chris Broughton	lock up	Chris.Broughton@ontario.ca	314-3801	416-455-6307

Modernizing Railway Right-of-Way Property Taxation	Mark Ahonen	lock up/on call	Mark.Ahonen@ontario.ca	212-2221	
Encouraging Small-Scale Sgri-Food Business on Farms	Diane Ross	lock up	Diane.Ross@ontario.ca	327-0266	647-500-9282
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3	Priyank Thatte	Team Lead - Infrastructure		Ring of Fire Secretariat	Ring of Fire	416-327-7113		
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2017 Budget Lockup - Line Ministry Attendees

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Confirmed Invitee Report

Organization	Name	Title	Status	Room
Abbvie Canada	Kennedy, Gillian	Manager, Government Affairs	Invite Accepted	Ottawa
Aboriginal Institutes Consortium	Ritchie, Kaitlin		Invite Accepted	Niagara
Aboriginal Institutes Consortium	Mosquito, Rosie	Chair of the Board	Invite Accepted	Niagara
Addictions and Mental Health Ontario	Czukar, Gail	Chief Executive Officer	Invite Accepted	Corporate Response Boardroom
Advocacy Centre for Tenants Ontario	Todorow, Mary	Research & Policy Analyst	Invite Accepted	Algonquin
Advocis	Neshevich, Carol	Public relation and social media manager	Attend as Alternate	Kawartha
Allstate Insurance Company of Canada	Watts, Nicole	Manager, External Affairs	Invite Accepted	Kawartha
Alpha Healthcare Group	Kennedy, Gerard	Chief Executive Officer	Invite Accepted	Corporate Response Boardroom
Alzheimer Society of Ontario	Waeland, Pamela	Vice-Chair	Invite Accepted	Corporate Response Boardroom
Alzheimer Society of Ontario	Dennis, Chris		Invite Accepted	Corporate Response Boardroom
Analytica Advisors	Li, Jeff	Partner Outreach Coordinator	Attend as Alternate	Kawartha
Associated Youth Services of Peel	Read, Kate	Finance Manager	Invite Accepted	Algonquin
Association des conseils scolaires des écoles publiques de l'Ontario	Gerson, Anne	Communications Specialist	Invite Accepted	Niagara
Association of Community Legal Clinics of Ontario	Petricone, Ivana	Policy Counsel, Association of Community Legal Clinics of Ontario	Attend as Alternate	Algonquin
Association of Condominium Managers of Ontario	Weinberg, Robert	President	Invite Accepted	Kawartha
Association of Early Childhood Educators Ontario	Parker, Sue	Office Manager	Attend as Alternate	Niagara
Association of Family Health Teams of Ontario (AFHTO)	Mehta, Kavita	Chief Executive Officer	Invite Accepted	Corporate Response Boardroom
Association of Law Officers of the Crown	Dumitru, Earl	President	Invite Accepted	Rideau
Association of Local Public Health Agencies (alPHa)	Fleming, Gordon	Manager, Public Health Issues	Attend as Alternate	Corporate Response Boardroom
Association of Management Administrative and Professional Crown Employees of Ontario (AMAPCEO)	Bulmer, Dave	President	Invite Accepted	Rideau
Association of Management Administrative and Professional Crown Employees of Ontario (AMAPCEO)	Wagar, Jason		Invite Accepted	Rideau

Total Invitees: 423

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Confirmed Invitee Report

Organization	Name	Title	Status	Room
Association of Management Administrative and Professional Crown Employees of Ontario (AMAPCEO)	Carson, Jonathan	Research Officer	Invite Accepted	Rideau
Association of Management Administrative and Professional Crown Employees of Ontario (AMAPCEO)	Schein, Anthony	Executive Assistant	Invite Accepted	Rideau
Association of Municipal Managers Clerks and Treasurers of Ontario	Muller, Eric	Policy Advisor	Invite Accepted	Temagami/Severn
Association of Municipalities of Ontario (AMO)	Vanini, Pat	Executive Director	Invite Accepted	Temagami/Severn
Association of Municipalities of Ontario (AMO)	Reid, Craig	Senior Advisor	Attend as Alternate	Temagami/Severn
Association of Ontario Health Centres (AOHC)	Mulligan, Kate	Director, Policy and Communications	Invite Accepted	Corporate Response Boardroom
Association of Ontario Health Centres (AOHC)	Tetley, Adrianna	Cheif Executive Officer	Invite Accepted	Corporate Response Boardroom
Association of Ontario Midwives	Harding, Heather	Policy Advocate	Attend as Alternate	Corporate Response Boardroom
AstraZeneca	Feairs, Jon	Senior Manager of Government Affairs	Invite Accepted	Corporate Response Boardroom
Aurora Strategy Group	Hughson, Craig	President & Chief Executive Officer	Attend as Alternate	Frontenac
Bank of Canada	Chehab Eddine, Nour	Research Assistant	Attend as Alternate	Kawartha
BASF Canada	Bartosiak, Agnieszka	Director, Finance & Business Services	Invite Accepted	Frontenac
BDO Canada LLP	Sideris, Danielle	Senior Manager National Tax	Invite Accepted	Kawartha
BMO Financial Group	Lehmann, Paul	Director, Government Relations	Invite Accepted	Kawartha
BMO Nesbitt Burns	Kavcic, Robert	Senior Economist, Vice President	Invite Accepted	Kawartha
Boys & Girls Clubs of Canada	Morris, Sandra	Regional Director, Central Region	Attend as Alternate	Algonquin
Bresver Grossman Scheininger and Chapman LLP	Scheininger, Les	Lawyer	Invite Accepted	Ottawa
Brookfield Institute for Innovation & Entrepreneurship	Seddon, Matthew	Policy Analyst	Attend as Alternate	Niagara
Brown & Cohen	Brown, Howard	President	Invite Accepted	Queenston
CAA Ontario	Silverstein, Elliott	Manager, Government Relations	Invite Accepted	Frontenac
Campaign 2000	Mustachi, Jessica	Ontario Campaign 2000 Coordinator	Attend as Alternate	Algonquin
Campbell Strategies	Holz, Christopher F.	Principal	Invite Accepted	Kawartha
Canadian Association of Retired Persons (CARP)	Cormack, Tamara	Director of Communication	Attend as Alternate	Algonquin

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Confirmed Invitee Report

Organization	Name	Title	Status	Room
Canadian Association of Retired Persons (CARP)	Semkiw, Marissa	Director of Policy and Government Relations	Attend as Alternate	Algonquin
Canadian Cancer Action Network	Morrison, Marjorie		Invite Accepted	Corporate Response Boardroom
Canadian Cancer Society - Ontario Division	Stancu-Soare, Florentina	Senior Coordinator, Public Issues	Attend as Alternate	Corporate Response Boardroom
Canadian Centre for Policy Alternatives	Hennessy, Trish	Director, Ontario Office	Invite Accepted	Queenston
Canadian Centre for Policy Alternatives	Block, Sheila	Senior Economist	Invite Accepted	Ottawa
Canadian Energy Efficiency Alliance	McDonald, Elizabeth	President and CEO	Invite Accepted	Temagami/Severn
Canadian Environmental Law Association	McClenaghan, Theresa	Executive Director and Counsel	Invite Accepted	Queenston
Canadian Family Physician	Martin, Danielle		Invite Accepted	Ottawa
Canadian Family Physician	Persaud, Nav		Invite Accepted	Ottawa
Canadian Federation of Independent Business (CFIB)	Kwiecinski, Julie	Director of Provincial Affairs, Ontario	Invite Accepted	Kawartha
Canadian Federation of Independent Business (CFIB)	Petkov, Plamen	Vice-President, Ontario & Business Resources	Invite Accepted	Kawartha
Canadian Federation of Students Ontario	Woods, Alastair	National Executive Representative	Attend as Alternate	Niagara
Canadian Federation of Students Ontario	Bursey, Renee	Researcher, Graduate Caucus	Invite Accepted	Niagara
Canadian Gerontologist	Sinha, Samir		Invite Accepted	Ottawa
Canadian Imperial Bank of Commerce (CIBC)	Grantham, Andrew	Senior Economist, Director	Invite Accepted	Kawartha
Canadian Life and Health Insurance Association Inc. (CLHIA)	Sanderson, Ron	Director, Policyholder Taxation and Pensions	Attend as Alternate	Kawartha
Canadian Manufacturers & Exporters	Howcroft, Ian	Vice President	Invite Accepted	Kawartha
Canadian Manufacturers & Exporters	Clipsham, Paul	Director, Policy and Programs	Invite Accepted	Kawartha
Canadian Mental Health Association - Ontario	Hopkins, Jean	Policy Analyst	Invite Accepted	Corporate Response Boardroom
Canadian Mental Health Association - Ontario	Quenneville, Camille	Chief Executive Officer	Invite Accepted	Corporate Response Boardroom
Canadian Mental Health Association - Ontario	Din, Zahir	Policy Analyst	Invite Accepted	Corporate Response Boardroom
Canadian National Institute for the Blind (CNIB)	Grabowski, Sherry	Provincial Director, Deafblind Services, CNIB	Attend as Alternate	Corporate Response Boardroom
Canadian Payroll Association (CPA)	De Grace, Rachel	Advocacy and Government Relations	Invite Accepted	Kawartha
Canadian PKU and Allied Disorders Inc.	Adams, John		Invite Accepted	Corporate Response Boardroom

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Confirmed Invitee Report

Organization	Name	Title	Status	Room
Canadian Taxpayers Federation	Van Geyn, Christine	Director, Ontario	Invite Accepted	Kawartha
Canadian Taxpayers Federation	Ballingall, Jeff	Research Assistant	Invite Accepted	Kawartha
Canadian Union of Public Employees (CUPE) - Ontario Division	Raniga, Venai	CUPE National Researcher	Attend as Alternate	Rideau
Canadian Urban Transit Association (CUTA)	Reuter, Wendy	Vice President, Member Value	Invite Accepted	Temagami/Severn
Canadian Urban Transit Research and Innovation Consortium (CUTRIC)	Jami, Anahita	Senior Eastern Projects Development Officer	Invite Accepted	Temagami/Severn
Cancer Care Ontario	Rabeneck, Linda	Vice President, Prevention and Cancer Control	Invite Accepted	Corporate Response Boardroom
Cancer Care Ontario	Barone, Charles	Senior Advisor, Policy	Invite Accepted	Corporate Response Boardroom
Capital Hill Group	Stewart, Kenneth	Senior Consultant	Invite Accepted	Queenston
Capital Hill Group	Dogra, Yash	Consultant	Invite Accepted	Queenston
Career Colleges Ontario	Maloney, Sharon	Chief Executive Officer	Invite Accepted	Niagara
CasaFoundation	Oyelade, Olutoyin	President & Chief Executive Officer	Invite Accepted	Algonquin
Catholic Charities of the Archdiocese of Toronto	Fullan, Michael	Executive Director	Invite Accepted	Algonquin
CD Howe Institute	Wyonch, Rosalie	Policy Analyst	Invite Accepted	Queenston
Cement Association of Canada	Murray, Martha	Director of Stakeholder Relations (Ontario)	Invite Accepted	Frontenac
Centennial College	Petrou, Andrew	Director, Strategic Initiatives & External Relations	Invite Accepted	Niagara
Central 1 Credit Union	Gianneskis, Aris	Senior Regional Economist Ontario	Invite Accepted	Rideau
Central Local Health Integration Network (CLHIN)	Baker, Kim	Chief Executive Officer	Invite Accepted	Corporate Response Boardroom
Centre for Addiction and Mental Health (CAMH)	Crépault, Jean-François	Senior Policy Analyst	Attend as Alternate	Corporate Response Boardroom
CG Group	Gracey, Don	Partner	Invite Accepted	Queenston
Chartered Professional Accountants	Vale, Alan		Invite Accepted	Ottawa
Chartered Professional Accountants of Ontario	May, Christopher	Director Government Relations	Invite Accepted	Kawartha
Chiefs of Ontario	Oakes, Sydney	Senior Advisor: Chiefs of Ontario	Attend as Alternate	Temagami/Severn
Child Care Ontario	Ferns, Carolyn	Public Policy Coordinator	Invite Accepted	Algonquin
Children's Mental Health Ontario	Fowler, Angela	Director, Strategic Initiatives	Attend as Alternate	Corporate Response Boardroom
Chinese Association of Mississauga	Wen, Eric	President	Invite Accepted	Temagami/Severn
Christian Horizons	Noel-Annable, Janet	Chief Executive Officer	Invite Accepted	Algonquin
Cisco Systems Canada Inc.	Worden, Cathy		Invite Accepted	Kawartha
City of Brampton	Jeffrey, Linda	Mayor	Invite Accepted	Temagami/Severn
City of Kitchener	Grivicic, Paul	Chief of Staff to Mayor	Invite Accepted	Temagami/Severn

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Organization	Name	Title	Status	Room
City of London	Thompson, Adam	Manager, Government and External Relations	Attend as Alternate	Temagami/Severn
City of Niagara Falls	Todd, Ken	Chief Administrative Officer	Invite Accepted	Temagami/Severn
City of Niagara Falls	Diodati, Jim	Mayor	Invite Accepted	Temagami/Severn
City of Toronto	Tory, John	Mayor	Invite Accepted	Temagami/Severn
City of Toronto	Gadon, Sean	Director, Affordable Housing Office	Invite Accepted	Temagami/Severn
City of Toronto	Agrell, Siri	Director of Strategic Initiatives, Mayor's Office	Invite Accepted	Temagami/Severn
City of Toronto	Murray, Fiona	Director, Corporate Intergovernmental & Agency Relations, City Manager's Office	Invite Accepted	Temagami/Severn
City of Toronto	Parsons, Paul	Senior Consultant, Corporate Intergovernmental & Agency Relations, City Manager's Office	Invite Accepted	Temagami/Severn
Clean Energy Canada	Petrevan, Sarah	Senior Policy Advisor	Invite Accepted	Temagami/Severn
Coalition ontarienne de formation des adultes (COFA)	Robillard, Michel	Director General	Invite Accepted	Niagara
College Student Alliance	Byrne, Ciara	Director of Advocacy	Attend as Alternate	Niagara
Colleges Ontario	Franklin, Linda	President and Chief Executive Officer	Invite Accepted	Niagara
Community Literacy of Ontario	Kaattari, Joanne	Co-Executive Director	Invite Accepted	Niagara
Community Living Ontario	Kyle, Gordon	Director, Policy Analysis, Planning & Accountability	Invite Accepted	Algonquin
Community Living Toronto	Poirier, Mathew	Acting Manager Policy and Stakeholder Relations	Invite Accepted	Algonquin
Community Living Toronto	Dendrinos, Karla	Public Relations and Marketing Coordinator	Invite Accepted	Algonquin
Conference Board of Canada	Fields, Daniel	Economist	Invite Accepted	Kawartha
Conservation Ontario	Gavine, Kim	General Manager	Attend as Alternate	Frontenac
Consulting Engineers of Ontario	Zurawel, David	Director, Government and Stakeholder Relations	Invite Accepted	Frontenac
Cooperative Housing Federation of Canada	Swail, Simone	Program Manager, Government Relations	Attend as Alternate	Algonquin
Council of Academic Hospitals of Ontario (CAHO)	Wilson, Tatum	Director, Stakeholder Relations	Attend as Alternate	Kawartha
Council of Canadian Innovators	Bergen, Benjamin	Executive Director, Council of Canadian Innovators	Attend as Alternate	Frontenac
Council of Canadian Innovators	Searle, Patrick	Director of Communications	Invite Accepted	Frontenac

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Organization	Name	Title	Status	Room
Council of Ontario Universities	Krawiec, Lisa	Communications Officer and Executive Assistant to the President	Invite Accepted	Frontenac
Council of Ontario Universities	Lindsay, David	President & Chief Executive Officer	Invite Accepted	Niagara
Counsel Public Affairs Inc.	Dewan, Philip	President	Invite Accepted	Queenston
Counsel Public Affairs Inc.	Sommerville, Devan	Senior Consultant	Invite Accepted	Frontenac
Counsel Public Affairs Inc.	Pinto, Caroline	Principal	Invite Accepted	Frontenac
Credit Canada Debt Solutions	Campbell, Laurie	CEO	Invite Accepted	Kawartha
Crestview Strategy	Moulton, Dan	Consultant	Invite Accepted	Queenston
Crowe Soberman LLP	Jacinto, Silvia	Tax Partner	Invite Accepted	Kawartha
Daily Bread Food Bank	Matem, Richard	Director of Research and Communications	Attend as Alternate	Algonquin
Daisy Consulting Group	Kinsella, Warren	President	Invite Accepted	Frontenac
Dance Ontario	Edwards, Rosslyn Jacob	Executive Director	Invite Accepted	Algonquin
David Suzuki Foundation	Forman, Gideon	Climate Change and Transportation Policy Analyst	Invite Accepted	Frontenac
DBRS	LeBane, Paul		Invite Accepted	Frontenac
DeafBlind Ontario Services	Madho, Karen	Senior Coordinator of Government Relations and Communications	Invite Accepted	Algonquin
Deloitte	MacDonald, Christy	Senior Manager, Tax	Attend as Alternate	Queenston
DeMarco Allan LLP	DeMarco, Lisa	Senior Partner	Invite Accepted	Queenston
Desjardins Group	Brun, Bernard	Director - Government Relations	Invite Accepted	Kawartha
Diocese of Toronto	Goulden, Elin	Social Justice & Advocacy Consultant	Attend as Alternate	Algonquin
Drinks Ontario	MacGregor, Heather	Executive Director	Invite Accepted	Frontenac
Durham College	Tremblay, Pierre	Chair of the Durham College Board of Governors	Attend as Alternate	Algonquin
Durham Family Court Clinic	Crow, Nicola	Executive Director	Invite Accepted	Algonquin
Early Childhood Resource Teacher Network of Ontario	McWhirter, Tim	Vice-President ECRTNO	Attend as Alternate	Niagara
Earnscliffe Strategy Group	Whitehead, John	Principal	Invite Accepted	Queenston
Earnscliffe Strategy Group	Paradis, Melanie	Senior Consultant	Invite Accepted	Queenston
Earnscliffe Strategy Group	Trbovich, Tom	Principal	Invite Accepted	Queenston
East Metro Youth Services	Fainer, Claire	Executive Director	Invite Accepted	Algonquin
eCampusOntario	Patterson, Lena	Operations Director	Attend as Alternate	Niagara
Eckler Ltd.	DeBortoli, Karen	Director - Pension and Benefits Research	Invite Accepted	Queenston

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Organization	Name	Title	Status	Room
Elementary Teachers' Federation of Ontario (ETFO)	McCaffrey, Vivian	Coordinator, Communications and Political Action	Attend as Alternate	Niagara
Energy Storage Ontario	Phillips, Patricia	Executive Director	Invite Accepted	Temagami/Severn
ENsight Canada	Reid, Kalvin	Senior Consultant	Attend as Alternate	Queenston
Enterprise Canada	Sieger, David	Principal	Attend as Alternate	Kawartha
Environmental Defence	Brooks, Keith	Programs Director	Attend as Alternate	Frontenac
Ernst & Young LLP	De Lisser, Maureen	Associate Partner, Tax Services	Invite Accepted	Queenston
Ernst & Young LLP	Roth, Alan	Senior Manager, Tax Services	Invite Accepted	Queenston
Evergreen Brick Works	Buxton Potts, Robin	Government & Stakeholder Relations Manager	Invite Accepted	Temagami/Severn
Facility Association	Simpson, David		Invite Accepted	Ottawa
Family Service Ontario	MacIsaac, Susan	Director of Government Relations	Invite Accepted	Algonquin
Fed Dev Ontario	Peng, Yanning	Manager	Invite Accepted	The Pond
FedDev Ontario	Godbout, Sarah	Policy Analyst	Attend as Alternate	Kawartha
Fédération de la jeunesse franco-ontarienne (FESFO)	Haggar, Koubra	représentante du Sud de l'Ontario	Attend as Alternate	Algonquin
Fédération de la jeunesse franco-ontarienne (FESFO)	Boussi, Ali	Agent de liaison politique et coordonateur du Conseil de représentation	Invite Accepted	Algonquin
Federation of Rental-housing Providers of Ontario	Lauesen, Kristina	Vice President, Government & Industry Relations	Invite Accepted	Ottawa
Fidelity Investments Canada ULC	Pepper, Chris	Vice President, Corporate Affairs	Invite Accepted	Kawartha
Fife House	Bruce, Paul	Executive Director	Attend as Alternate	Algonquin
FilmOntario	Lynch, Cynthia	Managing Director and Counsel	Invite Accepted	Temagami/Severn
Financial Accountability Office of Ontario	Angastiniotis, Mario	Senior Director	Invite Accepted	The Pond
Financial Accountability Office of Ontario	Ngo, Luan	Senior Economist	Invite Accepted	The Pond
Financial Accountability Office of Ontario	West, David	Chief Economist	Invite Accepted	The Pond
Financial Planning Standards Council	Ongaro, Dan	Manager, CEO Office and Senior Policy Advisor	Attend as Alternate	Kawartha
First Nations Technical Institute	Brant, Suzanne	Acting President and Chief Executive Officer	Invite Accepted	Niagara
First Work: The Ontario Association of Youth Employment Centres	Okine, Gladys	Executive Director	Invite Accepted	Algonquin
Fleishman Hillard Canada	Quinn, Anne Marie	Senior Vice President and Partner	Invite Accepted	Queenston
Fleishman Hillard Canada	Paget, Zak	Account Director	Invite Accepted	Queenston
Food & Consumer Products of Canada (FCPC)	Saunders, Michelle	Vice President, Provincial & Territorial Affairs	Attend as Alternate	Kawartha
Fraser Institute	Eisen, Ben	Director of Provincial Prosperity Studies	Attend as Alternate	Niagara

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Organization	Name	Title	Status	Room
Futurpreneur Canada	Surca, Alex	Director, Government Relations	Attend as Alternate	Frontenac
Genworth Canada	Barnier, Kris	Vice President, Government Relations	Invite Accepted	Kawartha
George Brown College	Summers, Bill	Vice President, Research and Policy	Attend as Alternate	Niagara
Global Automakers of Canada	Adams, David C.	President	Invite Accepted	Frontenac
Global Public Affairs	AHMAD, ISRAR	CONSULTANT	Attend as Alternate	Queenston
Grandview Kids	Sunstrum-Mann, Lorraine	Chief Executive Officer	Invite Accepted	Algonquin
Grape Growers of Ontario	Zimmerman, Debbie	Chief Executive Officer	Invite Accepted	Temagami/Severn
Greater Toronto Airports Authority	Desroches, Siobhan	Manager, Government Affairs & Stakeholder Relations	Attend as Alternate	Temagami/Severn
Greater Toronto Civic Action	Harris, Sarah	Director of Communications	Invite Accepted	Algonquin
Greater Toronto Civic Action	Palvetzian, Sevaun	Chief Executive Officer	Invite Accepted	Algonquin
Greater Toronto Hotel Association	Mundell, Terry	President & CEO	Invite Accepted	Temagami/Severn
Greater Toronto Hotel Association	Dickson, Emily	Director, Executive Office, Programs and Events	Invite Accepted	Temagami/Severn
Green Party of Ontario	Danckert, Stacey	Finance Critic	Invite Accepted	The Pond
Green Party of Ontario	Labonte, Kevin		Invite Accepted	The Pond
Green Party of Ontario	Schreiner, Mike	Leader	Invite Accepted	The Pond
Grosso McCarthy Inc.	Grosso, Francesca	Principal	Invite Accepted	Queenston
Health Care of Ontario Pension Plan	Stransky, Blair	Assistant Vice President, Government Relations	Attend as Alternate	Kawartha
Heart & Stroke Foundation of Ontario	Joseph, Orli	Senior Specialist, Public Affairs	Attend as Alternate	Corporate Response Boardroom
Hill+Knowlton Strategies	Greer, Laura	Vice-President, Public Affairs, Health-Care Communications	Invite Accepted	Queenston
Hill+Knowlton Strategies	DeRoche, Gabe		Invite Accepted	Queenston
Hill+Knowlton Strategies	Bucci, Luca		Invite Accepted	Queenston
Hill+Knowlton Strategies	Khan, Omar		Invite Accepted	Queenston
Home Child Care Association of Ontario	Flaherty, Marni	President	Invite Accepted	Niagara
Hospice Palliative Care Ontario (HPCO)	Firth, Rick	President & Chief Executive Officer	Invite Accepted	Corporate Response Boardroom
Human Resources Professionals Association of Ontario (HRPAO)	Allinson, Scott	Vice President Public Affairs	Attend as Alternate	Kawartha
Hydro One	Phillips, Alexandra		Invite Accepted	Temagami/Severn
Income Security Advocacy Centre (ISAC)	Laidley, Jennefer	Research & Policy Analyst	Invite Accepted	Algonquin
Independent Electricity System Operator (IESO)	Dow, Andrew	Analyst	Attend as Alternate	Temagami/Severn

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Organization	Name	Title	Status	Room
Information Technology Association of Canada (Ontario)	Messer, David	Vice President - Policy	Attend as Alternate	Kawartha
Innovation Science and Economic Development Canada	Arnold, Heather	Economic and Policy Analyst, Strategic Policy Branch	Invite Accepted	The Pond
Innovative Medicines Canada	Shaw, Jay	Director, Ontario	Invite Accepted	Corporate Response Boardroom
Insurance Brokers Association of Ontario IBAO	Simpson, Colin M.	Chief Executive Officer	Invite Accepted	Frontenac
Insurance Bureau of Canada (IBC)	Taylor, Barbara	Direct of Policy, ON Region, IBC	Attend as Alternate	Kawartha
Jack.org	Windeler, Eric		Invite Accepted	Corporate Response Boardroom
Janssen	Dobson, Jacqueline	Government Relations & Policy Manager	Invite Accepted	Corporate Response Boardroom
John Cassan Realty and Appraisals	Cassan, John	Real Estate Appraiser, Broker and Consultant	Invite Accepted	Frontenac
Kelly Lynne Ashton Consulting	Ashton, Kelly Lynne	Screen-based Media Consultant	Invite Accepted	Queenston
KPMG LLP	Gulati, Sonya		Invite Accepted	Queenston
KPMG LLP	Macklem, Rosemary	Tax Advisor	Invite Accepted	Queenston
l'Assemblée de la francophonie de l'Ontario (AFO)	Levesque Michaud, Bryan	Analyste politique	Attend as Alternate	Temagami/Severn
Law Society of Upper Canada	Denhartog, Aaron	Advisor, Public Affairs	Invite Accepted	Frontenac
Legal Aid Ontario	Field, David	President & CEO	Invite Accepted	Algonquin
LinkedIn	Hirsch-Allen, Jake	Enterprise Relationship Manager	Invite Accepted	Frontenac
Literacy Link South Central	Kaattari, Tamara	Executive Director	Invite Accepted	Niagara
Loblaw Companies Ltd.	Dhaliwal, Jesse	Government Relations	Invite Accepted	Kawartha
Lofsky Consulting	Lofsky, Arthur		Invite Accepted	Queenston
Low Income Energy Network	Bhanji, Zee	Coordinator	Invite Accepted	Algonquin
Luminato Festival	Faieta, Leah	Manager, Government Relations	Attend as Alternate	Temagami/Severn
Mander Consulting	Mander, Doug	Principal	Invite Accepted	Queenston
Maple Leaf Strategies	Warrick, Julian	Senior Consultant	Invite Accepted	Queenston
March of Dimes Canada	Christianson, Steven	National Manager, Government Relations & Advocacy	Attend as Alternate	Algonquin
Martin Prosperity Institute	French, Philippa	Policy Analyst	Attend as Alternate	Niagara
Martin Prosperity Institute	Usmani, Saad		Invite Accepted	Niagara
McGrath Group	McGrath, John	Principal	Invite Accepted	Queenston
McMaster Students Union	Oliver, Blake	Vice President, Education	Attend as Alternate	Algonquin
McMaster University	Lawson, Alexandra	Executive Advisor, Public Affairs	Attend as Alternate	Niagara

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Confirmed Invitee Report

Organization	Name	Title	Status	Room
McMaster University	Lee, Jacy	Associate Vice-President, Institutional Research and Analysis	Invite Accepted	Ottawa
Medical Technology Companies (MEDEC)	DeKort, Nicole	Vice President- Government Affairs	Invite Accepted	Corporate Response Boardroom
Medtronic	Vanderheyden, Jason	Director, Market Access and Government Affairs	Attend as Alternate	Corporate Response Boardroom
Micheline McKay & Associates	McKay, Micheline	Principal	Invite Accepted	Queenston
Mississauga Community Legal Services	Kwan, Douglas	Associate Executive Director	Invite Accepted	Queenston
Mitacs Inc.	Parlee, Forrest	Vice President, National Partnerships	Invite Accepted	Kawartha
MNP LLP	Carson, Don	Partner, Taxation, Markham	Invite Accepted	Queenston
Mortgage Professionals Canada	Duncan, Samuel	Manager, Government and Policy	Invite Accepted	Ottawa
Municipal Finance Officers' Association of Ontario (MFOA)	Macdonald, Colin	Manager, Policy and Intergovernmental Relations	Invite Accepted	Kawartha
Municipal Finance Officers' Association of Ontario (MFOA)	Babins, Shira	Manager of Policy	Attend as Alternate	Kawartha
Municipal Property Assessment Corporation (MPAC)	Nell, Carla	Vice President, Municipal and Stakeholder Relations	Invite Accepted	Temagami/Severn
National Bank Financial	Lovely, Warren	Economist	Attend as Alternate	Temagami/Severn
National Coalition Against Contraband Tobacco	Rensler, Ashley	Public Affairs Associate	Attend as Alternate	Frontenac
National Public Relations	Taber, Jane	Vice President, Public Affairs	Invite Accepted	Ottawa
Navigator Limited	Georgakopoulos, Jessica	Consultant	Invite Accepted	Ottawa
Neighbourhood Pharmacies Association of Canada	Bates, Justin		Invite Accepted	Corporate Response Boardroom
Newcomer Centre of Peel	Ghassemi, Effat	Executive Director	Invite Accepted	Algonquin
Nishnawbe Aski Nation	Boissoneau, Travis	Chief Administrative Officer	Attend as Alternate	Temagami/Severn
NKS Law	Singh, Navdip Kaur	Barrister & Solicitor	Invite Accepted	Queenston
Novartis Canada	Brisebois, Shanna	Manager, Health Policy	Invite Accepted	Corporate Response Boardroom
OCAD University	Kramer, Miriam	Director, Government Relations & Partnerships	Attend as Alternate	Niagara
ODSP Action Coalition	Vose, Kyle	Co-Chair	Invite Accepted	Algonquin
Office of the Auditor General	Pelow, William	Audit Director	Invite Accepted	The Pond
Older Adult Centre's Association of Ontario	Hesjedahl, Sue	Executive Director	Invite Accepted	Corporate Response Boardroom
Ontario Agencies Supporting Individuals with Special Needs (OASIS)	Kenney, Ann	OASIS President	Attend as Alternate	Algonquin

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Organization	Name	Title	Status	Room
Ontario Agriculture Sustainability Coalition	Horne, Richard	Manager, Policy and Issues	Attend as Alternate	Temagami/Severn
Ontario Association of Adult & Continuing Education School Board Administrators (CESBA)	Beaupré, Bernadette	Executive Director	Invite Accepted	Niagara
Ontario Association of Architects (OAA)	Tracey, Adam	Manager, Policy and Government Relations	Attend as Alternate	Rideau
Ontario Association of Children's Aid Societies (OACAS)	Snowball, Andrew	Senior Program Analyst	Attend as Alternate	Algonquin
Ontario Association of Children's Rehabilitation Services	Churchill, Jennifer	Chief Executive Officer	Invite Accepted	Algonquin
Ontario Association of Non-Profit Homes and Services for Seniors (OANHSS)	Humphreys, Debbie	Senior Director, Corporate and Public Affairs	Invite Accepted	Algonquin
Ontario Association of Optometrists	Derabbie, Doug	Director of Government and Public Affairs	Invite Accepted	Corporate Response Boardroom
Ontario Campaign for Action on Tobacco	Perley, Michael	Director	Invite Accepted	Corporate Response Boardroom
Ontario Catholic School Trustees' Association	Duszczyszyn, Dan	Consultant	Attend as Alternate	Niagara
Ontario Centres of Excellence	McFadzean, Peter	Manager, Partnerships	Attend as Alternate	Queenston
Ontario Chamber of Commerce (OCC)	Baldauf, Karl	Vice President, Policy & Government Relations	Invite Accepted	Kawartha
Ontario Chamber of Commerce (OCC)	Koroscil, Richard	Interim President & Chief Executive Officer	Invite Accepted	Frontenac
Ontario Chamber of Commerce (OCC)	Thiele, Andrew	Analyst	Invite Accepted	Kawartha
Ontario Coalition for Better Child Care (OCBCC)	Olan-MacLean, Sheila	President	Invite Accepted	Algonquin
Ontario Community Support Association (OCSA)	Boily, Patrick	Manager, Policy and Stakeholder Engagement	Attend as Alternate	Algonquin
Ontario Confederation of University Faculty Associations (OCUFA)	Rosenfeld, Mark	Executive Director	Invite Accepted	Niagara
Ontario Confederation of University Faculty Associations (OCUFA)	Bates, Judy	President	Invite Accepted	Niagara
Ontario Confederation of University Faculty Associations (OCUFA)	Sinclair-Waters, Brynne	Policy Analyst	Invite Accepted	Niagara
Ontario Construction Secretariat	Worte, Ian	Research Analyst	Attend as Alternate	Rideau
Ontario Council on Academic Vice-Presidents (OCAV)	Gooch, Peter		Invite Accepted	Ottawa
Ontario Council on Articulation and Transfer	Quickert, Lia		Invite Accepted	Niagara
Ontario Cultural Attractions Fund	Sharpe, Kathleen	Executive Director	Invite Accepted	Temagami/Severn

Total Invitees: 423

2017 Ontario Budget Lockup

Confirmed Invitee Report

Organization	Name	Title	Status	Room
Ontario Dental Association	MacKenzie, Amanda	Manager of Government Relations	Invite Accepted	Corporate Response Boardroom
Ontario Energy Association	Hrab, Roy	Director of Policy	Attend as Alternate	Temagami/Severn
Ontario English Catholic Teachers Association (OECTA)	Fullerton, Cheryl	Executive Assistant Government Relations Department	Attend as Alternate	Algonquin
Ontario Federation of Agriculture (OFA)	Le Fort, Ben	Senior Policy Analyst	Attend as Alternate	Temagami/Severn
Ontario Federation of Labour (OFL)	Thevaratnam, Thevaki	Director of Research and Education, Ontario Federation of Labour	Attend as Alternate	Rideau
Ontario General Contractors' Association	Frame, David	Director, Government Relations	Invite Accepted	Rideau
Ontario Health Coalition	Mehra, Natalie	Co-Chair	Invite Accepted	Corporate Response Boardroom
Ontario Health Coalition	Labelle, Sara		Invite Accepted	Corporate Response Boardroom
Ontario Home Builders' Association	Collins-Williams, Michael	Director, Policy	Attend as Alternate	Frontenac
Ontario Home Care Association (OHCA)	VanderBent, Susan D.	Chief Executive Officer	Invite Accepted	Corporate Response Boardroom
Ontario Horse Racing Industry Association (OHRIA)	Leslie, Sue	President and Chair	Invite Accepted	Temagami/Severn
Ontario Hospital Association	Reidel, Lou	Chief System Planning & Performance Officer	Attend as Alternate	Corporate Response Boardroom
Ontario Hospital Association	MacLeod, Michelle	Public Affairs Specialist	Invite Accepted	Corporate Response Boardroom
Ontario Long Term Care Association (OLTCA)	O'Neill, Bill	Board Chair	Invite Accepted	Corporate Response Boardroom
Ontario Long Term Care Association (OLTCA)	Chartier, Candace	Chief Executive Officer	Invite Accepted	Corporate Response Boardroom
Ontario Lung Association	Yaccato, Chris	Provincial Manager, Government Relations and Public Affairs	Attend as Alternate	Corporate Response Boardroom
Ontario Media Development Corporation	Smith, Erin	Senior Policy Advisor	Attend as Alternate	Temagami/Severn
Ontario Medical Association	Daniell-Colarossi, Nadia	Manager, Media Relations, Advocacy & Public Affairs	Attend as Alternate	Corporate Response Boardroom
Ontario Medical Association	Marusic, George	Director, Analytics, ERA & Technology	Invite Accepted	Corporate Response Boardroom
Ontario Municipal Employees Retirement System (OMERS)	Morley, Chris	Vice President, Government Relations	Invite Accepted	Kawartha
Ontario Municipal Social Services Association (OMSSA)	Wolk, Darryl	Policy Analyst	Invite Accepted	Temagami/Severn

Total Invitees: 423

2017 Ontario Budget Lockup

Confirmed Invitee Report

Organization	Name	Title	Status	Room
Ontario Native Literacy Coalition	Davis, Michelle	Executive Director	Invite Accepted	Niagara
Ontario Non-Profit Housing Association (ONPHA)	Harris, Helen	Coordinator, Policy & Research	Invite Accepted	Algonquin
Ontario Nonprofit Network	Sutherland, Liz	Policy Advisor	Attend as Alternate	Algonquin
Ontario Nurses' Association (ONA)	Haslam-Stroud, Linda	President	Invite Accepted	Corporate Response Boardroom
Ontario Nurses' Association (ONA)	Walter, Lawrence	Government Relations Officer	Invite Accepted	Corporate Response Boardroom
Ontario Pension Board	Van De Kraats, Alison	Pension Policy Strategy Advisor	Attend as Alternate	Kawartha
Ontario Pharmacists' Association	Malek, Allan	Senior Vice President, Professional Affairs	Invite Accepted	Corporate Response Boardroom
Ontario Physical and Health Education Association (OPHEA)	Markham, Chris	Executive Director and Chief Executive Officer	Invite Accepted	Niagara
Ontario Power Generation Corporation	Dykxhoorn, Sandra	Acting Director, Provincial Relations	Invite Accepted	Temagami/Severn
Ontario Principals' Council	Sweeney, Peggy	Senior Communications Consultant	Invite Accepted	Niagara
Ontario Public Health Association	Sanderson, Melanie	Policy and Research Analyst	Attend as Alternate	Frontenac
Ontario Public Service Employees Union (OPSEU)	Casey, Marc	Research Officer	Invite Accepted	Rideau
Ontario Public Service Employees Union (OPSEU)	Crossman, Steve	Research Officer, Strategic Planning & Policy	Invite Accepted	Rideau
Ontario Public Transit Association - OPTA	Cameron, Karen	Chief Executive Officer	Invite Accepted	Temagami/Severn
Ontario Real Estate Association (OREA)	Yahn, Adam	Manager, Government Relations	Invite Accepted	Frontenac
Ontario Real Estate Association (OREA)	Markovinovic, Katarina		Invite Accepted	Frontenac
Ontario Rehab Alliance	Davis, Laurie	Executive Director	Invite Accepted	Corporate Response Boardroom
Ontario Retirement Communities Association (ORCA)	Fogolin, Paul	Vice President, Government Relations & Communications	Invite Accepted	Algonquin
Ontario Road Builders' Association (ORBA)	De Souza, Ashley	Director, Government Relations	Invite Accepted	Frontenac
Ontario Science Centre	Lang, Terri	Chief Operating Officer and VP of Corporate Services	Attend as Alternate	Temagami/Severn
Ontario Secondary School Teachers' Federation (OSSTF)	Hirschegger, Joe	Executive Assistant	Attend as Alternate	Niagara
Ontario Skilled Trades Alliance	Hamilton, Stephen	Manager, Government Relations	Invite Accepted	Frontenac
Ontario Society for the Prevention of Cruelty to Animals (OSPCA)	MacDonald, Kate	Chief Executive Officer	Invite Accepted	Algonquin

Total Invitees: 423

2017 Ontario Budget Lockup

Confirmed Invitee Report

Organization	Name	Title	Status	Room
Ontario Society of Professional Engineers (OSPE)	Kronfli, Catrina	Lead, Policy and Government Relations	Attend as Alternate	Frontenac
Ontario Student Trustees' Association	Mehdi, Shams	Vice President	Attend as Alternate	Niagara
Ontario Sustainable Energy Association	Risse, Nicole	Interim Executive Director	Invite Accepted	Temagami/Severn
Ontario Trillium Foundation	Kay, Lori	Public Relations Associate	Attend as Alternate	Temagami/Severn
Ontario Undergraduate Student Alliance	Cleary, Jamie	President	Attend as Alternate	Niagara
Open Policy	Stapleton, John	Metcalf Policy Fellow	Invite Accepted	Algonquin
OPTrust	Bruno, Melissa		Invite Accepted	Kawartha
OPTrust	Taylor, Kevin		Invite Accepted	Kawartha
Othius Kleer Townshend LLP	Richie, Kaitlin	Associate	Invite Accepted	Ottawa
PAIL Network	La Fontaine, Michelle	Program Manager	Invite Accepted	Corporate Response Boardroom
Pathway Group Inc	Karremans, Leanna	Director, Research, Policy & Communications	Invite Accepted	Queenston
Pathways to Education	Clarke, Jesse	Director, Government Partnerships	Attend as Alternate	Niagara
Pediatric Oncology Group of Ontario	Greenberg, Corin	Chief Executive Officer	Invite Accepted	Corporate Response Boardroom
Peel-Halton-Dufferin Adult Learning Network	Shulman, Matthew	Executive Director	Invite Accepted	Niagara
Pembina Institute for Appropriate Development	Angen, Eli	Regional Director, Ontario	Attend as Alternate	Frontenac
Pfizer Canada Inc.	Sciuk, Alexis	Senior Manager Patient Access, Public Payers and Health Policy	Invite Accepted	Ottawa
Pick My Brain	Coffey, Robert	The Coach	Invite Accepted	Algonquin
Plug'n Drive	Clairman, Cara	President & CEO	Invite Accepted	Temagami/Severn
Poverty Action For Change Coalition	Pearson, Tom	Chairman	Invite Accepted	Algonquin
Power Corporation of Canada	Genest, Paul	Senior Vice-President	Invite Accepted	Frontenac
Premier's Council Youth Opportunities	Nkala, Likwa	Manager Provincial Youth Outreach Worker Program Community of Practice	Attend as Alternate	The Pond
Prevention Link	Devine, Shannon		Invite Accepted	Rideau
Pricewaterhouse Coopers	Mapa, Sheryl	Director, Tax	Invite Accepted	Queenston
Pricewaterhouse Coopers	Lim, Ruby	Senior Manager, Tax	Invite Accepted	Queenston
Primerica	Ashman, Marlene Angela	Regional Vice-President	Invite Accepted	Kawartha
Professional Engineers-Government of Ontario (PEGO)	Wu, Ping	President	Invite Accepted	Rideau
Professional Engineers-Government of Ontario (PEGO)	Bhatt, Nihar	Director	Invite Accepted	Rideau
Prosper Canada	Islam, Trisha	Program Officer	Attend as Alternate	Kawartha

Total Invitees: 423

2017 Ontario Budget Lockup

Confirmed Invitee Report

Organization	Name	Title	Status	Room
Provincial Building and Construction Trades Council of Ontario (PBCTC)	Delov, Igor	Executive Assistant	Invite Accepted	Frontenac
Public Service Alliance of Canada (PSAC)	Vieira, Lino	Political Communications Officer - Ontario	Invite Accepted	Rideau
Real Property Association of Canada	Brooks, Michael	Chief Executive Officer	Invite Accepted	Frontenac
Regional Municipality of Durham	Connolly, John	Director, Housing Services	Invite Accepted	Temagami/Severn
Regional Municipality of Halton	Watt, Mabel	Manager, Policy Integration	Attend as Alternate	Temagami/Severn
Registered Nurses Association of Ontario (RNAO)	Zych, Marion	Director of Communications	Invite Accepted	Corporate Response Boardroom
Registered Nurses Association of Ontario (RNAO)	Jarvi, Kim	Senior Economist	Invite Accepted	Corporate Response Boardroom
Registered Nurses Association of Ontario (RNAO)	Levin, Lisa	Director of Nursing and Health Policy	Invite Accepted	Corporate Response Boardroom
Registered Nurses Association of Ontario (RNAO)	Grinspun, Doris	Chief Executive Officer	Invite Accepted	Corporate Response Boardroom
Registered Practical Nurses Association of Ontario (RPNAO)	Martin, Dianne	Chief Executive Officer	Invite Accepted	Corporate Response Boardroom
Registered Practical Nurses Association of Ontario (RPNAO)	Schonewille, Searle	Director, Policy Development and Government Relations	Invite Accepted	Corporate Response Boardroom
Restaurants Canada	Reynolds, Joyce	Executive Vice President Government Affairs	Invite Accepted	Temagami/Severn
Restaurants Canada	Rilett, James	Vice President, Ontario	Invite Accepted	Temagami/Severn
Retail Council of Canada (RCC)	Rygus, Gary	Director, Government Relations (Ontario)	Attend as Alternate	Frontenac
Richmond Hill Public Library	Maio, Louise Procter	Chief Executive Officer	Invite Accepted	Temagami/Severn
Rogers Communications	Stewart, Ken	Senior Consultant	Attend as Alternate	Frontenac
Rogers Communications	Parps, Jodi	Executive Assistant	Invite Accepted	Frontenac
Royal Bank of Canada (RBC)	Hogue, Robert	Senior Economist	Invite Accepted	Kawartha
Rural Ontario Municipal Association (ROMA)	Wilson, Matthew	Senior Advisor	Invite Accepted	Temagami/Severn
Rural Ontario Municipal Association (ROMA)	Lambie, Brian	Principal	Invite Accepted	Temagami/Severn
Santis Health	Carbin, Dan	Principal	Invite Accepted	Corporate Response Boardroom
Santis Health	Grier, Jason	Principal	Invite Accepted	Ottawa
Science North	Booth, Jennifer	Director of Finance	Attend as Alternate	Temagami/Severn
SEIU Healthcare	Spitale, Michael	Director, Government Relations	Invite Accepted	Corporate Response Boardroom
SEIU Healthcare	Buckingham, Brigid	Head of Policy	Invite Accepted	Corporate Response Boardroom

Total Invitees: 423

2017 Ontario Budget Lockup

Confirmed Invitee Report

Organization	Name	Title	Status	Room
Seneca College of Applied Arts & Technology	Grech, Caroline	Manager of Government and Community Relations	Invite Accepted	Niagara
Seven Generations Education Institute	Tookenay, Brent	Executive Director	Invite Accepted	Niagara
Sheridan College of Applied Arts and Technology	Lysack, Monica	Professor, Early Childhood Leadership Degree program	Invite Accepted	Ottawa
SKH Consulting	Ker-Hornell, Sarah	President	Invite Accepted	Ottawa
Spinal Cord Injury Ontario	Athanasopoulos, Peter	Manager, Public Policy and Government Relations	Invite Accepted	Corporate Response Boardroom
Strategic and Financial Architecture	Johnston, Hugh	Strategic and Financial Architect	Invite Accepted	Kawartha
Strategix Consulting	Sharma, Atul	President	Invite Accepted	Queenston
Strategy Corp Inc.	Semansky, Mike	Manager	Invite Accepted	Ottawa
Strategy Corp Inc.	Steele, Andrew		Invite Accepted	Ottawa
Sussex Strategy Group	Rohani, Morva	Associate	Invite Accepted	Queenston
Sustainability CoLab	Brinic, Victor	Economist, HDR Inc.	Attend as Alternate	Frontenac
Telus Communications Inc.	Bacque, Ian	Government Relations Director	Invite Accepted	Frontenac
Temple Scott Associates Inc.	Singh, Ryan	Consultant	Invite Accepted	Kawartha
Toronto Dominion Bank (TD)	Millard, Howie	Associate Vice President, Government Relations	Invite Accepted	Kawartha
Toronto Financial District BIA	Maloney, Mark	Policy Advisor	Invite Accepted	Kawartha
Toronto Financial Services Alliance (TFSA)	Malik, Daniel	Vice-President, Policy and Stakehodler Relations	Attend as Alternate	Kawartha
Toronto Region Board of Trade	Parker, Jeff	Manager, Policy	Invite Accepted	Frontenac
Tourism Industry Association of Ontario (TIAO)	Potter, Beth	President & Chief Executive Officer	Invite Accepted	Temagami/Severn
Town of Oakville	Bradley, Luke	Communications Advisor	Attend as Alternate	Temagami/Severn
Trillium Automobile Dealers Association	Notte, Frank	Director of Government Relations	Invite Accepted	Temagami/Severn
Trillium Health Partners	Kerr, Shawn	Associate Vice President, Public Affairs and Strategic Partnerships	Attend as Alternate	Corporate Response Boardroom
Trillium Housing	Smith, Joe Deschênes	Principal	Invite Accepted	Algonquin
Uber	Heath, Susie	Senior Associate, Uber Canada	Attend as Alternate	Temagami/Severn
Unifor	Brennan, Jordan	Economist	Invite Accepted	Rideau
Unifor	O'Keefe, Kathleen	National Representative, Communications	Invite Accepted	Rideau
University of British Columbia	Kershaw, Paul	School of Population and Public Health	Invite Accepted	Niagara
University of Guelph	Mcdonald, Mellissa	Director, Government Relations	Invite Accepted	Niagara
University of Toronto	Scully, Marny	Deputy Chief, Government Relations	Invite Accepted	Niagara

Total Invitees: 423

2017 Ontario Budget Lockup

Confirmed Invitee Report

Organization	Name	Title	Status	Room
University of Waterloo	Esselment, Rob	Associate Vice-President, Government Relations	Invite Accepted	Niagara
University of Western Ontario	Chelladurai, Ruban	Associate Vice President, Planning, Budgeting, and Information Technology	Invite Accepted	Niagara
University of Western Ontario	White, Peter	Executive Driector, Government Relations	Invite Accepted	Ottawa
Valeant Canada	Childerhose, Rosemarie	Manager, Market Access & Government Affairs	Invite Accepted	Corporate Response Boardroom
Veridian Corporation	Angemeer, Michael C.	President & Chief Executive Officer	Invite Accepted	Temagami/Severn
Weeneebayko Area Health Authority	Schmidt, Bernie	President & Chief Executive Officer	Invite Accepted	Corporate Response Boardroom
Wellesley Institute	Hill, Malaika	Researcher	Attend as Alternate	Queenston
Western University - Student Council	Avila, Eddy	President	Invite Accepted	Niagara
Wilfrid Laurier University	Banks, Mary Anne	Financial Services	Attend as Alternate	Ottawa
Wilfrid Laurier University	Papadopoulos, Maria	Director, Government Relations	Invite Accepted	Ottawa
William White International Inc.	Hardy, David	Vice President, Government Relations	Invite Accepted	Kawartha
Willis Towers Watson	Laxon, Simon	Consultant	Invite Accepted	Queenston
Windsor Regional Hospital	Musyj, David	President and Chief Executive Officer	Invite Accepted	Corporate Response Boardroom
Wolters Kluwer Limited	McBey, Roderick	Tax Analyst	Invite Accepted	Kawartha
Woodgreen Community Services	Babcock, Anne	President and CEO	Invite Accepted	Algonquin
Working For Change	Creek, Michael	Director of Strategic Initiatives	Invite Accepted	Ottawa
YMCA of Greater Toronto	Bateman, April	Senior Manager, Government Relations	Invite Accepted	Algonquin
York University	Presswell, Lindsay	Communications and Government Relations Assistant	Attend as Alternate	Ottawa
YWCA Toronto	Cain, Etana	Senior Advocacy & Communications Officer	Invite Accepted	Algonquin

Total Invitees: 423

From:	Anna Strathy
To:	Mike Manning; Ken Kandeepan; Opal Kandelas; John Psinas; Bonnie Lemcke
Subject:	FW: DPAC Update #32 | Budget Day | April 27, 2017
Date:	Thursday, April 27, 2017 8:11:36 AM
Attachments:	2017 Document Lockup - Line Ministry Contacts v2.xlsx 2017 MacBlock_Layout_Room.pdf 2017 Budget Lockup Primer and Emergency Procedures_v4.doc 2017 Document Lockup MOF TBS Contacts v2.xlsx 2017 D-Day Minute-by-Minute_v7.doc 2017 Budget Lockup - Confirmed Stakeholders.xlsx

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FYI, updated lockup materials.

From: Jaikaran, Ronald (MOF) [mailto:Ronald.Jaikaran@ontario.ca]

Sent: Thursday, April 27, 2017 7:38 AM

Subject: DPAC Update #32 | Budget Day | April 27, 2017

Happy Budget Day!
Please find attached updated logistics material for today's lock up.

- Primer and Emergency Procedures
- MacDonald Block Maps (1st and 2nd Floor)
- Minute-by-Minute Timelines
- MOF/TBS Contact list
- Line Ministry Contact List
- Stakeholder List

Have a great day,
Ron

From: Jaikaran, Ronald (MOF)
Sent: April-26-17 2:00 PM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS); Rose, Charmaine A. (TBS); 'Anna.Strathy@ofina.on.ca'; Lesau, Victoria (MOF)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team

Subject: DPAC Update #31 | Lockup Logistics | April 26, 2017

Hi everyone,

We're only one day away from lock up! Below are a few updates and a summary of tomorrow's events.

1. **Staff are encouraged to attend today's Pep Rally/Lock up Orientation at the MacDonald Block Cafeteria at 3:30PM**.
    - Green Lock Up access cards for those attending lock up will be available for pick up at the Orientation session.
2. All Briefing Book Binder content was sent out on distribution today. Divisions are able to print any of the material they require.
3. The following **Lockup logistics material** are attached:
    - Lockup Primer and Emergency Protocols
    - Minute-by-Minute Schedule
    - MacDonald Block Map
    - MOF/TBS Contact List
    - Line Ministry contact list
    - Stakeholder List
4. Summary of the key events tomorrow:

    Media Lockup
    - Media begins to arrive at 7:30AM.
    - **MOF/TBS Policy staff are expected to arrive by 9:00am**
    - There will be 8 tables set up in the morning for the following topics:
        - Fiscal Plan
        - Economic Outlook
        - Health care
        - Education
        - Infrastructure
        - Housing Affordability
        - Tax Measures
        - Business and Other Sector Supports
    - If throughout the day we notice more questions pertaining to one of the backup topics, we will swap out an existing topic with one of the backups.

    TB/MBC Briefing (8:00AM – 9:30AM) – This briefing will take place in the TB/MBC Boardroom (1st Floor Frost South). Required ADMs will be notified.

    Opposition Briefings (10:00AM – 11:00AM) - These briefings will be held in the Kenora, Nipigon and Nipissing rooms.
    - The names of required ADMs are listed in the attached staff contact list.
    - EAs in attendance will be expected to retrieve question cards, find the appropriate person to respond and ensure the card has the response recorded.
    - All cards are to be returned to the coordination desk, located in Room M2-19 (beside the Severn Room).

    Stakeholder Lock Up (12:00PM – 4:00PM) - Stakeholders will be in various

rooms on the 2nd floor of MacDonald Block.

- Coordination Desk Volunteers will be responsible for collecting question cards and finding the appropriate policy experts to respond. Policy experts will be visiting stakeholder rooms to provide responses.
- All question cards must be returned to the coordination desk for logging.
- EAs are asked to assist with locating policy experts and ensuring question cards are returned to the coordination desk.

Pre-Minister's Briefing (11:30PM – 12:00PM) – A briefing with several ADMs will be arranged in the Trillium Boardroom (1st Floor, Macdonald Block Cafeteria) to provide updates on media questions and develop a strategy for the Minister's briefing at noon.

Minister's Briefing (12:00PM – 12:30PM) - A briefing with a small group of ADMs will be arranged (in the OPP Boardroom) to provide the minister with an update of the type of questions that have been raised throughout the morning. This briefing will help prepare the Minister for his 1:00PM new conference. ***Note: attendance for this briefing is very limited. Required ADMs will be notified. No other staff will be permitted in the OPP Boardroom.***

Minister's New Conference (1:00PM – 1:30PM) - The Minister will address the media in the Ontario room.

- All policy staff will be asked to clear the Huron Room and media lock up area. Staff may go to the cafeteria.
- ADMs will be permitted in the Ontario Room. They may also choose to watch the conference in the Trillium Boardroom (1st Floor, Macdonald Block Cafeteria).

DMs Technical Briefing (3:00PM – 4:00PM) – Our Deputy will be delivering a briefing to all Deputies in advance of the budget release. Select ADMs will be notified if they're required to attend.

Minister's Speech (4:00PM) – The Minister will table Budget in the Legislature at approximately 4:00PM.

5. **Remember to have fun tomorrow!** You've all worked extremely hard to put this Budget together. Lock up gives us an opportunity to see the release of the Budget and our hard work pay off.

Thanks,
Ron

If you have any questions, please feel free to contact myself or Alana Rowe.
Thanks,
Ron

Ronald Jaikaran
Team Lead, Document Policy Advisor and Coordinator
Document Development and Support Unit
Office of the Budget | Ministry of Finance
Phone: 416-212-9335
ronald.jaikaran@ontario.ca

From: Jaikaran, Ronald (MOF)
Sent: April-25-17 9:08 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole

(MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS); Rose, Charmaine A. (TBS); 'Anna.Strathy@ofina.on.ca'; Lesau, Victoria (MOF)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #30 | April 25, 2017

Good morning,

We're two days away from Budget Lockup! A few reminders and updates for you:

1. **DM/MO Sign-off: Communications Products**

- Final sign-off will take place today in the Trillium boardroom, 7th floor Frost South.
- Revised communications products will be on distribution last night

2. **Briefing Books**

- If you haven't done so, please submit BNs and Technical Qs & As by **10:00 am, today** in the iDoc drive.
- The briefing book binders will consist of the following mandatory content:
    - Briefing Notes (BNs) & Technical Qs & As: Please work with your division and any others that may be impacted.
- Briefing Notes and Qs & As are to be produced at the discretion of divisions. BNs are not required for every initiative in the Document, divisions are asked to use best judgement to determine which initiatives/sections require notes and Qs & As.

3. **Budget Day Lock Up Logistics**

- Our annual **Lockup Orientation Pep Rally will take place in the Macdonald Block cafeteria tomorrow at 3:30 – 4:30 pm** (an invite will go out today).
    - **Staff will be able to pick up their lockup security badges at the rally tomorrow.**

- Attached are draft **Lock Up logistics material**:
    - Lockup Primer and Emergency Protocols
    - Minute-by-Minute Schedule
    - MacDonald Block Map
- Final material, including contact lists will be circulated tomorrow.

4. **Budget Lockup**

- **EAs, please remember to fill out the attached spreadsheet, identifying directors and managers who will be available to answer questions and provide support on Document Day.**
    - **The following key topics have been identified for the Media Room Lock Up:** the Province's fiscal plan (including debt/borrowing), economic outlook, health care, education and training, infrastructure, housing affordability, tax measures, and business and other sector support initiatives.
    - Please identify staff that would be available for Media Lock up and those that will be available for stakeholder questions. Please remember to indicate who will be "On Call" or "in Attendance" at lock up.
- **Please provide names to Nicole Yanqui by 11:00 am, today.**

5. **Doc Day Supporting Material**

- EAs, another friendly reminder to please send your supporting Doc material to me no later than **1:00pm, today.**
- I am preparing a binder of supporting materials that will be tabled at TB/MBC on Doc day. Supporting materials include any and all products used to support DM and Minister Doc briefings as well as FPC, BPC and MM&P meetings related to the Document.
    - Subject to TB/MBC approval, all supporting materials will be minuted as part of the special TB/MBC meeting on Doc Day.
- Divisions may also have additional materials that informed the development of briefing materials (i.e., backpocket materials, control sheets, tables, etc.).
- If you are unsure as to what material should be included please let me know.

If you have any questions, please feel free to contact myself or Alana Rowe.

Thanks,
Ron
Ronald Jaikaran
Team Lead, Document Policy Advisor and Coordinator
Document Development and Support Unit
Office of the Budget | Ministry of Finance
Phone: 416-212-9335
ronald.jaikaran@ontario.ca

From: Jaikaran, Ronald (MOF)
Sent: April-20-17 6:12 PM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS); Rose, Charmaine A. (TBS); 'Anna.Strathy@ofina.on.ca'; Lesau, Victoria (MOF)
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Subject: DPAC Update #29 | April 20, 2017

Good evening everyone,
We are officially one week away from the release date! A few details for tomorrow and the upcoming week are below:

1. **ADM Sign-off: Communications Products: Friday April 21st (9:30AM – 11:30AM)**

   - Sign-off will take place in the Trillium boardroom, 7th floor Frost North.
   - Revised communications products will be on distribution this evening.
   - Products to be reviewed at sign-off are: New Release, Fact Sheets (Balance, Opportunities, Helping Ontarians, Health, Education), Web Copy, Tweets and Facebook Posts.
   - ADM's will review the communication products on screen, and only contentious sections will remain in tracked changes.

2. **Budget Lockup**

- Lock up planning is well underway. As part of Lock up, we would like to identify staff that need to attend and be on call.

- Attached is a memo was sent out from the ADM of the office of the budget to all ADMs in MOF & TBS asking divisions to help identify policy experts that will help respond to media and stakeholders' inquiries at Lockup.

- **EAs, please fill out the attached spreadsheet, identifying directors and managers who will be available to answer questions and provide support on Document Day.**

    - **The following key topics have been identified for the Media Room Lock Up:** the Province's fiscal plan (including debt/borrowing), economic outlook, health care, education and training, infrastructure, housing affordability, tax measures, and business and other sector support initiatives.

    - Please identify staff that would be available for Media Lock up and those that will be available for stakeholder questions. Please remember to indicate who will be "On Call" or "in Attendance" at lock up.

- Our Deputy's Office will be in touch with line ministries to identify staff that would be on call for Lockup.

- **Please provide names to Nicole Yanqui by <u>EOD Monday April 24.</u>**

- Logistics Materials to further support Document Day are under development, and will be circulated once available.

3. <u>Briefing Books</u>

- The briefing book binders will consist of the following mandatory content:

    - Briefing Notes (BNs) & Technical Qs & As: Please work with your division and any others that may be impacted.

- Briefing Notes and Qs & As are to be produced at the discretion of divisions. BNs are not required for every initiative in the Document, divisions are asked to use best judgement to determine which initiatives/sections require notes and Qs & As.

- Media Qs & As: These are currently under development by CSB and will go on distribution tomorrow evening. All media Qs&As are to be ADM approved.

- Divisions are asked to have their briefing book coordinators submit BNs and Technical Qs & As by **<u>EOD Friday April 21</u>** in the iDoc drive.

4. **Doc Day Supporting Material**

- EAs, a friendly reminder to please send your supporting Doc material to me no later than **EOD Monday April 24.**
- As a reminder, this is to support TB/MBC on Document Day. I will be preparing a binder of supporting materials that will be tabled at TB/MBC on Doc day. Supporting materials include any and all products used to support DM and Minister Doc briefings as well as FPC, BPC and MM&P meetings related to the Document.
    - Subject to TB/MBC approval, all supporting materials will be minuted as part of the special TB/MBC meeting on Doc Day.
- Divisions may also have additional materials that informed the development of briefing materials (i.e., backpocket materials, control sheets, tables, etc.).
- If you are unsure as to what material should be included please let me know.

Key Upcoming Dates:
April 21: ADM Sign-off on Communication Products
April 21: BNs and Qs & As due
April 24: DM/MO Sign-off on Communication Products (TBD)
April 24: Doc Day Supporting Material Due
April 27: Document Day
If you have any questions, please feel free to contact myself or Alana Rowe.
Thanks,
Ron

Ronald Jaikaran
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From: Jaikaran, Ronald (MOF)
Sent: April-19-17 12:14 PM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey

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Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #28 | April 19, 2017

Good afternoon everyone,

I wanted to thank you for your continued flexibility during this process! We are in the home stretch! A few details for the next few days are below:

1. **Statement**

   - The Minister's Statement was put on distribution last night.
   - **EA's, please coordinate a review of the Statement and provide ADM-approved hard-copy edits to myself and Alana by EOD today.**

2. **Director Sign-off: Communications Products: Happening Now! (10:00AM – 12:00PM)**

   - Sign-off is currently taking place in the CSB boardroom, 3rd floor Frost North. Directors are asked to drop-in at their convenience if they haven't done so already.
   - Products being reviewed are: New Release, Fact Sheets (Balance, Opportunities, Helping Ontarians, Health, Education), Web Copy, Tweets and Facebook Posts.

3. **ADM Sign-off: Communications Products: Friday April 21st (9:30AM – 11:30PM)**

   - Sign-off will take place in the Trillium boardroom, 7th floor Frost North.
   - Products to be reviewed are: New Release, Fact Sheets (Balance, Opportunities, Helping Ontarians, Health, Education), Web Copy, Tweets and Facebook Posts.
   - ADM's will review the communication products on screen, and only contentious sections will remain in tracked changes.

4. **Doc Day Supporting Material**
   - EAs, please remember to send your supporting Doc material to me no later than **EOD Monday April 24.**
   - As a reminder, this is to support TB/MBC on Document Day. I will be preparing a binder of supporting materials that will be tabled at TB/MBC on Doc day. Supporting materials include any and all products used to support DM and Minister Doc briefings as well as FPC, BPC and MM&P meetings related to the Document.

- Subject to TB/MBC approval, all supporting materials will be minuted as part of the special TB/MBC meeting on Doc Day.

- Divisions may also have additional materials that informed the development of briefing materials (i.e., backpocket materials, control sheets, tables, etc.).
- If you are unsure as to what material should be included please let me know.

5. **Briefing Books**

- The briefing book binders will consist of the following mandatory content:
  - Briefing Notes (BNs) & Technical Qs & As: Templates have been attached. Please work with your division and any others that may be impacted.
    - Briefing Notes and Qs & As are to be produced at the discretion of divisions. BNs are not required for every initiative in the Document, divisions are asked to use best judgement to determine which initiatives/sections require notes and Qs & As.
  - Media Qs & As: These are currently under development by CSB and will be circulated to divisions for review. All media Qs&As are to be ADM approved.
  - Divisions are asked to submit their BNs and Technical Qs & As by **EOD Friday April 21.**
  - Melissa Ouzas and Pauline Padmore will be reaching out to your Briefing Book Coordinators with more details.

Key Upcoming Dates:

April 19: Director Sign-off on Communication Products
April 21: ADM Sign-off on Communication Products
April 24: DM/MO Sign-off on Communication Products (TBD)
April 24: Doc Day Material Due

If you have any questions, please feel free to contact myself or Alana Rowe.

Thanks,
Ron

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From: Jaikaran, Ronald (MOF)
Sent: April-18-17 12:48 PM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey

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Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #27 | Communications Products | April 18, 2017

Good afternoon everyone,

We've completed sign-off on the papers. The final papers have been distributed electronically. It's now time to turn our attention to the communication products.

1. **Director Sign-off: Communications Products: April 19th (10:00AM – 12:00PM)**

   - Communication products are being updated for distribution this evening. Any edits to these products should be walked into director sign-off.
   - Sign-off will take place in the CSB boardroom, 3rd floor Frost North.
   - Products to be reviewed are: New Release, Fact Sheets (Balance, Opportunities, Helping Ontarians, Health, Education), Web Copy, Tweets and Facebook Posts.
   - ADM sign-off on the communication products will take place on Friday (April 21st) in the Trillium Boardroom.

2. **Statement**

   - The Statement is still under development and will be put on distribution in the near future. There will be a short turnaround for comments, so please stay tuned for this.

3. **Doc Day Supporting Material**

   - To support TB/MBC on Document Day, I will be preparing a binder of supporting materials that will be tabled at TB/MBC on Doc day. Supporting materials include any and all products used to support DM and Minister Doc briefings as well as FPC, BPC and MM&P meetings related to the Document.
     - Subject to TB/MBC approval, all supporting materials will be minuted as part of the special TB/MBC meeting on Doc Day.
   - Divisions may also have additional materials that informed the development of briefing materials (i.e., backpocket materials, control sheets, tables, etc.).
   - EAs, please send your supporting Doc material to me no later than **EOD Monday April 24.**

4. **Briefing Books**

   - Instructions on briefing book binder material are forthcoming.

Key Upcoming Dates:

April 19: Director Sign-off on Communication Products
April 21: ADM Sign-off on Communication Products

April 24: DM/MO Sign-off on Communication Products (TBD)
April 24: Doc Day Material Due
If you have any questions, please feel free to contact myself or Alana Rowe.
Thanks,
Ron

Ronald Jaikaran
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From: Jaikaran, Ronald (MOF)
Sent: April-12-17 9:34 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS); Rose, Charmaine A. (TBS); 'Anna.Strathy@ofina.on.ca'; Lesau, Victoria (MOF)
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Subject: DPAC Update #26 | DM/MO Sign-Off | April 12, 2017

Good morning everyone,
Today is the first day of DM/MO sign-off. Sessions will be taking place in the Trillium Boardroom. The schedule is as follows:

- April 12 (10:00AM – 11:15AM): Chapters 1,5,6A,6B, 6C
- April 12 (2:30PM – 4:30PM): Chapters 3, 4B, 4C, 4D
- April 13 (3:00PM – 5:00PM): Chapters 2, 4A, 7, Foreword, Post Cards

These sessions will be kept to a small room. ADMs are asked to be on call, should their assistance be required. I will be in touch with EAs throughout the day as we go through sign-offs.

Loose Ends

Thanks for everyone's quick work in addressing Premier, PO and SoC comments yesterday. Attached is our latest list of loose ends. Should you have any further updates, please feel free to send to Alana and myself.

Ron
Ronald Jaikaran

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Document Development and Support Unit
Office of the Budget | Ministry of Finance
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From: Jaikaran, Ronald (MOF)
Sent: April-11-17 3:53 PM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS); Rose, Charmaine A. (TBS); 'Anna.Strathy@ofina.on.ca'
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #25 | SoC Edits | April 11, 2017

Hi everyone,

Thanks to those of you that have already responded to our loose ends request. We've received edits from the SoC as well. We'd like to have responses to as many comments as possible. We've updated our Loose Ends tracker with SoC edits (see attached).

EAs, please take another look and provide edits to me (cc'ing Alana) by end of day today. This tracker will be used to support DM/MO sign-off tomorrow.

Thanks,

Ron

From: Jaikaran, Ronald (MOF)
Sent: April-11-17 12:41 PM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF);

Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS); Rose, Charmaine A. (TBS); 'Anna.Strathy@ofina.on.ca'
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #24 | Premier Edits & Loose Ends | April 11, 2017

Good morning everyone,

We received Premier edits to the papers. These edits are reflected in the attached loose ends tracker highlighted in yellow along with any items that are still outstanding.

Premier Edits & Loose Ends

- EA's, please review these comments/edits (highlighted in yellow) with your Divisions and provide a response in the loose ends tracker and any proposed ADM-approved hardcopy edits if required. These are due **at 4:00 pm today.**

- These edits will be entered in tracked changes and will be considered by the DM and MO at sign-off tomorrow.

DMO/MO Sign-off- April 12th & 13th

- DM/MO sign-off will take place in the Trillium Boardroom (7th Floor, Frost South).

- Attendance for this meeting will be limited. Required attendees will be notified directly.

- ADMs may be required to be on call during sign-off should any questions arise it would be appreciated.

    - Alana and myself will be connecting with DPCs and EAs throughout the day for any final fact-checks or loose ends.

Communications Products

- Communications products were on distribution on Friday.

- EAs are asked to coordinate edits amongst their divisions and provide feedback to Communications Advisors **by April 12, at noon.**

Key Upcoming Dates:
April 12-13: DM/MO Sign-off
April 19: Director Sign-off on Communication Products
April 21: ADM Sign-off on Communication Products
April 24: DM Sign-off on Communication Products

If you have any questions, please feel free to contact Alana or myself.
Thanks,
Ron

Ronald Jaikaran
Team Lead, Document Policy Advisor and Coordinator
Document Development and Support Unit
Office of the Budget | Ministry of Finance
Phone: 416-212-9335
ronald.jaikaran@ontario.ca

From: Jaikaran, Ronald (MOF)
Sent: April-10-17 10:48 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS); Rose, Charmaine A. (TBS); Anna.Strathy@ofina.on.ca
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #23 | Loose Ends & Post ADM Sign-Off Review | April 10, 2017

Good morning everyone,

I hope you had a great weekend. Thank you for all of your hard work completing ADM sign-off last week as well as your continued flexibility throughout the process. ADM sign-off was a big milestone as we begin to wrap up the sign-off process.

Further details on the week ahead:

Loose Ends

- **There are still a number of placeholders throughout the Document.**

As, please review the attached and work with your divisions to address all loose ends identified.

Please provide your **ADM-approved edits** clearly identifying changes to Alana and myself no later than **3:00 today.** There will be a distribution tonight.

We are only accepting edits to placeholders and significant factual error. All other proposed edits will be considered at DM/MO sign-off.

Premier and PO Edits

We are still waiting on edits from the Premier and Senior PO. They are expected to be received tomorrow morning.

- We will be in contact with the affected divisions once these edits are received.

DMO/MO Sign-off- April 12th & 13th

- DM/MO sign-off will take place in the Trillium Boardroom (7th Floor, Frost South).
- Attendance for this meeting will be limited. Required attendees will be notified directly.
- ADMs may be required to be on call during sign-off should any questions arise it would be appreciated.
    - Alana and myself will be connecting with DPCs and EAs throughout the day for any final fact-checks or loose ends.

Communications Products

Communications products were on distribution on Friday.

EAs are asked to coordinate edits amongst their divisions and provide feedback to Communications Advisors by **April 12, noon.**

Key Upcoming Dates:
April 12-13: DM/MO Sign-off
April 19: Director Sign-off on Communication Products
April 21: ADM Sign-off on Communication Products
April 24: DM Sign-off on Communication Products
If you have any questions, please feel free to contact Alana or myself.
Thanks,
Ron

Ronald Jaikaran
Team Lead, Document Policy Advisor and Coordinator
Document Development and Support Unit
Office of the Budget | Ministry of Finance
Phone: 416-212-9335
ronald.jaikaran@ontario.ca

From: Jaikaran, Ronald (MOF)
Sent: April-06-17 10:13 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS); Rose, Charmaine A. (TBS); Anna.Strathy@ofina.on.ca
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #22 | ADM Sign Off (Day 2) | April 6, 2017

Hi everyone,

Today is the second day of ADM Sign-off. The following chapters will be reviewed by ADM's in the Trillium Boardroom (7th Floor, Frost South) today:

- Chapters 2, 4A, 6B, 6C, 7, Foreword & Postcards.

ADM Sign-Off Process

- Chapters will be displayed on a screen and as the edits are being discussed by ADMs, the changes will be made in real time.
- **Lead DPCs will be asked to input the edits for their chapter during sign-off.**

Sign-Off Loose Ends

- I will continue to reach out to EAs on loose ends. **We would like to have as many of these resolved today.**
- **EAs, any edits to the papers at this stage must be ADM-approved** and should be brought to Alana and/or myself.

Foreword

- A reminder that the foreword will also be signed off today.
- **EAs, if you haven't already, please coordinate hand written edits amongst your divisions and provide them to Alana or myself.**

Premier Review

- **The Premier and Senior PO will receive a copy of the papers this Friday** and will be reviewing over the weekend.
- Edits will be reviewed on Monday and will be incorporated through DM/MO sign-offs.
- If there are follow ups required, I'll contact divisions directly.

Key Upcoming Dates:

April 6: ADM/MO Sign-Off

April 7-9: Premier and Senior PO review of Papers
April 11-12: DM/MO Sign-off
April 19: Director Sign-off on Communication Products
April 21: ADM Sign-off on Communication Products
April 24: DM Sign-off on Communication Products
If you have any questions, please feel free to contact Alana or myself.
Thanks,
Ron

Ronald Jaikaran
Team Lead, Document Policy Advisor and Coordinator
Document Development and Support Unit
Office of the Budget | Ministry of Finance
Phone: 416-212-9335
ronald.jaikaran@ontario.ca

From: Jaikaran, Ronald (MOF)
Sent: April-05-17 10:00 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS); Rose, Charmaine A. (TBS); Anna.Strathy@ofina.on.ca
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #21 | ADM Sign Off (Day 1) | April 5, 2017

Hi everyone,
Today is the first day of ADM Sign-off. The following chapters will be reviewed by ADM's in the Trillium Boardroom (7th Floor, Frost South) today:

- Chapters 1, 3, 4B, 4C, 4D ,5 & 6A

ADM Sign-Off Process

- Chapters will be displayed on a screen and as the edits are being discussed by ADMs, the changes will be made in real time.
- **Lead DPCs will be asked to input the edits for their chapter in real time during sign-off.**

DPCs, A few notes on process and tips to help you along the way:

- You'll be seated at the table with ADMs as they go through your chapter. You'll be asked to scroll through the pages and accepting/rejecting any track change

edits on screen.
    - You will sit through the sign-off on the entire chapter. Even if there are multiple contributing DPCs, we will not be switching DPCs halfway through the chapters.
- As ADMs discuss, you'll be asked to transcribe the edits in real time. Alana and I will act as extra sets of eyes and ears to make sure you get everything inputted correctly.
- Some of you may already be aware of changes that need to be made at sign-off today.
    - It is recommended that you save those changes/paragraphs on a USB stick (pw-protected) so you can copy and paste edits rather than typing them all out. This will help speed up the process.
- After sign-off, you'll be asked to go down to BudSec to do one final check to make sure everything was correctly inputted.
- You'll then be required to obtain your ADMs signature. **They should initial each page and sign the front cover.**
    - **Note: If they have additional edits, they must initial beside the edit.**
- We ask that you kindly remind your ADM that they'll need to stick around at Frost to sign-off.

Foreword

- A copy of the Foreword was put on distribution last night.
- **EAs, please coordinate hand written edits amongst your divisions. You are welcome to provide hand written edits to the Foreword to me by end of day today.**

Sign-Off Loose Ends

- During sign-offs, I will be reaching out to EAs if any follow-ups are required.

Communications Products

- EAs are asked to consolidate edits to Comms products on behalf of their divisions and relay them to the appropriate Communications Services Branch (CSB) Lead by **end of day today.** A list of Comms advisors can be found in the Production Contact List sent out on electronic distribution.

Key Upcoming Dates:

April 4: Line Ministry Sign-off
April 4: Final Spring Bill draft due
April 5: ADM/MO Sign-Off
April 6: ADM/MO Sign-Off
April 7-9: Premier and Senior PO review of Papers
April 11-12: DM/MO Sign-off

If you have any questions, please feel free to contact Alana or myself.

Thanks,
Ron

Ronald Jaikaran
Team Lead, Document Policy Advisor and Coordinator
Document Development and Support Unit
Office of the Budget | Ministry of Finance
Phone: 416-212-9335
ronald.jaikaran@ontario.ca

From: Jaikaran, Ronald (MOF)
Sent: April-04-17 7:17 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS); Rose, Charmaine A. (TBS); Anna.Strathy@ofina.on.ca
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #20 | Line Ministry Sign Off | April 4, 2017

Good morning everyone,

Thank you for your continued support and hard work rolling in MO edits yesterday. As you know, line ministry sign off is scheduled for today from 10:00AM – 2:00PM. A few updates and reminders:

1. DPCs, please review excerpts that have been pulled for line ministry review at BudSec between **8:00 AM and 9:30 AM. There will not be an opportunity to do this later in the day.**
    - A revised schedule for line-ministry sign-off is attached.
    - Line Ministry staff must sign the attached Oath of Confidentiality (DMs do not need to sign).
    - After sign-off, policy staff may photocopy any LMs' edits but must return the originals to BudSec.
    - Line ministry edits will be inputted in tracked changes by BudSec.
    - ADMs will have the opportunity to accept/reject these proposed edits during ADM sign-off. (April 5th & 6th).
2. **Document References-** The MO has provided us with a list of Document initiatives (see attached). Divisions are asked to draft short narratives for inclusion in the yellows. Please send drafts in password protected documents to me, cc'ing Alana **by 5PM today.** These will be rolled into the yellows in tracked changes in advance of ADM sign-off. If you are unsure of placement in the yellows please let me know.
3. **ADM Sign-Off-** A heads up that the schedule for ADM sign-off may be shifting to accommodate competing priorities. As always, we appreciate your continued flexibility throughout the document process.

Key Upcoming Dates:

April 4: Line Ministry Sign-off

April 4: Final Spring Bill draft due
April 5: ADM/MO Sign-Off
April 6: ADM/MO Sign-Off
April 7-9: Premier and Senior PO review of Papers
April 11-12: DM/MO Sign-off
If you have any questions, please feel free to contact Alana or myself.
Thanks,
Ron

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From: Jaikaran, Ronald (MOF)
Sent: April-03-17 11:31 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS); Rose, Charmaine A. (TBS); Anna.Strathy@ofina.on.ca
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #19 | MO Feedback | April 3, 2017

Good morning everyone,
Thank you for all of your hard work completing Branch Review and Director sign-off last week. A few updates and reminders for today:

1. Our Minister's Office has reviewed the director sign-off version on the papers. **The edits have been saved in their respective section folders on the iDoc drive** in folders called "MO Feedback". Staff are being asked to review and roll in these edits in advance of line ministry sign-off tomorrow. The papers will then go on distribution this evening for line ministries to review.
2. **Revised drafts of your papers are due to BudSec at 4PM today.**
    - DPCs, please submit your papers in the iDoc drive. Once you've saved your file in the drive, please email your BudSec contact, cc'ing Alana and myself to notify us that your paper is ready.
    - After today's distribution, DPCs edit rights will be removed. Any edits after

today must be brought to EAs and be raised at ADM sign-off.
- We will be reaching out to individuals with additional MO comments throughout the day.

3. **MO edits must be reviewed and incorporated into the papers.** A reminder that If there are MO edits that aren't incorporated into the next distribution, the attached feedback tracker MUST be filled out providing clear rationale for not including the MO's edits.
    - The tracker provides an opportunity to convey comments and considerations to the MO regarding their edits.
    - **Completed Feedback Trackers are due to me by 5PM on Monday April 3.**
4. **Line Ministry Sign-off- Tuesday April 4th**
    - All DPCs must review their excerpts that have been pulled for line ministry review at BudSec between **8:00 AM and 9:30 AM.** There will not be an opportunity to do this later in the day.
    - The schedule for line-ministry sign-off is attached. A reminder to staff to please send the names of policy staff that will be attending line ministry sign-off to Pauline Padmore.
    - It is recommended that Lead ADMs be presenting during line ministry sign-off. ADMs will be asked to bring any documentation needed to support sign off.
    - Line Ministry staff must sign the attached Oath of Confidentiality (DMs do not need to sign).
    - After sign-off, policy staff may photocopy any LMs' edits but must return the originals to BudSec.
    - Line ministry edits will be inputted in tracked changes by BudSec and ADM's will have the opportunity to accept or reject these proposed edits during ADM sign-off. (April 5th & 6th).
5. **Communication Products**

    - Communication products were distributed on Friday evening.

    - DPCs are asked to work closely with their CSB leads to confirm that the revisions made to the papers during Director sign-off and Line-ministry sign-off are reflected in the comms products to ensure alignment with the narrative.

    - EAs are asked to consolidate edits to Comms products on behalf of their divisions and relay them to the appropriate Communications Services Branch (CSB) Lead by **end of day Wednesday April 5.** A list of Comms advisors can be found in the Production Contact List sent out on electronic distribution.

Key Upcoming Dates:
April 3: MO Feedback
April 4: Line Ministry Sign-off

April 4: Final Spring Bill draft due
April 5: ADM/MO Sign-Off
April 6: ADM/MO Sign-Off
April 7-9: Premier and Senior PO review of Papers
April 11-12: DM/MO Sign-off
If you have any questions, please feel free to contact Alana or myself.
Thanks,
Ron

Ronald Jaikaran
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From: Jaikaran, Ronald (MOF)
Sent: March-31-17 9:47 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS); Rose, Charmaine A. (TBS)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #18 | Director Sign-Off | March 31, 2017

Good morning everyone,
Thank you for all of your hard work completing Branch Review yesterday. As you're aware, it's day two of sign-offs, with director sign-off taking place today. A few updates and reminders for today:

1. We received some edits late last night to several photos and captions. Please note in some cases the photos and captions have changed at the request of the MO. Please review and have your director sign-off.
2. A heads up that we may receive initial comments from PO today. I will connect with the appropriate divisions if any edits are received.
3. Attached is a **schedule for director sign-off**. Please continue to email Pauline Padmore if there is a change in location or time for your sign-off.
4. Also attached is a **schedule for line ministry sign-off**. **EA's, please send the name of staff that will attend for each ministry's sign-off to Pauline**

Padmore.

5. A reminder that DPCs will need to clearly identify which sections of the papers are to be pulled for line ministry sign-off on the director-approved papers (*detailed instructions below*).
6. ADM sign-off invites were sent out yesterday. If you did not receive an invite or are unsure if you need to attend, please feel free to contact me.

First Distribution of Communication Products – Friday March 31

- Communication products will be on distribution today.
- DPCs are asked to work closely with their CSB leads to confirm that the revisions made to the papers during Director sign-off are reflected in the comms products to ensure alignment.
- Please contact your respective CSB Lead if you have any further questions identified in the Document Distribution Contact List.

Director Sign-off Instructions

1. DPCs are to pick up their sign-off binder shell from BudSec on the morning of Director Sign-off.
    - Verify that the sign-in sheet is included.
    - Print the sign-off checklist at the end of the sign-off instructions (attached).
    - DPCs must print their own chapter and insert single-sided in their binder.
        - MO edits must be reviewed and incorporated into the papers. A reminder that If there are MO edits that aren't incorporated into the next distribution, the attached feedback tracker MUST be filled out providing clear rationale for not including the MO's edits.
        - **Completed Feedback Trackers are due to me, cc'ing Alana by 5PM today.**
2. When staff arrive, have them fill out the sign-in sheet with their printed name, telephone number and initials.
3. Staff will be responsible for reviewing and initialing content indicating their approval. **There should be initials on every line/sentence/number/chart/table/photo/caption in every paper.**
    - Postcards are to be signed-off today**.**
4. If staff makes an edit, he/she must wait until all staff have inputted their edits in that chapter before it can be reprinted. All changes must be marked on the master copy of the Document.
5. Once all staff have reviewed and approved their sections, DPCs are required to incorporate all edits by staff and print a clean copy of their chapter.
6. The lead DPC's director will be responsible for reviewing edits and ensuring that all edits have been captured.
    - **The director-approved copy will need to clearly identify which sections of the papers are to be pulled for line ministry sign-off.**
7. Hardcopies with staff signatures are to be **delivered to BudSec at 4:00pm today.**
8. When your sign-off is complete, DPCs please remember to place your paper in the iDoc and let your BudSec coordinator know that your paper is ready for pick up. It is the same process as other paper submissions.

Key Upcoming Dates:
Mar. 31: Director Sign-off
Apr. 4: Line Ministry Sign-off
April 4: Final Spring Bill draft due
April 5: ADM/MO Sign-Off
April 6: ADM/MO Sign-Off
April 7-9: Premier and Senior PO review of Papers
April 11-12: DM/MO Sign-off
If you have any questions, please feel free to contact Alana or myself.
Thanks,
Ron

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From: Jaikaran, Ronald (MOF)
Sent: March-30-17 9:49 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS); Rose, Charmaine A. (TBS)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #17 | Branch Review | March 30, 2017

Good morning everyone,
We've made significant progress on the papers and are now beginning the next phase of the process, sign-offs.
Branch Review/Staff sign marks the beginning of the sign-off process.

- The schedule for each chapter's sign-off is attached.
- If there are any last minute changes please let Pauline Padmore know to ensure the schedule is kept up-to-date.

Branch Review Instructions

1. DPCs are to pick up their sign-off binder shell from BudSec on the morning of Branch Review

- Verify that the sign-in sheet is included.
- Print the sign-off checklist at the end of the sign-off instructions (attached).
- DPCs must print their own chapter that incorporates MO and additional staff edits single-sided and insert in their binder.
    - MO edits must be reviewed and incorporated into the papers. A reminder that If there are MO edits that aren't incorporated into the next distribution, the attached feedback tracker MUST be filled out providing clear rationale for not including the MO's edits.
    - **Completed Feedback Trackers are due to me, cc'ing Alana by 5PM on Friday March 31.**

2. When staff arrive, have them fill out the sign-in sheet with their printed name, telephone number and initials.
3. Staff will be responsible for reviewing and initialing content indicating their approval. **There should be initials on every line/sentence/number/chart/table/photo/caption in every paper.**
    - Postcards were also put on distribution. They must also be signed-off today.
4. If an employee makes an edit, he/she must wait until all staff have inputted their edits in that chapter before it can be reprinted. All changes must be marked on the master copy of the Document.
5. Once all staff have reviewed and approved their sections, DPCs are required to incorporate all edits by staff and print a clean copy of their chapter.
6. The lead DPC's manager will be responsible for reviewing edits and ensuring that all edits have been captured.
7. Hardcopies with staff signatures are to be **delivered to BudSec at 4:00pm today.**

Other Updates

- Line Ministry Sign-off: All line ministries are have been invited to sign-off on April 4. See attached email for details.
- ADM Sign-off: Outlook invites will be sent out later today
- Further instructions for Director and Line-Ministry sign-off will follow in the coming days.

Key Upcoming Dates:

Mar. 30: Branch Review
Mar. 31: Director Sign-off
Apr. 4: Line Ministry Sign-off
April 4: Final Spring Bill draft due
April 5: ADM/MO Sign-Off
April 6: ADM/MO Sign-Off

If you have any questions, please feel free to contact Alana or myself.

Thanks,
Ron

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From: Jaikaran, Ronald (MOF)
Sent: March-28-17 10:23 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #16 | MO Feedback on Sixth Distribution | March 28, 2017

Good morning everyone,

Our Minister's Office has reviewed the sixth distribution of the papers. **The edits have been saved in their respective section folders on the iDoc drive** in folders called "MO Feedback".

MO FEEDBACK & GENERAL COMMENTS

A few comments for the next round:

- The MO has advised that several previously removed sections are making their way back into the narrative. Please be mindful of this. If a section has been removed multiple times by the MO - it should **not** be reinserted into the papers.
- **EAs, we have attached an updated version of the Outstanding Approvals Tracker reflecting the latest distribution. Please review and provide us with comments. This will help determine the remaining narrative loose ends and identify areas we need to follow up.**
    - As we approach sign-off, initiatives in the yellows that have already received approval should have square brackets removed. Please review these placeholders and ensure that the correct labels are being applied to the pending text.
- **Technical and Other Amendments** - This section should on its own page. All items currently tracking for inclusion in the Spring Bill should reference the proposed amendment. If Spring Bill initiatives don't fit the narrative, they should be moved to the Other Amendments section and shortened to 1-2 sentences.
- I have a few more specific comments and edits but will be reaching out to those DPCs individually throughout the day today.

PROCESS

1. A reminder that MO and additional staff edits must be rolled in before Branch Review. This is to ensure that a clean as possible version is available for sign-off. The papers will be distributed that evening once all chapters have been signed off (*see attached Sign-Off instructions for details*).
    - DPCs – please remember to send your sign-off locations/times to Pauline Padmore using the attached Boardroom templates.
2. MO edits must be reviewed and incorporated into the papers. **A reminder that If there are MO edits that aren't incorporated** into the next distribution, the **attached feedback tracker MUST be filled out providing clear rationale** for not including the MO's edits.
    - The tracker provides an opportunity to convey comments and considerations to the MO regarding their edits.
    - **Completed Feedback Trackers are due to me by 5PM on Thursday March 30.**
    - Please let me know if you will sending your tracker late
3. **Post Cards -** These were also put on distribution last Friday. Postcards will need to be signed-off along with the papers.

Key Upcoming Dates:

Mar. 28: Final Instructions for Spring Bill items due
Mar. 30: Branch Review
Mar. 31: Director Sign-off
Apr. 4: Line Ministry Sign-off
April 4: Final Spring Bill draft due
April 5: ADM/MO Sign-Off
April 6: ADM/MO Sign-Off

If you have any questions, please feel free to contact Alana or myself.

Thanks,
Ron

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Sent: March-27-17 11:00 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci,

Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #15 | Revised Timelines | March 27, 2017

Hi everyone,

I wanted to provide you with an update to the production schedule as there have been a few revisions. Updated calendars were distributed on Friday evening.

1. **Sign-Off Date Changes**
   - Branch Review and Director sign-off dates have shifted by one day (March 30th and 31st respectively).
   - Line-Ministry sign-off has moved to the following week (April 4). A Deputy memo will be sent out inviting line ministries. Once this goes out, I will let everyone know.
2. **MO Feedback on 6th Distribution – Tuesday March 28th**
   - We still expect edits from the MO on Tuesday morning as previously communicated.
   - Tracked changes versions will be available to DPC's in the iDoc around **10:00am.**
   - MO edits will need to be incorporated as part of Branch Review.
   - As always, please wait for the email from myself to advise that the files are ready for pick up.
3. **Sign-off Instructions are attached**
   - DPC's, please review in advance of sign-off training which is scheduled for this afternoon**.**
   - Using the attached templates, if you could please let **Pauline Padmore** know where your Branch Review and Director-sign off will take place by **EOD Tuesday March 28th.**

Key Upcoming Dates:

Mar. 28: MO feedback on the 6th Distribution
Mar. 28: Final Instructions for Spring Bill items due
Mar. 30: Branch Review
Mar. 31: Director Sign-off
Apr. 4: Line Ministry Sign-off
April 4: Final Spring Bill draft due
April 5: ADM/MO Sign-Off
April 6: ADM/MO Sign-Off

If you have any questions, please feel free to contact Alana or myself.

Thanks,
Ron

Ronald Jaikaran
Team Lead, Document Policy Advisor and Coordinator
Document Development and Support Unit
Office of the Budget | Ministry of Finance

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From: Jaikaran, Ronald (MOF)
Sent: March-24-17 11:25 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #14 | Sixth Distribution | March 24, 2017

Good morning everyone,

Today is the sixth distribution of papers, the last before we begin the sign-off process.

PROCESS

1. **The sixth draft of your papers are due to BudSec at NOON today.**
    - DPCs, please submit your papers in the iDoc drive. Once you've saved your file in the drive, please email your BudSec contact, cc'ing Alana and myself to notify us that your paper is ready.
2. **MO edits must be reviewed and incorporated into the papers.** A reminder that If there are MO edits that aren't incorporated into the next distribution, the attached feedback tracker MUST be filled out providing clear rationale for not including the MO's edits.
    - The tracker provides an opportunity to convey comments and considerations to the MO regarding their edits.
    - **Completed Feedback Trackers are due to me by 3PM on Friday March 24.**
    - Please let me know if you will sending your tracker late
3. A friendly reminder to please identify chapter contributors throughout each section of the papers.
    - Each subsection should have a contributing author identified using square brackets.
4. In order to comply with **Accessibility for Ontario's with Disabilities Act,** we must include "Alt Text" for all images, charts and graphs. **Accessibility Text** must be included on the last page(s) of your chapters for Branch Review. A template has been attached.

- When creating your description(s) consider the following:
    - Why is this chart/image/table here?
    - What information is it presenting?
    - What purpose does it fulfil?
    - If I could not use the non-text content, what words would I use to convey the same function and/or information

TIMELINES

5. **The Minister's Office will provide feedback on the sixth distribution on March 28.**
    - The edits will be provided in track changes and will be made available in the iDoc drive.
    - I will notify divisions when the edits become available.

Key Upcoming Dates:

Mar. 24: Sixth draft of papers due to BudSec at NOON for the sixth Distribution
Mar. 28: MO feedback on the 6th Distribution
Mar. 28: Final Instructions for Spring Bill items due
Mar. 29: Branch Review
Mar. 30: Director Sign-off
Mar. 31: Line Ministry Sign-off
April 4: Final Spring Bill draft due
April 5: ADM/MO Sign-Off
April 6: ADM/MO Sign-Off

If you have any questions, please feel free to contact Alana or myself.

Thanks,
Ron

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From: Jaikaran, Ronald (MOF)
Sent: March-22-17 9:58 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor,

Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #13 | MO Feedback on Fifth Distribution | March 22, 2017

Good morning everyone,

Our Minister's Office has reviewed the fifth distribution of the papers. **The edits have been saved in their respective section folders on the iDoc drive** in folders called "MO Feedback".

- DPCs, if you have issues accessing your files or need access to a paper you do not lead, please contact your BudSec paper Coordinator (listed in the Production Contact List).

MO FEEDBACK & GENERAL COMMENTS

A few comments for the next round:

- **What We Have Been Doing Since 2013**- You will notice in a few chapters that the "Achievements" sections have been revised and cut down. Moving forward, these sections will be on their own page and will include visuals. BudSec will work with the various DPCs to revise these sections for the next turn.
- A reminder to DPCs and contributing all initiatives that do not have the appropriate approvals in place must be **identified** (i.e., items that require LRC, TB/MBC or Cabinet approval must be square bracketed). Staff are required to indicate where the initiative is tracking and what date using square brackets. This must be inputted into the papers. Square-bracketed items are being rolled up for review. We will communicate next steps once the list has been reviewed.
- Items currently tracking for inclusion in the Spring Bill must be referenced in the Document. If the item does not fit the narrative of a particular chapter, it should be moved to the Technical Amendments section in the Tax Chapter (Chp. 7). (*See the 2015 Budget*[fin.gov.on.ca] *(pg. 343) and 2016 Budget*[fin.gov.on.ca] *(pg. 338) for examples).*
- Please continue to identify chapter contributors throughout each section of the papers.
    - Each subsection should have a contributing author identified using square brackets.

- I have a few more specific comments in terms of narrative but will be reaching out to those DPCs individually throughout the day today.

PROCESS

1. MO edits must be reviewed and incorporated into the papers. **A reminder that If there are MO edits that aren't incorporated** into the next distribution, the **attached feedback tracker MUST be filled out providing clear rationale** for not including the MO's edits.

- The tracker provides an opportunity to convey comments and considerations to the MO regarding their edits.
- **Completed Feedback Trackers are due to me by 3PM on Friday March 24.**
- Please let me know if you will sending your tracker late

TIMELINES

2. **As you may know, sign-offs are scheduled to take place next week.**
   - Detailed instructions will be circulated later this week.
   - DPCs you should have received a meeting invite for training from Melissa Ouzas. If you did not receive this invite please let her know.
   - Branch Review will take place the following week on **Wednesday March 29th.**
3. The MO will be providing feedback on the sixth distribution on Tuesday March 28

Key Upcoming Dates:

Mar. 24: Sixth draft of papers due to BudSec at NOON for the sixth Distribution
Mar. 28: MO feedback on the 6th Distribution
Mar. 28: Final Instructions for Spring Bill items due
Mar. 29: Branch Review
Mar. 30: Director Sign-off
Mar. 31: Line Ministry Sign-off
April 4: Final Spring Bill draft due

If you have any questions, please feel free to contact Alana or myself.

Thanks,
Ron

Ronald Jaikaran
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From: Jaikaran, Ronald (MOF)
Sent: March-17-17 11:50 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); 'Gavin.He@ofina.on.ca'; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); 'gavin.he@ofina.on.ca'; 'Serena.ly@ofina.on.ca'; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M.

(TBS); Howard, Joan (MOF); Pho, Kevin (TBS)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #12 | Fifth Distribution | March 17, 2017

Good morning everyone,

Today is the fifth distribution of papers.

PROCESS

1. **The fifth draft of your papers are due to BudSec at NOON today.**
    - DPCs, please submit your papers in the iDoc drive. Once you've saved your file in the drive, please email your BudSec contact, cc'ing Alana and myself to notify us that your paper is ready.
2. **MO edits must be reviewed and incorporated into the papers.** A reminder that If there are MO edits that aren't incorporated into the next distribution, the attached feedback tracker MUST be filled out providing clear rationale for not including the MO's edits.
    - The tracker provides an opportunity to convey comments and considerations to the MO regarding their edits.
    - **Completed Feedback Trackers are due to me by 3PM on Friday March 17.**
    - Please let me know if you will sending your tracker late
3. A friendly reminder to please identify chapter contributors throughout each section of the papers.
    - Each subsection should have a contributing author identified using square brackets.

TIMELINES

4. **The Minister's Office will provide feedback on the fifth distribution on March 22.**
    - The edits will be provided in track changes and will be made available in the iDoc drive.
    - I will notify divisions when the edits become available.

Key Upcoming Dates:

March 17: Fifth draft of papers due to BudSec at NOON for the fifth Distribution
Mar. 22: MO Feedback on the 5th Distribution
Mar. 24: Sixth draft of papers due to BudSec at NOON for the sixth Distribution
Mar. 28: MO feedback on the 6th Distribution
Mar. 28: Final Instructions for Spring Bill items due
Mar. 29: Branch Review
Mar. 30: Director Sign-off
Mar. 31: Line Ministry Sign-off
April 4: Final Spring Bill draft due

If you have any questions, please feel free to contact Alana or myself.

Thanks,
Ron

Ronald Jaikaran
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Document Development and Support Unit

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From: Jaikaran, Ronald (MOF)
Sent: March-15-17 11:39 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); Gavin.He@ofina.on.ca; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); gavin.he@ofina.on.ca; Serena.ly@ofina.on.ca; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #11 | MO Feedback on Fourth Distribution | March 15, 2017

Good morning everyone,

Thank you for your patience. Our Minister's Office has completed reviewing the fourth distribution of the papers. The edits have been saved in their respective section folders on the iDoc drive in folders called "MO Feedback".

- DPCs, if you have issues accessing your files or need access to a paper you do not lead, please contact your BudSec paper Coordinator (listed in the Production Contact List).

MO FEEDBACK & GENERAL COMMENTS

A few comments for the next round:

- A reminder to DPCs and contributing authors that all initiatives that do not have the appropriate approvals in place must be **identified** (i.e., items that require LRC, TB/MBC or Cabinet approval must be square bracketed). Staff are required to indicate where the initiative is tracking and what date using square brackets. This must be inputted into the papers.
- Items currently tracking for inclusion in the Spring Bill must be referenced in the Document. If the item does not fit the narrative of a particular chapter, it should be moved to the Technical Amendments section in the Tax Chapter (Chp. 7). (*See the 2015 Budget*[fin.gov.on.ca] *(pg. 343) and 2016 Budget*[fin.gov.on.ca] *(pg. 338) for examples).*
- The papers are being reviewed by proofreaders as well as the MO. Please ensure to incorporate as many proof-reader edits where applicable**.** The edits are labelled (*MOF8*).

  Comms advisors may be in touch with DPCs to include placeholder language

on Budget Talks initiatives in this turn of the papers. These should be included in the papers as break out boxes.

- Please identify chapter contributors throughout each section of the papers.
    - Each subsection should have a contributing author identified using square brackets.

PROCESS

1. EA's a friendly reminder that the **Outstanding Approvals Tracker is due EOD today.** If there are difficulties connecting with lead authors or If you anticipate missing this deadline please let me know.
2. MO edits must be reviewed and incorporated into the papers. **It has been brought to our attention that edits are not being accepted and rational is not being provided by divisions. A reminder that If there are MO edits that aren't incorporated** into the next distribution, the **attached feedback tracker MUST be filled out providing clear rationale** for not including the MO's edits.
    - The tracker provides an opportunity to convey comments and considerations to the MO regarding their edits.
    - **Completed Feedback Trackers are due to me by 3PM on Friday March 17.**
    - Please let me know if you will sending your tracker late

TIMELINES

3. **As you may know, the timelines for sign-off have shifted one week later.**
    - MO will provide edits on the 5th distribution on **Wednesday March 22nd.** These edits will be made available in the iDoc drive.
    - Branch Review will take place the following week on **Wednesday March 29th.**

Key Upcoming Dates:

March 17: Fifth draft of papers due to BudSec at NOON for the fifth Distribution
Mar. 22: MO Feedback on the 5th Distribution
Mar. 24: Sixth draft of papers due to BudSec at NOON for the sixth Distribution
Mar. 28: MO feedback on the 6th Distribution
Mar. 28: Final Instructions for Spring Bill items due
Mar. 29: Branch Review
Mar. 30: Director Sign-off
Mar. 31: Line Ministry Sign-off
April 4: Final Spring Bill draft due

If you have any questions, please feel free to contact Alana or myself.

Thanks,
Ron

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From: Jaikaran, Ronald (MOF)
Sent: March-10-17 10:03 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); Gavin.He@ofina.on.ca; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); gavin.he@ofina.on.ca; Serena.ly@ofina.on.ca; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS); Howard, Joan (MOF); Pho, Kevin (TBS)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #10 | Fourth Distribution | March 10, 2017

Good morning everyone,

Today is the fourth distribution of papers.

PROCESS

1. **The fourth draft of your papers are due to BudSec at NOON today.**
   - DPCs, please submit your papers in the iDoc drive. Once you've saved your file in the drive, please email your BudSec contact, cc'ing Alana and myself to notify us that your paper is ready.
2. **If there are MO edits that aren't incorporated** into the next distribution, the **attached feedback tracker must be filled out providing clear rationale** for not including the MO's edits.
   - The tracker provides an opportunity to convey comments and considerations to the MO regarding their edits.
   - **Completed Feedback Trackers are due to me by 3PM on Friday March 10.**
3. **Sign-offs are a few weeks away. Instructions will be circulated to divisions next week.**
   - We will also be hosting sign-off training for DPCs. You will receive a calendar invite in the near future.

TIMELINES

4. **The Minister's Office will provide feedback on the fourth distribution on March 15.**
   - The edits will be provided in track changes and will be made available in the iDoc drive.
   - I will notify divisions when the edits become available.

Key Upcoming Dates:

March 10: Fourth draft of papers due to BudSec at NOON for the fourth Distribution

March 15: MO Feedback on the 4th Distribution
March 15: Initial Spring Bill instructions
March 17: Fifth draft of papers due to BudSec at NOON for the fifth Distribution
March 21: MO Feedback on the 5th Distribution
March 22: Branch Review
March 23: Director Sign-off
March 24: Line Ministry Sign-Off
March 28: Final Spring Bill Instructions due
If you have any questions, please feel free to contact Alana or myself.
Thanks,
Ron

Ronald Jaikaran
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From: Jaikaran, Ronald (MOF)
Sent: March-08-17 10:01 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); Gavin.He@ofina.on.ca; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); gavin.he@ofina.on.ca; Serena.ly@ofina.on.ca; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #9 | MO Feedback on Third Distribution | March 8, 2017

Good morning everyone,
Our Minister's Office has reviewed the third distribution of the papers. **The edits have been saved in their respective section folders on the iDoc drive** in folders called "MO Feedback".

- DPCs, if you have issues accessing your files or need access to a paper you do not lead, please contact your BudSec paper Coordinator (listed in the Production Contact List).

MO FEEDBACK & GENERAL COMMENTS
A few comments for the next round:

- All subtitles throughout the Document, should contain a verb describing the

action being taken with each initiative. (i.e., Strengthening, Modernizing, Expanding, Implementing, etc.)

- Rename "*Commitments Since 2013*" sections to "*Achievements Since 2013*".
- DPCs and contributing authors must identify all initiatives that do not have the appropriate approvals in place (i.e., items that require LRC, TB/MBC or Cabinet approval must be square bracketed). Staff are required to indicate where the initiative is tracking and what date using square brackets. This must be inputted into the papers.

PROCESS

1. A reminder that l**ead DPC's should be reaching out to key contributors to relay MO edits** or any other key information related to the chapter.
    - If you have any questions about the required edits, please send me an email and I can follow up with our Minister's Office.
2. **MO edits must be reviewed and incorporated into the papers**. **If there are MO edits that aren't incorporated** into the next distribution, the **attached feedback tracker must be filled out providing clear rationale** for not including the MO's edits.
    - The tracker provides an opportunity to convey comments and considerations to the MO regarding their edits.
    - **Completed Feedback Trackers are due to me by 3PM on Friday March 10.**

TIMELINES

3. The fourth distribution is this Friday. **Revised papers are due to Budget Secretariat at 12PM on Friday March 10.**

Key Upcoming Dates:

March 8: MO Feedback on the 3rd Distribution
March 10: Fourth draft of papers due to BudSec at NOON for the fourth Distribution
March 15: MO Feedback on the 4th Distribution
March 15: Initial Spring Bill instructions
March 17: Fifth draft of papers due to BudSec at NOON for the fifth Distribution
March 21: MO Feedback on the 5th Distribution
March 22: Branch Review
March 23: Director Sign-off
March 24: Line Ministry Sign-Off
March 28: Final Spring Bill Instructions due

From: Jaikaran, Ronald (MOF)
Sent: March-03-17 6:11 PM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); Gavin.He@ofina.on.ca; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS);

gavin.he@ofina.on.ca; Serena.ly@ofina.on.ca; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #8 | Revised Timelines | March 3, 2017

Hi everyone,

Thank you for submitting your papers for this evening's distribution. As promised, I wanted to provide you with an update to the production schedule.

1. **Tentative Release Date Change**
   - The tentative release date has been revised. New calendars will be put on distribution today that provide details of the changes.
   - Two additional distributions have been added to the schedule (March 10th and March 17th).
   - A reminder that the release date is confidential and should not be shared with anyone outside of MOF/TBS.
2. **MO Feedback on 3rd Distribution – Wednesday March 8**
   - As a result of the date change, we expect edits from the MO on Wednesday morning (not Tuesday as mentioned earlier today).
   - Tracked changes versions will be available to DPC's in the iDoc around **10:00am.**
   - As always, please wait for the email from myself to advise that the files are ready for pick up.
3. **Distribution #4 – Friday March 10**
   - Papers are to be submitted to BudSec on **Friday March 10 at 12:00pm**.

Key Upcoming Dates:

March 3: Third Distribution of the papers
March 8: MO Feedback on the 3rd Distribution
March 10: Fourth draft of papers due to BudSec at NOON for the fourth Distribution
March 15: MO Feedback on the 4th Distribution
March 17: Fifth draft of papers due to BudSec at NOON for the fifth Distribution
March 21: MO Feedback on the 5th Distribution
March 22: Branch Review
March 23: Director Sign-off

Thanks for your ongoing flexibility during the process. If you have any questions, please feel free to contact Alana or myself.

Have a great weekend!

Ron

Ronald Jaikaran
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Document Development and Support Unit
Office of the Budget | Ministry of Finance
Phone: 416-212-9335
ronald.jaikaran@ontario.ca

From: Jaikaran, Ronald (MOF)
Sent: March-03-17 11:16 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Hancock, Julia (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); Gavin.He@ofina.on.ca; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); gavin.he@ofina.on.ca; Serena.ly@ofina.on.ca; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF) 1; MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #7 | Third Distribution | March 3, 2017

Good morning everyone,

Today is the third distribution of papers.

PROCESS

1. **The third draft of your papers are due to BudSec at NOON today.**
   - DPCs, please submit your papers in the iDoc drive. Once you've saved your file in the drive, please email your BudSec contact, cc'ing Alana and myself to notify us that your paper is ready.
2. **If there are MO edits that aren't incorporated** into the next distribution, the **attached feedback tracker must be filled out providing clear rationale** for not including the MO's edits.
   - The tracker provides an opportunity to convey comments and considerations to the MO regarding their edits.
   - **Completed Feedback Trackers are due to me by 3PM on Friday March 3.**

TIMELINES

3. **The document production timelines are currently being reviewed**. An update will be provided later this evening once available.
4. **Under the current timelines, the Minister's Office will provide feedback on the third distribution on March 7.**
   - The edits will be provided in track changes and will be made available in the iDoc drive.
   - I will notify divisions when the edits become available.

Key Upcoming Dates:

March 3: Third draft of papers due to BudSec at NOON for the third Distribution

March 7: MO Feedback on the 3rd Distribution (TBD)

March 7: Branch Review (TBD)

March 8: Director Sign-Off (TBD)
March 9: Line-Ministry Sign-off (TBD)
If you have any questions, please feel free to contact myself or Alana Rowe.
Thanks,
Ron

Ronald Jaikaran
Team Lead, Document Policy Advisor and Coordinator
Document Development and Support Unit
Office of the Budget | Ministry of Finance
Phone: 416-212-9335
ronald.jaikaran@ontario.ca

From: Jaikaran, Ronald (MOF)
Sent: March-01-17 10:58 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Waddell, Colleen (MOF); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); Gavin.He@ofina.on.ca; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); gavin.he@ofina.on.ca; Serena.ly@ofina.on.ca; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF); Ize-Dukuze, Marilyn (MOF); Kang, Lucy (MOF); Walsh, Laura M. (TBS)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Kim, Minzi (MOF) 1; MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #6 | Second Distribution | March 1, 2017

Good morning everyone,
Our Minister's Office has reviewed the second distribution of the papers. **The edits have been saved in their respective section folders on the iDoc drive** in folders called "MO Feedback".

- DPCs, if you have issues accessing your files or need access to a paper you do not lead, please contact your BudSec paper Coordinator (listed in the Production Contact List).

MO FEEDBACK & GENERAL COMMENTS

A few comments for the next round:

- Items currently tracking for inclusion in the Spring Bill must be referenced in the Document. If the item does not fit the narrative of a particular chapter, it should be moved to the Technical Amendments section in the Tax Chapter (Chp. 7). (*See the 2015 Budget*[fin.gov.on.ca] *(pg. 343) and 2016 Budget*[fin.gov.on.ca] *(pg. 338) for examples).*
- The content in the **Commitments since 2013** text boxes should be presented in the form of infographics, similar to the 2016 FES brochures. Text boxes should

no longer be used. (*See the following links for examples*: Education[fin.gov.on.ca], Health Care[fin.gov.on.ca], Jobs[fin.gov.on.ca])

- In the yellows, you may see comments that say "To be discussed at weeklies". The MO would like to discuss these items further at their weekly meetings with divisions. If you require further information or context, I'm happy to follow up with the MO.

PROCESS

1. A reminder that l**ead DPC's should be reaching out to key contributors to relay MO edits** or any other key information related to the chapter.
    - If you have any questions about the required edits, please send me an email and I can follow up with our Minister's Office.
2. **MO edits must be reviewed and incorporated into the papers**. **If there are MO edits that aren't incorporated** into the next distribution, the **attached feedback tracker must be filled out providing clear rationale** for not including the MO's edits.
    - The tracker provides an opportunity to convey comments and considerations to the MO regarding their edits.
    - **Completed Feedback Trackers are due to me by 3PM on Friday March 3.**
3. Our Deputy has reached out to line ministries regarding Document security. Please see attached memo and protocols. You may reach out to LMs as required. Please remember that your ADM should be aware of any line ministry outreach.

TIMELINES

4. The third distribution is this Friday. **Revised papers are due to Budget Secretariat at 12PM on Friday March 3.**
5. The current production schedule is under review. We will provide updates later this week of any changes to the current timelines.

Key Upcoming Dates:

March 3: Third draft of papers due to BudSec at NOON for third Distribution
March 6: MO Feedback on the 3rd Distribution
March 7: Branch Review (TBD)
March 8: Director Sign-Off (TBD)
March 9: Line-Ministry Sign-off (TBD)

If you have any questions, please feel free to contact myself or Alana Rowe.
Thanks,
Ron

Ronald Jaikaran
Team Lead, Document Policy Advisor and Coordinator
Document Development and Support Unit
Office of the Budget | Ministry of Finance
Phone: 416-212-9335
ronald.jaikaran@ontario.ca

From: Jaikaran, Ronald (MOF)
Sent: February-24-17 11:06 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Waddell, Colleen (ENERGY); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); Gavin.He@ofina.on.ca; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF);

Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); gavin.he@ofina.on.ca; Serena.ly@ofina.on.ca; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Ize-Dukuze, Marilyn (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #5 | Second Distribution | February 24, 2017

Good morning everyone,

Happy Friday! Today is the second distribution of papers.

PROCESS

1. **The second draft of your papers are due to BudSec at NOON today.**
    - DPCs, please submit your papers in the iDoc drive. Once you've saved your file in the drive, please email your BudSec contact, cc'ing Alana and myself to notify us that your paper is ready.
    - If you have any technical or timing issues with submitting, please contact your BudSec paper coordinator.
    - The papers will be distributed this evening.
2. **A reminder to contributing authors to work with lead DPCs to ensure your content is inserted in the correct chapter.**
    - The revised contact list has been attached if you are unsure who you should be connecting with.
3. **Alana and I connected with impacted DPCs yesterday in regards to chapter title changes.** Please ensure that these changes are reflected in this turn of the papers it would be appreciated. If you need a reminder please get in touch with us.
4. **If there are MO edits that aren't incorporated** into the next distribution, the **attached feedback tracker must be filled out providing clear rationale** for not including the MO's edits.
    - The tracker provides an opportunity to convey comments and considerations to the MO regarding their edits.
    - **Completed Feedback Trackers are due to me by 3PM on Friday February 24.**
5. **The Minister's Office will provide feedback on the second distribution on March 1.**
    - The edits will be provided in track changes and will be made available in the iDoc drive.
    - I will notify divisions when the edits become available.

Key Upcoming Dates:

February 24: Second draft of papers due to BudSec at NOON for Second Distribution

February 24: MO Feedback Tracker due at 3PM
March 1: MO Feedback on the 2nd Distribution
March 3: Third draft of papers due to BudSec at NOON for third Distribution
March 6: MO Feedback on the 3rd Distribution
March 7: Branch Review
If you have any questions, please feel free to contact myself or Alana Rowe.
Thanks,
Ron

Ronald Jaikaran
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Phone: 416-212-9335
ronald.jaikaran@ontario.ca

From: Jaikaran, Ronald (MOF)
Sent: February-22-17 10:20 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Waddell, Colleen (ENERGY); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); Gavin.He@ofina.on.ca; Zhang, Christina (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); gavin.he@ofina.on.ca; Serena.ly@ofina.on.ca; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF); Maimona, Mashoka (MOF); Giannini, Anna (MOF); Patel, Lesley (MOF); Quarcoo, Irene (MOF); Sylvain, Matthew (MOF); Tibando, Lindsay (MOF); Hsu, Priscilla (MOF); Maloney, Martha (MOF); Savage, Lorraine (MOF); Thirunavukkarasu, Myuri (MOF); Rameh, Shakker (MOF); Kula, Mark (MOF)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Ize-Dukuze, Marilyn (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #4 | MO Feedback on First Distribution | February 22, 2017

Good morning everyone,
Our Minister's Office has reviewed the first distribution of the papers. **The edits have been saved in their respective section folders on the iDoc drive** in folders called "MO Edits".

- DPCs, if you have issues accessing your files or need access to a paper you do not lead, please contact your BudSec paper Coordinator (listed in the Production Contact List).

MO FEEDBACK & GENERAL COMMENTS

1. Overall, our Minister's Office was pleased with the first draft of the papers. A few comments for the second distribution:
    a. All chapters should be written using the following structure:
        Introduction
        - This should be a summary of the chapter and no more than 2pages
        - It should summarize the types of commitments the chapter will

cover
- Include value statements (i.e., Why this section/topic is important? What outcome is the government is trying to achieve?)

Highlights since 2013

- This should be in the form of a text box/call-out box on a separate page following the introduction
- Highlights/accomplishments should be written in succinct bullet points
- The page can include pictures, graphics, icons or other visuals.

Initiatives

- When describing individual initiatives, the narrative should follow our lens and answer the following:
  - What is the government's commitment?
  - Why it's important?
  - What outcomes is the government trying to achieve? What are the key performance indicators?

b. When referencing investments, please be specific about where/what region in Ontario the investments are taking place.

c. Some MO comments in the papers say "Suggested KMs" – these Key Messages are meant to be a guide and not copied word-for-word into the narrative.

PROCESS

2. A reminder that l**ead DPC's should be reaching out to key contributors to relay MO edits** or any other key information related to the chapter.
   - If you have any questions about the required edits, please send me an email and I can follow up with our Minister's Office.
3. **MO edits must be reviewed and incorporated into the papers**. **If there are MO edits that aren't incorporated** into the next distribution, the **attached feedback tracker must be filled out providing clear rationale** for not including the MO's edits.
   - The tracker provides an opportunity to convey comments and considerations to the MO regarding their edits.
   - **Completed Feedback Trackers are due to me by 3PM on Friday February 24.**
4. EAs, please remember to set up weekly meetings with your teams and MO advisors to discuss Document narratives and feedback.
   - MO Advisors are listed in the table of contents that was part of the first distribution
   - If you're unsure of who you should be contacting, please feel free to get in touch with me.
5. **A teleconference** will be set up later this week to check in and to discuss any issues that may arise before the second distribution. Stay tuned for further details. As always, feel free to contact Alana or myself with any additional questions you may have.

TIMELINES

6. The second distribution is this Friday. **Revised papers are due to Budget Secretariat at 12PM on Friday February 24.**

Key Upcoming Dates:

February 22: MO Feedback on 1st Distribution
February 22: Security Awareness Training (2:00 pm- 3:00 pm)
February 24: Second draft of papers due to BudSec at NOON for Second Distribution
February 24: MO Feedback Tracker due at 3PM
March 1: MO Feedback on the 2nd Distribution
March 3: Third draft of papers due to BudSec at NOON for third Distribution
March 6: MO Feedback on the 3rd Distribution
March 7: Branch Review

If you have any questions, please feel free to contact myself or Alana Rowe.
Thanks,
Ron

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Document Development and Support Unit
Office of the Budget | Ministry of Finance
Phone: 416-212-9335
ronald.jaikaran@ontario.ca

From: Jaikaran, Ronald (MOF)
Sent: February-17-17 9:22 AM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Waddell, Colleen (ENERGY); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); Gavin.He@ofina.on.ca; Wynberg, Lynsey (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (TBS); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); gavin.he@ofina.on.ca; Serena.ly@ofina.on.ca; Hamilton, Ross (MOF); Mukherjee, Sumon (MOF); Defend, Charles (TBS); Jamal, Zaynah (TBS); Chowdhury, Rumana (MOF); Henry, Eric (MOF); Bucci, Andrew W. (MOF); Ingram, Kelsey (MOF)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Ize-Dukuze, Marilyn (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #3 | Lockdown & First Distribution | February 17, 2017

Hi everyone,
Today is the first day of Lockdown and the first distribution of papers.

PROCESS

1. **A friendly reminder that the first draft of your papers are due to BudSec at NOON today**
   - DPCs, please submit your papers in the iDoc drive.
   - Once you've saved your file in the drive, please email your BudSec contact, cc'ing Alana and myself to notify us that your paper is ready.
   - If you have any technical or timing issues with submitting, please contact your BudSec paper coordinator.
   - The papers will be distributed this evening.

2. EAs, please submit your line ministry (LM) contacts template by **EOD today**
    - **Divisions are asked to use the attached template to identify LMs that you think will need to be involved in developing major components of the Document narrative in advance of line-ministry sign-off**.
    - The complete list of LMs will be reviewed by our Deputy and Minister's Office. Once approved, we will be reaching out to the identified contacts to ensure they have the appropriate security training needed to be involved in the Document process.
3. **The Minister's Office will provide feedback on the first distribution on February 22.**
    - The edits will be provided in track changes and will be made available in the iDoc drive.
    - I will notify divisions when the edits become available.
4. **Document Protocols (Production, Communication & Security)**
    - Please take a few minutes to review the attached protocols. They identify roles, responsibilities and outline the best practices and guidelines during the Document process.

SECURITY

5. **Today is the first day of Document Lockdown.** The Frost building will be under enhanced security protocols (*see attached Security Bulletin for details*) . Please keep in mind the following protocols:
    - Watch out for "piggybacking" at both the main entrance and the entrance to your floor. Every person must swipe in. Staff should not hold the door open for any unknown guests.
    - Please ensure that yellow papers are never left unattended and are locked whenever you are away from your desk.
    - Yellow paper should not be put in the shredding bins.
    - All Document-related files must be password protected with the 2017 Document internal or external passwords.

Key Upcoming Dates:

February 17: Lockdown Begins
February 17: First draft of papers due to BudSec at NOON for First Distribution
February 20: *Family Day*
February 22: MO Feedback on 1st Distribution
February 22: Security Awareness Training (2:00 pm- 3:00 pm)
February 24: Second draft of papers due to BudSec at NOON for Second Distribution
March 1: MO Feedback on the 2nd Distribution
You may also feel free to "unsubscribe" to these updates at any time.
Thanks,
Ron

Ronald Jaikaran
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From: Jaikaran, Ronald (MOF)
Sent: February-15-17 6:59 PM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Waddell, Colleen (ENERGY); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); Gavin.He@ofina.on.ca; Wynberg, Lynsey (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS); Pearce, James (TBS); Bramble, Veralyn (MOF); Manning, Catalina (TBS); Kuzmanovic, Diana (TBS); Au, David (TBS); Johnson, Malcolm (TBS); Williams, Kent (MOF); Fernandez, Desiree (MOF); Jung, Choya (MOF); Mohsenzadeh, Shabnam (TBS); Zhao, Henry G.Y. (TBS); Palmer, Corinne (TBS); Bugajski, Tomasz (OFA); Marescaux, Monika (TBS); Fang, Helen (TBS); Shepherd, Catherine (TBS); Ghan, Susan (TBS); Skinner, Rachel (TBS); Lim, Michael (MOF); Yim, Terence (MOF); Clarke, Asha (MOF); Vo, Kim (MOF); Saboor, Ibrahim (TBS); Katz, Emily (MOF); Afzal, Sasha (MOF); Merkur, Mark (MOF); Saeed, Ather (TBS); gavin.he@ofina.on.ca; Serena.ly@ofina.on.ca
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, Christopher (MOF); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Ize-Dukuze, Marilyn (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #2 | Revised ToC | February 15, 2017

Good evening everyone,

Thanks for your input on the table of contents. Attached is a revised version. Please see below for further updates:

NARRATIVE

1. Attached is a revised **Table of Contents** outlining the structure for developing DOC narratives. We included your input and worked with the Minister's Office to update the ToC. A few things to note:
    a. Some sections have changed or merged and initiatives have also been moved around.
    b. MO advisors and DPCs have been added.
2. Staff should begin drafting their narratives according to the revised ToC. Divisions are asked to craft their narratives according to the following **narrative lens** below. All narratives should respond to the following questions:
    a. What is the government's commitment? What did the government commit to in the 2016 Budget?
    b. Why the commitment is important?
    c. What outcomes will the government's plan achieve?
    - Divisions should be working together on their narratives as many sections throughout the Document have multiple contributing authors.

SECURITY

3. Each year, line ministries (LMs) are involved in developing the Document narratives. This year, we're introducing **a new security measure** in accordance with the recommendations of our recent review of Document security measures.
    a. **Divisions are asked to use the attached template to identify LMs that you think will need to be involved in this year's Document development** in advance of line-ministry sign-off.

i. The complete list of LMs will be reviewed by our Deputy and Minister's Office. Once approved, we will be reaching out to the identified contacts to ensure they have the appropriate security training needed to be involved in the Document process.

    b. **Please send your completed templates by end of day Friday Feb. 17.**
4. A reminder that **security training sessions** are still being held for new staff and

anyone that would like a refresher. The following sessions are still available:

- Thursday February 16 – 2pm to 3pm
- Wednesday February 22 – 2 pm to 3 pm
- Thursday February 23 – noon to 1 pm
- Friday February 24 – 10am to 11am

a. Please contact **Lee Zavagno** to enroll your staff in security training.
b. If additional sessions are required, please let me know, we'll arrange to have those set up.

PROCESS

5. You should all have received an email from Document, Production (MOF) requesting your computer information. Please review that email and submit your computer information. This will ensure that you receive distributions when they are sent out.

TIMELINES

6. A complete planning and production calendar is still under development and will be circulated to divisions via secure distribution later this week.

Key Upcoming Dates:
February 16: Security Awareness Training (2:00 pm- 3:00 pm)
February 17: Lockdown Begins
February 17: First draft of papers due to BudSec at NOON for First Distribution
February 20: *Family Day*
February 22: MO Feedback on 1st distribution
February 22: Security Awareness Training (2:00 pm- 3:00 pm)
February 24: Second draft of papers due to BudSec at NOON for Second Distribution
Please don't hesitate to contact me with questions.
You may also feel free to "unsubscribe" to these updates at any time.
Thanks,
Ron

Ronald Jaikaran
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Document Development and Support Unit
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From: Jaikaran, Ronald (MOF)
Sent: February-13-17 5:32 PM
To: Harten, Jayne (MOF); Reynolds, Samantha (MOF); Gobeil, Diana (MOF); Skoberne, Vivienne (MOF); Waddell, Colleen (ENERGY); Buckland Foster, Jamie (MOF); Symeonides, Nicole (MOF); Lewis, Shannon (MOF); Gavin.He@ofina.on.ca; Wynberg, Lynsey (OFA); Wallace, Julia (MOF); Tarin, Ghufran (MOF); Agboola, Ola (MOF); Salman, Sadruddin (MOF); Howe, Jyllian (MOF); Morier, Rebecca (MOF); Maloney, Martha (MOF); Buttivant, James (MOF); Laughton, Patrick (TBS); Law, Rex (TBS); Arbabzadeh, Nina (TBS); Hosick, Sarah (TBS); Tsirtsimpis, Katerina (TBS); Lin, Kim (TBS)
Cc: Chaput, Brandon (MOF); McLean, David (MOF); Pearce, James (TBS); Young, Gwendolynne (MOF); Clarke-Darshanand, Jamille (MOF); Ize-Dukuze, Marilyn (MOF); MacIntyre, Kyle (TBS); Simone, Nicole (TBS); Nelson, Dane (TBS); @FIN-L-O-OB-All; @FIN-L-O-BudSec Production Team
Subject: DPAC Update #1 | Welcome to the 2017 Document Process | February 13, 2017

Good evening,
As many of you already know, the 2017 Budget process is well underway. Similar to years past, I'll be providing regular DPAC Updates to ensure we're on the same page

and remain aligned throughout the process. There will be a mix of email updates, teleconferences and in-person meetings this process.
Please feel free to forward this email along to staff and/or let me know if you'd like me to add anyone to this email distribution list.
Last Friday we held a Document Planning session with your ADMs. At the meeting the following items were discussed:

NARRATIVE

1. The preliminary **Table of Contents** outlines a structure for developing DOC narratives. It outlines key contacts throughout the process.
    a. A request for divisions to review, provide comments and identify key contacts where necessary was sent to EAs on Friday. Thank you to those that have submitted their feedback. Please provide revisions to Alana cc'ing myself as soon as possible.
2. Staff should begin drafting their narratives according to the ToC. Divisions are asked to craft their narratives according to the following **narrative lens** below. All narratives should include the following format:
    a. What is the government's commitment?
    b. Why the commitment is important?
    c. What outcomes will the government's plan achieve?

PROCESS

3. Budget Secretariat has sent out a few requests for divisions to:
    a. Identify **Divisional Paper Coordinators (DPCs)**, Production Staff Persons (PSPs) and Briefing Book Coordinators (BBCs). Please review the request and provide a response by Monday February 13th.
    b. Review **Divisional Distribution Lists**, based on previous document processes, to be updated for the upcoming 2017 Spring Document Process. Please review and provide a response by Tuesday February 14th at noon.
4. A **briefing schedule** is currently being developed and will be circulated to divisions in the near future.

SECURITY

5. Maintaining high standards of confidentiality help preserve the integrity of the document development process. It is important that we adhere to the best practices throughout the process.
    a. **Passwords**: The new 2017 DOC passwords were communicated verbally to all divisions. Please feel free to call me if you do not know the 2017 DOC passwords. **The passwords should not be shared via email.**
    b. **Security Awareness Training**: Sessions have been set up (See attached email). **Attendance is mandatory for all new staff, however existing Frost Complex staff are encouraged to attend security training for a refresher.** Sessions will take place on:
        - Tuesday February 14 – 11 am to noon
        - Wednesday February 15 – noon to 1pm
        - Thursday February 16 – 2pm to 3pm
        - Wednesday February 22 – 2 pm to 3 pm

- Thursday February 23 – noon to 1 pm
- Friday February 24 – 10am to 11am

c. Please contact **Lee Zavagno** to enroll your staff in security training.
d. If additional sessions are required, please let me know, we'll arrange to have those set up.

TIMELINES

6. A complete planning and production calendar will be circulated to divisions via secure distribution later this week.

Key Upcoming Dates:
February 13: Deadline to identify DPCs and PSPs
February 14: Deadline to submit Distribution Lists (Noon)
February 14: Security Awareness Training (11:00 am-12:00 pm)
February 15: DPC Training
February 15: Security Awareness Training (12:00 pm- 1:00 pm)
February 16: Security Awareness Training (2:00 pm- 3:00 pm)
February 17: Lockdown Begins
February 17: First draft of papers due to BudSec at NOON for First Distribution
February 22: MO Feedback on 1st distribution
February 22: Security Awareness Training (2:00 pm- 3:00 pm)
February 24: Second draft of papers due to BudSec at NOON for Second Distribution
Please don't hesitate to contact me with questions.
You may also feel free to "unsubscribe" to these updates at any time.
Thanks,
Ron

Ronald Jaikaran
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Document Development and Support Unit
Office of the Budget | Ministry of Finance
Phone: 416-212-9335
ronald.jaikaran@ontario.ca

	Name	Position	Ministry	Branch (please spell out acronym)	Area of Expertise/ Key Initiatives	Office #	Cell #	E-mail Address
Accessibility Directorate of Ont / Accessibilitity Employment Strategy for People with Disabilities / Francophone Affairs / Seniors Affairs						**EA**	**William Snowball 416-314-7819**	
1	Abby Katz Starr	ADM	MSW	ADM	Seniors Affairs	416 326-7069	416 738-0340 or 416 992-3078	Abby.KatzStarr@ontario.ca
2	Kathleen Henschel	Director	MSW	ADM	Seniors Affairs	416 325-2649	647 467-9763	Kathleen.Henschel@ontario.ca
3	Lisa Morgan	Team Lead	MSW	Policy Initiatives	Sprinklers	416 326-7170	647 643-2839	Lisa.Morgan@ontario.ca
4	Shelia McAllister	Senior Consultant	MSW	Policy Initiatives	Elderly Person Centers Expansion	416 326-5668	416 846-3124	Sheila.McAllister@ontario.ca
5	Deanna Blair	Manager	MSW	Public Education/Awareness Unit	Seniors Community Grants	416 326-7058	647 926-8591	Deanna.Blair@ontario.ca
ADVANCED EDUCATION AND SKILLS DEVELOPMENT						**EA**	**Jon Medow 416-314-3861**	
1	David Carter-Whitney	ADM	MAESD	Postsecondary Education Division	Postsecondary Education	(416) 325-2116	(416) 200-3196	David.Carter-Whitney@ontario.ca
2	Glenn Craney	ADM	MAESD	Strategic Policy and Programs Division	Strategic Policy	(416) 212-6597	(647) 404-3587	Glenn.Craney@ontario.ca
3	Erin McGinn	ADM	MAESD	Highly Skilled Workforce Division	Highly Skilled Workforce	(416) 314-5329	(647) 535-2632	Erin.McGinn@ontario.ca
4	Noah Morris	Director	MAESD	OSAP Transformation	Student Financial Assistance	(416) 325-2853	(416) 629-0533	Noah.Morris@ontario.ca
5	Maria Mellas	Director	MAESD	Student Financial Assistance Branch	Student Financial Assistance	(807) 343-7343	(807) 251-5460	Maria.Mellas@ontario.ca
6	Kelly Shields	Director	MAESD	Management	Postsecondary Operating Grants	(416) 325-1952	(647) 980-3318	Kelly.Shields@ontario.ca
7	Zoë Kroeker	Director	MAESD	Strategic Policy and Transformation	Strategic Policy	(416) 212-6597	(416) 994-5770	Zoe.Kroeker@ontario.ca
8	Jen Liptrot	Director	MAESD	Programs Branch	Strategic Policy	(416) 326-5849	(416) 455-3948	Jen.Liptrot@ontario.ca
9	David Bartucci	Manager	MAESD	Highly Skilled Workforce Division	Highly Skilled Workforce	(416) 314-5551	(416) 436-1434	David.Bartucci2@ontario.ca
AGRICULTURE & FOOD						**EA**	**Annette Anderson 416-326-3102**	
1	Jennifer Kidon	Manager	OMAFRA	Business Planning and Financial Management Branch	Ministry Budget and Program Planning	519-826-3797	519-831-8902	jennifer.kidon@ontario.ca
2	Rebecca Force	Program Analyst	OMAFRA	Management Branch	Ministry High Level Financials	519-826-3328		rebecca.force@ontario.ca
3	Greg Pate	Economic Policy Analyst	OMAFRA	Strategic Policy Branch	Economic Analysis	519-826-5149	226-820-5254	greg.pate@ontario.ca
4	Lee-Ann Walker	Director	OMAFRA	Business Planning and Financial Management Branch	Ministry Budget and Program Planning	519-826-3336	519-841-3587	leeann.walker@ontario.ca
5	Brendan McKay	Director	OMAFRA	Strategic Policy Branch	Economic Analysis	519-826-4303	226-971-2240	brendan.mckay@ontario.ca
ATTORNEY GENERAL						**EA**	**Marie Irvine 416-326-8678**	
1	Abi Lewis	Legal Counsel	MAG	Policy Division	Chartered Professional Accountants Act	416-326-2513	416-522-7198	abi.lewis@ontario.ca
2	Jane Marshall	Legal Counsel	MAG	Policy Division	Chartered Professional Accountants Act and Ontario Mining and Lands Commission Transfer	416-212-6937	416-571-1385	jane.marshall@ontario.ca
3	Sara Weinrib	Legal Counsel	MAG	Policy Division	Succession Law Reform Act	416-326-2523	437-991-7446	sara.weinrib@ontario.ca
4	Jatinder Singh	Director	MAG	Business and Fiscal Planning	Fiscal issues	416-326-2040	647-821-2543	jatinder.singh@ontario.ca
5	Sheri Wilkinson	Manager	MAG	Business and Fiscal Planning	Fiscal issues	416-326-2719	647-225-6361	sheri.wilkinson@ontario.ca
CHILDREN & YOUTH SERVICES						**EA**	**Allyson Collymore 416-212-2279**	
1	Marian Mlakar	Director	MCYS	Children and Youth At Risk Branch	Mental Health, Fetal Alcohol Spectrum Disorder	(416) 212-5205	647-292-2149	Marian.Mlakar@ontario.ca
2	Peter Kiatipis	Director	MCYS	Child Welfare Secretariat	Child Welfare, Children's Aid Societies, Child and Family Services Act (CYFSA) , Child Protection	(416) 325-3560	647-668-7601	Peter.Kiatipis@ontario.ca
3	Sarah Hardy	Director	MCYS	Ontario Autism Program Project Team	Autism, New Ontario Autism Program	(416) 325-8409	416-829-6709	Sarah.Hardy@ontario.ca
4	Sean Twyford	Director	MCYS	Youth Strategies Branch	Collective Impact, Ontario Black Youth Action Plan	(416) 325-4699	647-409-4507	Sean.Twyford@ontario.ca
CITIZENSHIP & IMMIGRATION						**EA**	**Michael Dougherty 416-325-6180**	
1	Cindy Lam	Assistant Deputy Minister	MCI	Citizenship and Immigration Division	OINP, Community Grants, refugee resettlement	(416) 212-2783	(416) 889-4223	cindy.lam@ontario.ca
2	Melissa Thomson	Assistant Deputy Minister	MCI	Syrian Refugee Resettlement Secretariat	Refugee resettlement	(416) 325-5512	(416) 569-6285	melissa.thomson@ontario.ca
3	Tony Marzotto	Director	MCI	Corporate Resources Branch	Community Grants, funding	(416) 325-6135	(647) 983-5481	tony.marzotto@ontario.ca
4	Yvonne Ferrer	Director	MCI	Refugee Resettlement Program	Community grants, refugee resettlement	(416) 326-2597	(416) 898-0398	yvonne.ferrer@ontario.ca
5	Suzanne Hastie	Director	MCI	Ontario Immigration Nominee Program	OINP	(416) 212-7590	(416) 881-4840	suzanne.hastie@ontario.ca

COMMUNITY SAFETY & CORRECTIONAL SERVICES						**EA**	**Laura Evangelista 416-327-9935**	
1	Adriana Ibarguchi	Director	MCSCS	Strategic Policy	Policy	416-212-4025	647-921-1732	Adriana.Ibarguchi@ontario.ca
2	Robert Greene	Director	MCSCS	Facilities and Capital Planning	Infrastructure/Capital Planning	416-314-6683	416-277-2370	Robert.Greene@ontario.ca
3	Joy Stevenson	Director	MCSCS	Business and Financial Planning	Business/Financial Planning	416-326-1016	416-918-6217	Joy.Stevenson@ontario.ca
COMMUNITY & SOCIAL SERVICES & RESPONSIBLE FOR POVERTY REDUCTION STRATEGY						**EA**	**Saba Ferdinands 416-325-5234**	
1	Christine Kuepfer	Director	MCSS	Program Policy Implementation Branch	Community and Developmental Services	416-314-9741	519-400-2509	Christine.Kuepfer@ontario.ca
2	Laura Summers	Director	MCSS	Planning and Strategic Policy Branch	Social Assistance/Income Security Reform	416-212-9167	416-566-8236	Laura.Summers@ontario.ca
3	Anna Cain (backup)	Director	MCSS	Ontario Works Branch	Social Assistance/Income Security Reform	416-325-6203	647-203-5529	Anna.Cain@ontario.ca
4	Sean Benson	Team Lead, Business Planning	MCSS	Financial Planning & Business Management Branch	MCSS business planning	416 325-5118	416 457-4162	Sean.benson@ontario.ca
5	Kevin Pal	Director	MCSS	Basic Income Pilot Branch	Basic Income Pilot	(416) 327-3118	416-459-3089	kevin.pal@ontario.ca
6	Heather Lawless	Sr Policy Analyst	MCSS	Planning and Strategic Policy Branch	Social Assistance/Income Security Reform	416-212-6228	647-828-4527	heather.lawless@ontario.ca
ECONOMIC DEVELOPMENT & GROWTH/RESEARCH INNOVATION & SCIENCE						**EA**	**Melinda Gibson 416-325-6992**	
1	Derek Burgess	Manager	MEDG/MRIS	Regional Economic Development	Regional funds and regional plans	416-325-8986	416-786-7571	Derek.Burgess@ontario.ca
2	Andrea Bruce	Manager	MEDG/MRIS	Open for Business	Burden Reduction/regulatory burden	416-326-7589	416-476-8466	Andrea.Bruce@ontario.ca
3	Rachel Simeon	Director	MEDG/MRIS	Strategic Programs Delivery	Transformative Tech	416-314-0670		Rachel.Simeon@ontario.ca
4	David Meyer	Sr. Policy Advisor	MEDG/MRIS	Entrepreneurship and Start-Up Services	Youth Programs and Highly Skilled Workforce	416-212-8111		David.B.Meyer@ontario.ca
EDUCATION						**EA**	**Claudine Munroe 416-325-2182**	
1	Andrew Bright	(A) Director, Education Finance Branch	EDU	Financial Policy & Business	Education Finance	416-325-2037	647-999-7288	Andrew.Bright@ontario.ca
2	Julia Danos	Director, Early Years Implementation Branch	EDU	Early Years Implementation	Child Care	416-314-8192	647-980-5481	Julia.Danos@ontario.ca
3	Paul Duffy	(A) Manager, Funding Policy & Pensions Unit	EDU	Financial Policy & Business	Funding Policy & Pensions	416-325-2035	416-389-5268	Paul.Duffy@ontario.ca
4	Rita Waller	Labour, Manager Operations	EDU	Education Labour Relations	Labour Relations	416-212-4460	416-995-8566	Rita.Waller@ontario.ca
5	Colleen Hogan	Director, Financial Policy & Business	EDU	Financial Policy & Business	Capital Policy & Programs	416-325-1705	705-875-6856	Colleen.Hogan@ontario.ca
ENERGY						**EA**	**Keley Ketona 416-326-7688**	
1	Daniel Cayley	Manager	ENERGY	Electricity Policy and Economics	OFHP / ICI	416-325-7282	647-400-6579	daniel.cayley@ontario.ca
2	Sunita Chander	Director	ENERGY	Distribution and Agency Policy	RRRP / FN Rate / OESP	416-325-6594	416-931-8270	Sunita.Chander@ontario.ca
3	Musab Qureshi	Senior Policy Advisor	ENERGY	Conservation and Energy Efficiency	Affordability Fund	416-212-4283	437-995-6872	Musab.Qureshi@ontario.ca
4	Kaitlin Chaput	Manager	MOF	Electricity Investment Governance Secretariat	Hydro One	416-326-6343	647-823-3428	Kaitlin.Montgomery@ontario.ca
ENVIRONMENT & CLIMATE CHANGE						**EA**	**Susan Ecclestone 416-314-6795**	
1	Jim Whitestone	Assistant Deputy Minister	MOECC	Environmental Programs Division	Climate Change	416-314-9530	416-906-8756	jim.whitestone@ontario.ca
2	Alex Wood	Executive Director	MOECC	Climate Change and Environmental Policy Division	Climate Change	416-325-8569	647-409-9567	alex.wood@ontario.ca
GOVERNMENT & CONSUMER SERVICES						**EA**	**Ben Valido 416-325-0079**	
1	Alex Hui	Manager	MGCS	Corporate Financial Services Branch	Will cover all MGCS questions	(416) 212-8592	647-291-2814	alex.hui@ontario.ca
HEALTH & LONG-TERM CARE						**EA**	**Wiesia Kubicka 416-325-7999**	
1	Dr Bob Bell	Deputy Minister	MOHLTC	Deputy Minister's Office (DMO)	All	416-327-4496	416-725-9026	Robert.Bell@ontario.ca
2	Nancy Naylor	Associate Deputy Minister	MOHLTC	Delivery & Implementation	Patients First Act, LHIN Renewal, Home and Community Care, LHINs, Primary Care Renewal, Caregiver supports, Hospitals	416-326-2492	647-883-7800	Nancy.Naylor@ontario.ca
3	Sharon Lee Smith	Associate Deputy Minister	MOHLTC	Policy & Transformation	Canada Health Transfer, Supporting Seniors, Dementia Strategy, Opioid Strategy, Ontario First Nations Action Plan, Long-term care homes, health system capital	416-212-4030	647-535-2159	Sharonlee.Smith@ontario.ca
4	Melissa Farrell	Assistant Deputy Minister	MOHLTC	Health System Quality and Funding Division (HSQFD)	Hospital, Wait Times, Health System Funding Reform, Bundled Care, Access to Specialists Strategy, HQO, Quality Agenda	416-327-8533	647-262-3206	Melissa.Farrell@ontario.ca

5	Peter Kaftarian	Assistant Deputy Minister	MOHLTC	Health Capital Division (HCD)	Hospital and community capital, LTC redevelopment	416-314-0402	416-432-6332	Peter.Kaftarian@ontario.ca
6	Angie Wong	Director	MOHLTC	(OPDPD)	Public Drug Prpgram, Signature Drug Initiative	416-327-8315	416-557-6983	Angie.Wong@ontario.ca
7	Patrick Dicerni	Assistant Deputy Minister	MOHLTC	Health Strategic Policy & Planning Division (HSPPD)	Health System Policy, Mental Health Strategy, Canada Health Transfer, Supporting Seniors, Dementia Strategy, Opioid Strategy, Ontario First Nations Action Plan	416-327-7261	647-278-0081	Patrick.Dicerni@ontario.ca
8	Lynn Guerriero	Assistant Deputy Minister	MOHLTC	Negotiations and Accountability Management Division (NAMD)	Provincial Programs, OHIP, Physician Services, Community Labs, Palliative Care	416-314-0129	416-671-9989	Lynn.Guerriero@ontario.ca
9	Phil Graham	Director	Ministry of Health	Primary Health Care Branch	Primary Care Renewal, Caregiver supports	(416) 212-0832	647-281-1561	phil.graham@ontario.ca
10	Karen McKibbin	Executive Lead	Ministry of Health	Health Services I&IT Cluster	Digital Yellow Card, Digital Health Drug Repository, I&IT spending and procurement	416-326-7169		karen.mckibbin@ontario.ca
10	Lorelle Taylor	Associate Deputy Minister	MOHLTC	Health System Information Mgt & CIO	Digital Strategy, eHO, ehealth & I&IT spending	416-314-1279	416-567-9218	Lorelle.Taylor@ontario.ca
9	Tim Hadwen	Assistant Deputy Minister	MOHLTC	Health System Accountability and Performance Division (HSAPD)	Patients First Act, LHIN Renewal, Home and Community Care, LHINs, Primary Care Renewal, Caregiver supports	416-212-1134	647-234-8705	Tim.Hadwen@ontario.ca
10	David Jansen	Media		Media	Media Room			
11	James Stewart	Director		Capital Investment Div	Capital Investment			
12	Nancy Lytle	ADM, LTC Homes			LTC Homes			
13	Roselle Martino	Assistant Deputy Minister	MAESD	Population and Public Health Division	Public Health Units, Health Promotion Programs, Healthy Smilies Ontario, Smoke Free Ontario, Menu Labelling	(416) 327-9555	(416) 553-3496	Roselle.Martino@ontario.ca
14	Justine Jackson	CAO	Ministry of Health	Corporate Services Division	PRRT, Hospital Supply Chain Expert Panel, FLS, Appointments	(416) 327-4387	416-317-9806	Justine.Jackson@ontario.ca
15	Phil Cooke	Director	Ministry of Health	Corporate Services Division	PRRT	(416) 327-8674	647-272-1149	Phil.Cooke@ontario.ca
16	David Jensen	Media Relations Coordinator	Ministry of Health	Communications and Marketing Division	Media coordinator	(416) 327-4364	647-982-1098	David.Jensen@ontario.ca
17	Greg Hein	Assistant Deputy Minister	Ministry of Health	Digital Health Secretariat	Digital Strategy, eHealth Ontario, ehealth spending	(416) 325-9075		Greg.Hein@ontario.ca
INDIGENOUS RELATIONS & RECONCILIATION						**EA**	**Tanya Crimp 416-314-6233**	
1	Esther Laquer	Director	IRR	Corporate Management Branch	Policy and Finance	416-212-1277	647-274-1275	Esther.Laquer@ontario.ca
INFRASTRUCTURE						**EA**	**Fausto Iannialice 416-212-4213**	
1	Elizabeth Doherty	Director	MOI	Inter-Governmental Policy Branch	Infrastructure Projects - Federal/Provincial Nego	416-212-8757	416-568-8664	elizabeth.doherty@ontario.ca
2	Trevor Fleck	Director	MOI	Capital Planning & Coordination Branch	Infrastructure Capital Planning/AFP	416-325-8559	416-473-3807	trevor.fleck@ontario.ca
3	Chris Monahan	Director	MOI	Quantitative Policy & Research Branch	Community Hubs	416-325-8695	647-533-6861	chris.monahan2@ontario.ca
INTERGOVERNMENTAL AFFAIRS (CABINET OFFICE)						**EAs Alicia Farrow 5-4631 and Rob Foster 5-3286**		
1	Robert Foster	Executive Assistant	Cabinet Office	Policy & Delivery	Policy & Delivery	416-325-3286		
2	Delna Karanjia	Special Advisor & EA	Cabinet Office	Inclusion, Diversity & Anti-Racism	Inclusion, Diversity & Anti-Racism	416-325-2469		
3	Zeena Abdulla	Head Digital Government	Cabinet Office	Digital Government	Digital Government	416-294-1167		
4	Ernie Bartucci	ADM	Cabinet Office	Health, Social, Environment and National Institutions	Health, Social, Environment and National Institutions	416-325-4804	416-726-0690	
5	Craig McFadyen	ADM	Cabinet Office	Intergovernmental Affairs	Intergovernmental Affairs	416-325-4603	416-509-4970	
6	Francis Parfitt	Senior Intergov. Aff Economist	Cabinet Office	Economics and Justice	Economics and Justice	416-325-9124		
INTERNATIONAL TRADE						**EA**	**Jean Abou-Saab 416-326-4384**	
1	David Wai	Director	MIT	Trade Strategy, Analytics and Patrnerships	International Trade	N/A	416-459-3719	david.wai@ontario.ca
2	Jenarra De Souza	Manager	MIT	Trade Strategy, Analytics and Patrnerships	International Trade	N/A	647-646-1073	jenarra.desouza@ontario.ca
3	Paola Beci	Senior Policy Advisor	MIT	U.S. Trade Engagement	NAFTA Renegotiation	N/A	647-261-0795	paola.beci@ontario.ca
LABOUR						**EA**	**Hilary Forgie 416-326-7573**	
1	Neil Salter	Manager	MoL	Health and Safety Policy Branch	Workplace Safety & Insurance Board	(416) 325-4575		neil.salter@ontario.ca
2	David Beaulieu	Director	MoL	Employment and Labour Policy Br	Changing Worplace Review	(416) 326-7641		david.beaulieu@ontario.ca

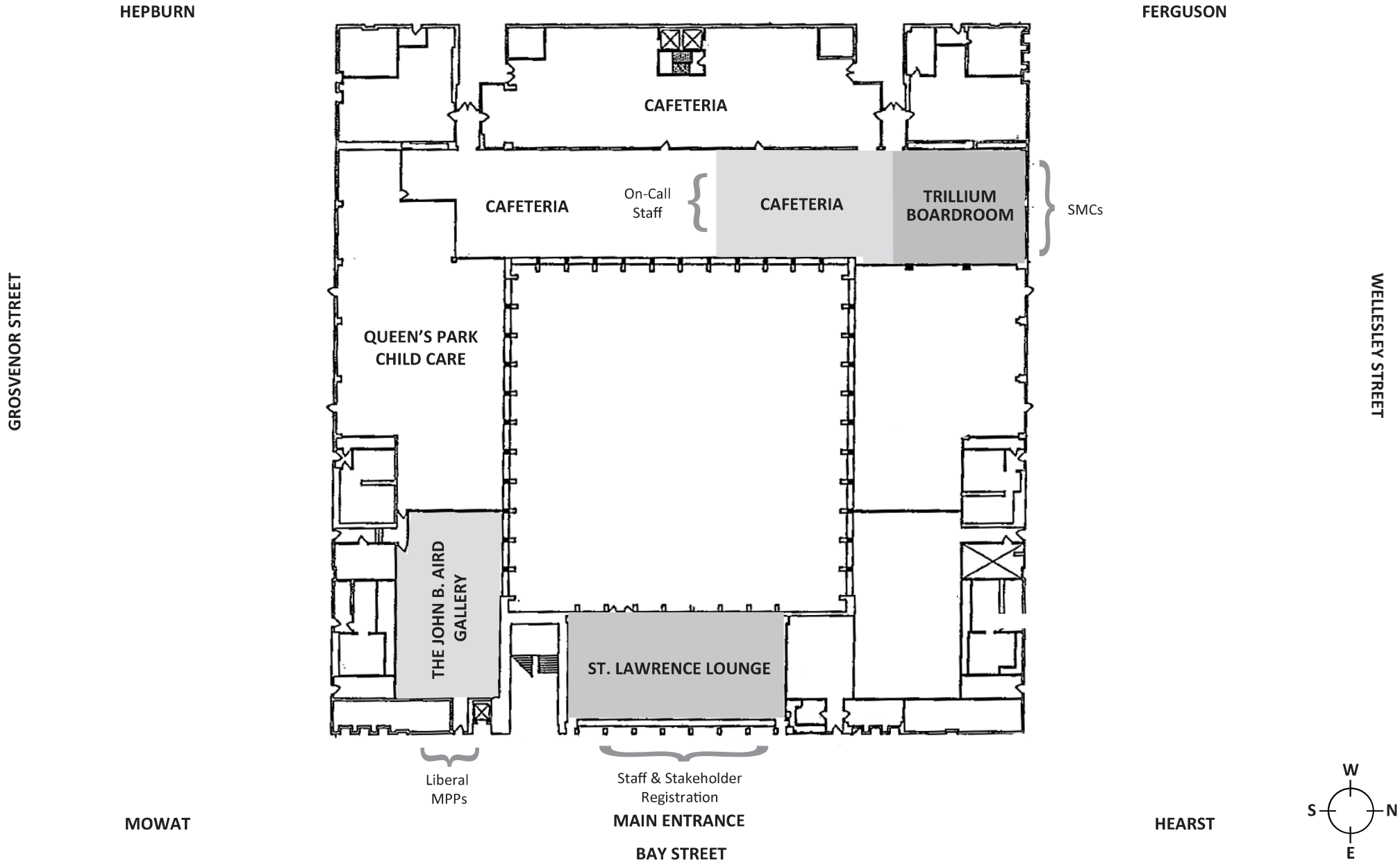
3	Adam Wakefield	Manager	MoL	Employment and Labour Policy Br	Grievance Settlement Board	(416) 327-5493		adam.wakefield@ontario.ca

MUNICIPAL AFFAIRS & HOUSING						**EA**	**Greg Mouchian 416-585-7454**	
1	Oliver Jerschow	Director	MAA	Municipal Finance Policy Branch	Hotel Tax/ Revenue Tools, Housing Affordability	416-585-6951	647-618-5517	Oliver.Jerschow@ontario.ca
2	Cheryl Yan	Team Lead, Housing Affordability Team	MAA	Growth Policy, Planning and Analysis Branch	Housing Affordability	416-325-7330	NA	cheryl.yan@ontario.ca
3	Keith Extance	Director	MAA	Housing Funding and Risk Management Branch	Housing Affordability, Social housing, Affordable	416-585-7524	416-568-7675	keith.extance@ontario.ca
4	Jim Adams	Director	MAA	Housing Programs Branch	Housing Affordability, Affordable housing and Hc	416-585-7021	647-271-9057	Jim.E.Adams@ontario.ca
5	Jason Arandjelovic	Director	MAA	Controllership and Financial Planning Branch	Finance Director, General Ministry Information	416-585-7448	647-215-4153	jason.arandjelovic@ontario.ca
NATURAL RESOURCES & FORESTRY						**EA**	**Tony Gazeas 416-314-2152**	
1	Kathleen McFadden	ADM of Forest Industry Divisior	MNRF	Forest Industry Divisoon	Softwood Lumber	705-945-6767	705-971-8223	Kathleen.McFadden@ontario.ca
2	Alison MacKenzie	Deputy Director Legal Services	MNRF	Legal Services Branch	MNR Act (transition of MLC)	(416) 314-2013	416-529-3160	alison.mackenzie@ontario.ca
NORTHERN DEVELOPMENT						**EA**	**Anne Chabot 416-327-2566**	
1	Amanda Mizerski	Senior Policy Advisor	MNDM	Corporate Policy Secretariat	Northern development, transportation	416-327-8285		
2	Alan Rishworth	Policy Advisor	MNDM	Corporate Policy Secretariat	General northern/mining	416-327-0625		
3	Priyank Thatte	Team Lead - Infrastructure		Ring of Fire Secretariat	Ring of Fire	416-327-7113		
4	Marc St Louis	Senior Business Planner	MNDM	Corporate Management Division	Ffinancial/budget issues	705-564-7459		
STATUS OF WOMEN						**EA**	**William Snowball 416-314-7819**	
1	Lisa Priest	Assistant Deputy Miniter	MSW	Assistant Deputy Minister's Office	Status of Women policy matters - varied	416-314-1850	647-926-3754	Lisa.Priest@ontario.ca
2	Tony Marzotto	Director	MSW	Regional and Corporate Services Division	MSW financials (general)	416-325-6135	647-983-5481	Tony.Marzotto@ontario.ca
TRANSPORTATION						**EA**	**Megan Chochla 416-327-0962**	
1	Ian Freeman	Director	Transportation	Finance Branch	General contact, corporate fiscal planning	(905) 704-2702	289-668-2834	ian.freeman@ontario.ca
2	Christopher Langford	Manager	Transportation	Transit Policy Branch	Public transit infrastructure/projects and funding programs, Metrolinx-/GO Transit-/PRESTO-related inquiries, and Moving Ontario Forward (GTHA investments and transit initiatives outside the GTHA).	(416) 585-7352	416-433-5732	christopher.langford@ontario.ca
3	Jamie Austin	Director	Transportation	Transportation Policy Branch	Electric vehicles/autonomous vehicles/cycling	(416) 585-7628	437-993-1595	jamie.austin@ontario.ca
4	Shael Gwartz	Director	Transportation	Investment Strategies Branch	PHM capital and operating finances	(905) 704-2622	416-434-0428	shael.gwartz@ontario.ca
TOURISM, CULTURE & SPORT						**EA**	**William Snowball 416-314-7819**	
1	Richard McKinnell	Assistant Deputy Miniter	TCS	Business Transformation and Project Management Division / Tourism Division	Hotel Tax (with MMA and MoF) Regional Tourism Support	416-325-6961	416-624-7132	Richard.McKinnell@ontario.ca
2	Kevin Finnerty	Assistant Deputy Miniter	TCS	Culture Division	Film and TV Tax Credits Creative Industries Library Supports (potential budget talks initiative)	416-314-7262	416-450-3616	Kevin.Finnerty@ontario.ca
3	Steve Harlow	Assistant Deputy Miniter	TCS	Sport, Recreation, Community Programs Division / Ontario150 Secretariat	Ontario 150 celebrations / recognition Sport and Recreation matters	416-212-7397	647-291-6770	Steve.Harlow@ontario.ca
4	Tony Marzotto	Director	TCS	Regional and Corporate Services Division	MTCS financials (general)	416-325-6135	647-983-5481	Tony.Marzotto@ontario.ca

2017 BUDGET LOCKUP — Room Allocations

Macdonald Block First Floor

Prepared by Budget Secretariat
416-325-1588
Updated on March 23, 2017

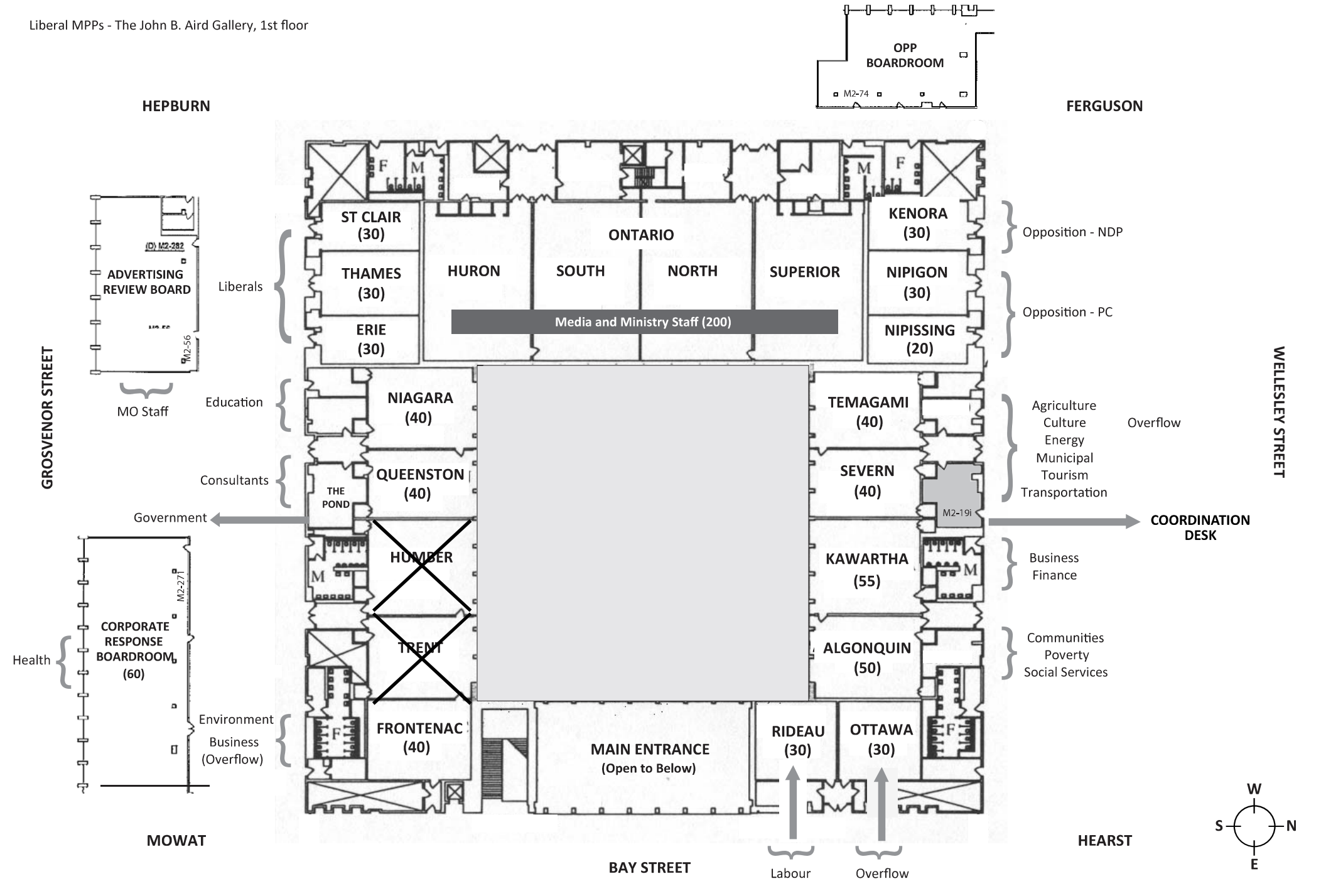


2017 BUDGET LOCKUP — Room Allocations

Macdonald Block Second Floor

Prepared by Budget Secretariat
416-325-1588
Updated on March 23, 2017

Liberal MPPs - The John B. Aird Gallery, 1st floor



2017 BUDGET LOCKUP PRIMER

The Budget Lock-Up provides the media and other stakeholders with the opportunity to review the Budget and have their questions answered in a secure environment. As a policy contributor, you may be:

On-call offsite: You should be available by email or phone over the course of the day and able to arrive at the lock-up within about 10 minutes of being alerted to answer a media, political party or stakeholder question.

On standby onsite: You will be stationed in the Staff Lounge (Macdonald Block cafeteria) and will be alerted when you are needed to answer a media, political party or stakeholder question.

Designated to the media lockup: If you are responsible for a policy area that is anticipated to be of high interest to the media, you will be stationed in the Huron Room. The DPAC will inform you in advance.

Staff Registration – St. Lawrence Lounge

Badges are required to access Lock-up. Staff can register and pick-up a badge in the St. Lawrence Lounge on the main floor of the Macdonald Block (facing the 900 Bay Street exit). Please bring your ministry photo ID and your lanyard, as you will be required to wear your badge at all times.

Staff assigned to the media lock-up: pick up your badge before reporting to the Ontario/Huron rooms.

All other staff (i.e. staff on-call): you can register and pick up a badge once you are notified and dispatched to a room to answer a question.

Media Lock-Up *(8:00am – 4:00pm, Ontario/Huron Rooms)*

Media will begin to arrive around 8:00 am. Designated policy experts should arrive by 9 a.m. to answer media questions. Policy experts will be grouped and seated by subject area.

Please note that subject areas and policy experts may change over the course of the day to best serve the media; a Communications staffer will advise you of any changes.

For media questions outside the scope of the designated policy experts in the room, alert a Communications staffer who will work with the policy coordination desk to ensure the appropriate expert is dispatched to the media lockup to answer the question.

Designated policy staff must clear the Huron room at 12:40 p.m., at which point they can move to the cafeteria for lunch.

All ministry staff* must clear the media lockup during the press conferences (*except SMC). Members of the senior management team can also watch the press conference on a closed-circuit TV in the Trillium boardroom (1st Floor, cafeteria area).

Other staff should go to the cafeteria or their offices and be on-call for stakeholder lockup in the afternoon.

MPP Lock-Up *(9:00am – 4:00pm, multiple rooms)*

Lock-Up for the Liberal and Opposition MPPs (NDP and PC) and their political staff begins at 8:30 a.m. MPPs are escorted from their lockup to attend the Legislature at 3:30 p.m. Political staff will remain in Lock-Up until the Budget is released. Executives brief the NDP at 10:00 a.m. and the PC at 10:30 a.m.

Stakeholder Lock-Up *(12:00pm–4:00 pm, multiple rooms)*

Stakeholders will begin to arrive at noon and their Lock-Up will start at 1:00 p.m.

Every room will have inquiry cards available for stakeholders to ask questions. At regular intervals (every 5-10 minutes), volunteers will collect completed inquiry cards and deliver them to the policy coordination desk. The policy coordination desk will log stakeholders' questions and ensure appropriate policy staff are dispatched.

Policy experts are expected to be available on-site or on-call (within a 10-minute walking distance from Macdonald Block), and must report to the policy coordination desk if they are called to answer a question.

ADDITIONAL INFORMATION

Staff Lounge - Cafeteria

Managers, staff and line-ministry support will be accommodated in the cafeteria on the main floor of Macdonald Block. Copies of the Budget will not be available in the cafeteria. As questions arise, staff will be dispatched from the cafeteria to the appropriate Lock-Up room. Staff should remain in their Queen's Park offices until contacted.

Executive Lounge – Trillium Boardroom

MOF/TBS Directors, EAs and ADMs who are not assigned to the media lockup should congregate in the Trillium boardroom, located inside the Macdonald Block cafeteria. As questions arise in the lock-ups, executives will be called out of the Trillium boardroom to respond. Accommodating executives in this central location will ensure the policy coordination desk can locate policy experts quickly.

Copies of the Budget will be available as well as a closed-circuit TV to view the press conferences. OPP will monitor access and ensure budget documents do not leave this room.

Policy Coordination Desk – Room M2-19 (beside the Severn Room)

The policy coordination desk will be located in Room M2-19 (beside the Severn Room) and serves as the central hub for receiving inquiry cards from stakeholders and arranging for each question to be answered.

Transmitting Devices

Transmitting devices (i.e., BlackBerries, personal smartphones) are NOT allowed in the lock-up rooms until the lock-up is released. OPP will have scanners to ensure this rule is strictly enforced. If you are on-call and are requested to answer a question at Lock-Up, turn off your device before entering. You are permitted to use transmittal devices in the hallways or in the cafeteria.

EMERGENCY PROCEDURES

Fire Alarm

In the event of an emergency, please take your direction from the OPP officers only.

You will be directed to evacuate the building.

If you require assistance, please alert an OPP officer so arrangements can be made to assist you.

Medical Emergency

In the event of a medical emergency, please alert an OPP officer who can provide appropriate first aid.

First aid kits are available from the registration desks at the Ontario Room and the St. Lawrence Lounge.

There are multiple Automated Emergency Defibrillator (AED) units available within the Macdonald Block.

In the event that you require professional medical attention, transportation to the nearest facility will be provided.

Family Emergency

In the event of a family emergency, you can be reached through Sgt. Ryan Bennett, Queen's Park OPP Detachment at (416) 807-6323.

** Remember that if you are required to leave the building, you are not permitted to take any part of the Ontario Budget documents with you and you will remain bound by your Oath of Office until the Budget is tabled. **

2017 DOCUMENT LOCKUP CONTACTS

MEDIA LOCK UP- (FRONT DESK) HURON ROOM, 8:00AM – 4:00PM* (*except during media conferences 12:30PM-3:00PM)

TOPIC	STAFF	EMAIL ADDRESS	OFFICE PHONE #	CELL PHONE #
KEY TOPICS				
Province's Fiscal Plan (including debt/borrowing)	Gadi Mayman	Gadi.Mayman@ofina.on.ca	416-325-8001	416-458-2968
	Ken Kandeepan	Ken.Kandeepan@ofina.on.ca	416-325-9814	647-202-4373
	Danny Cheung	Danny.Cheung@ontario.ca	416-314-5362	
	Liane Inglis	Liane.Inglis@ontario.ca	(416) 212-3165	647-289-8923
	Selena Esmail	Selena.Esmail@ontario.ca	(416) 325-5621	416-903-3966
	Cindy Veinot	Cindy.veinot@ontario.ca	416-325-8017	647-960-7952
	Nadine Petsche	Nadine.Petsche@ontario.ca	416-325-8027	416-562-8509
	Helen Graham	Helen.Graham@ontario.ca	416-212-0492	416-434-0862
Economic Outlook	Stephen Taylor	Stephen.Taylor@ontario.ca	416-325-0766	416-294-3339
	Paul Lewis	Paul.d.lewis@ontario.ca	416-327-0754	416-346-0039
Health Care	John Anania	John.Anania@ontario.ca	416-327-0765	416-728-9166
	Scott Coe	Scott.Coe@ontario.ca	(416) 325-8244	(647) 961-5782
	Teuta Dodbiba	Teuta.Dodbiba@ontario.ca	(416) 326-9005	(647) 229- 5613
Education	Julia Tharratt	Julia.Tharratt@ontario.ca	416-325-6764	
	Tim Cook;	Tim.Cook@ontario.ca;	416-212-9693	416-524-8953;
	Martin Schlaepfer;	Martin.Schlaepfer@ontario.ca	416 327-0165	-
	Jeremie Stephenson	Jeremie.Stephenson@ontario.ca	416-327-0188	647-328-2659
	Bill Praamsma	Bill.Praamsma@ontario.ca	647-327-0143	647-539-9812
	Rumana Chowdhury	Rumana.Chowdhury@ontario.ca	416-325-0804	647-887-5114
Infrastructure	Alnoor Adatia	Alnoor.Adatia@ontario.ca	416-2112-0692	
	Paul Cleaver	Paul.Cleaver@ontario.ca	416-212-6337	647-302-3566
	Oxana Golovkina	Oxanada.Golovkina@ontario.ca	416-325-5400	416-566-5253
	Graham Flanagan	Graham.Flanagan@ontario.ca	416-325-4641	416-554-1879
	Mersad Fard	Mersad.Fard@ontario.ca	416-212-1871	647-269-0793
Housing Affordability	Teddy Tang	Teddy.Tang@ontario.ca	416-326-7204	647-269-0793
	Alan Veerman	Alan.Veerman@ontario.ca	416-325-1539	416-737-1027
	Jody Hendry	Jody.Hendry@ontario.ca	(416) 327-2027	
	Amar Singh	Amar.Singh@infrastructureontario.ca	416-212-5198	416-459-7163
	Ann Langleben	Ann.Langleben@ontario.ca	416-327-0222	416-992-3402
	Colin Graham	Colin.Graham@ontario.ca	416-327-0235	416-708-2488
	Cheryl Whittam	Cheryl.Whittam@ontario.ca	416-325-4909	647-621-7319
	Linda Lam	Linda.Lam@ontario.ca	416-325-8491	
	Eric Gent	Eric.Gent@ontario.ca	416-327-0273	
	Puru Saravana	Puru.Saravana@ontario.ca	416-325-2451	
	Melissa Kittmer	melissa.kittmer@ontario.ca	416-325-4713	416-528-5950
Tax Measures	Paul Devnich	Paul.Devnich@ontario.ca	(416) 212-1858	(905)447-9444
	Mitch Davis	Mitchell.Davis2@ontario.ca	416-325-2359	
	Kostas Plainos	Kostas.Plainos@ontario.ca	416-327-0246	647-203-3982
Various Business and Other Sector Support Initiatives	Tim Cook;	Tim.Cook@ontario.ca;	416-212-9693	416-524-8953
	Kevin Pho	Kevin.Pho@ontario.ca	416-327-0917	416-573-2789
	Mark Shroter	Mark.Schroter@ontario.ca	416-212-4972	
	Felix Fung	Felix.Fund@ontario.ca	416-327-0203	647-919-7834
	Chris Skubel	Chris.Skubel@ontario.ca	416-327-2151	647-984-1655

Various Business and Other Sector Support Initiatives	Sandy Luk	Sandy.Luk@ontario.ca	416-327-2184	647-535-3330
	Indira Komal	Indira.Komal@ontario.ca	416-235-8026	647-746-6643
	Sumon Mukherjee	Sumon.Mukherjee@ontario.ca	416-325-2448	416-988-3010
	Sukvinder Singh	Sukvinder.Singh@ontario.ca	416-325-0907	
	Rob Gray	Rob.Gray@ontario.ca	416-325-0801	647-639-2291
BACK-UP TOPICS **PLEASE NOTE: please attend this room ONLY IF YOU ARE CALLED.				
Financial Institutions				
Auto Insurance	Michael Weisman	Michael.Weisman@ontario.ca	416-326-9225	

OPPOSITION BRIEFINGS, KENORA/NIPIGON/NIPISSING ROOMS, 10–11:00AM

Leads: Tim Schuurman, Karen Hughes				
Gadi Mayman	Bill Praamsma	Ann Langleben	Nancy Kennedy	Maria Duran-Schneider
Michael Waterston	Allan Doheny	Kathleen Ward	Ronald Kwan	Cindy Veinot
Brian Lewis	Sriram Subrahmanyan	Mike Weir	Leah Myers	Artur Arruda
Selena Esmail			Danny Cheung	Teuta Dodbiba

DOCUMENT CONTACTS

CHAPTER/SECTION	MANAGER/DIRECTOR	AT LOCKUP / ON-CALL	EMAIL ADDRESS	OFFICE PHONE #	CELL PHONE #
Chapter I: Restoring Balance - Ontario's Economic and Fiscal Strength					
Introduction					
Ontario's Return to Balance	Ken Kandeepan	AT LOCKUP	ken.kandeepan@ofina.on.ca	416-325-9814	647-202-4373
	Danny Cheung	AT LOCKUP	Danny.Cheung@ontario.ca	416-314-5362	
	Liane Inglis	AT LOCKUP	Liane.Inglis@ontario.ca	(416) 212-3165	647-289-8923
Ontario's Balanced Budget	John Psinas	AT LOCKUP	John.Psinas@ofina.on.ca	416-325-8072	416-543-0664
	Selena Esmail	AT LOCKUP	Selena.Esmail@ontario.ca	(416) 325-5621	416-903-3966
Declining Net Debt-to-GDP					
Ontario's Economic Performance and Outlook	Rob Nicholson	ON CALL	Robert.Nicholson@ontario.ca	416-325-0778	647-403-7842
Ontario: A Growth Leader					
Ontario: Creating High Quality Jobs					
Ontario's Diverse Economy					
Ontario's Strong Trade Connections with the United States					
Maintaining Tax Competitiveness					
Healthy Outlook for Ontario's Economy					
The Path Forward for All					
Chapter II: Helping You and Your Family					
Introduction					
Helping with Everyday Costs	Gavin He (EA, Electricity)	AT LOCKUP	Gavin.He@ofina.on.ca	416-325-0924	416-302-9526
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Reducing Wait Times					
Enhancing the Patient Experience					
Increasing Access					
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Extending Registered Nurse Prescribing					
Increasing Equitable Access to Health Care through Ontario's First Nations Health Action Plan					
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Expanding Access to Safe Abortion					
Improving Pain Management					
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Reducing Wait Times					

Increasing Operating Funding for All Public Hospitals					
Improving Critical Procedures and Wait Times					
Streamlining Access and Reducing Wait Times for Specialized Care					
Innovating for Timely Specialized Care					
Improving Access to Home and Community Care					
Faster Access to Mental Health and Addictions Services					
Increased Access to Structures Psychotherapy					
Providing More Supportive Housing					
Bringing Together Youth Services in One-Stop Hubs					
Enhancing Patient Experience					
Supporting Seniors in Their Communities					
Enhancing Long-Term Care					
Ensuring the Best Quality of Care for Patients					
Making Northern Health Travel More Affordable					
Improving Care for Mothers, Babies and Children					
Improving Patients' Experience and Improving Delivery through Local Health Integration					
Easy Access to Health Services					
Protecting Health Care for Tomorrow					
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Reducing Class Sizes					
Improving Math and Knowledge Skills					
Supporting Education for the Changing Economy					
Implementing Ontario's Indigenous Education Strategy					
Developing a Master Education Agreement with the Anishinabek Nation					
Ensuring Equity					
Strengthening Supports for Students with Special Needs					
Enhancing Austism Supports					
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Collective Impact for At-Risk Youth					
Improving Autism Services					
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Addressing Racism					
Anti-Racism Strategy					
Indigenous-Focused Anti-Racism Strategy					
Ontario Black Youth Action Plan					
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Expanding Indigenous Supports					
Taking Steps to End Human Trafficking					
Streamlining and Modernizing the Court System					
Transforiming the Corrections System					
Enhancing Mental Health in Corrections					
Justice Infrastructure					
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Moving Forward					
Advancing the Goals of the Poverty Reduction Strategy					
Improving the Health and Well-Being of Ontarians					
Optimizing Digital Services					
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In-Year Expense Performance					
Expense Changes					
Medium- Term Fiscal Outlook					
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Ontario's Revenue Outlook					
Medium-Term Revenue Outlook					
Key Changes in the medium-Term Revenue Outlook since the 2016 Budget					
Risks to the Revenue Outlook					
Medium-Term Expense Outlook					
Risks to the Expense Outlook					
Contingent Liabilities					
Fiscal Prudence					
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Uncertain Global Environment					
Private-Sector Forecasts					
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	Mary Iannaci	lock up/on call	Mary.Iannaci@ontario.ca	326-0106	647-407-0820
Ensuring the Ongoing Integrity of Education Property Tax Revenue	Chris Broughton	lock up	Chris.Broughton@ontario.ca	314-3801	416-455-6307
Summary of Measures	Diane Ross	lock up	Diane.Ross@ontario.ca	327-0266	647-500-9282
Technical Amendments	Diane Ross	lock up	Diane.Ross@ontario.ca	327-0266	647-500-9282
Financial Administration Act	Mara Bakic	ON CALL	Mara.Bakic@ofina.on.ca	416-325-8145	647-407-8244
	Michael Smith	ON CALL	Michael.Smith@ofina.on.ca	416-212-1063	416-294-3170
Other Legislative Initiatives	Allison Rickaby	ON CALL	Allison.Rickaby@ontario.ca	416-314-4288	416-788-3245
	Melinda Campbell	ON CALL	Melinda.Campbell@ontario.ca	416-212-1800	416-457-4454
	Diane Ross	lock up	Diane.Ross@ontario.ca	327-0266	647-500-9282
	Denise Dagenais	ON CALL	Denise.Dagenais@ontario.ca	416-327-0249	416-918-4797
LEGAL SERVICES BRANCH	Michael Waterson	AT LOCKUP	Michael.Waterston@ontario.ca	416-326-7918	647-966-6787
	Shannon Lewis		Shannon.Lewis@ontario.ca	416-212-0287	647-625-3649
	Mark Osbaldeston		Mark.Osbaldeston@ontario.ca	416-326-7157	416-938-4160
	Shemin Manji		Shemin.Manji@ontario.ca	416-326-0964	647-938-3216
	Gareth D'Costa		Gareth.D'Costa@ontario.ca	416-325-8258	416-317-8176
	James Elcombe		James.Elcombe@ontario.ca	416-212-4539	416-436-2809

Critical Timelines for 2017 Ontario Budget Lockup

Time	Major Events	Location	Minister's Activities	Deputy's Activities	Executive Team	Policy Staff
6:00 a.m.	OPP Breakfast & Security Briefing	Macdonald Block Cafeteria				
6:30 a.m.	Officers open Superior, Ontario Rooms and Huron	Superior, Ontario, Huron				
6:30 a.m.	Bespoke arrives to set up	Superior, Ontario, Huron				
7:00 a.m.	Volunteers and contractors arrive	900 Bay – St. Lawrence Lounge – 1st Floor				
7:30 a.m.	Coordination Desk staff arrive	M2-19 (beside Severn)				
7:30 a.m.	Media registration begins	Outside Ontario Room				
7:30 a.m.	Staff, line-ministry and political volunteers arrive	900 Bay Entrance – St. Lawrence Lounge – 1st Floor				
8:00 a.m.	Political volunteers arrive	Erie/Thames/ St. Clair - Liberal Kenora – NDP Nipigon/Nipissing - PC				
8:00 – 9:30	TB/ MBC Briefing	TBO Boardroom, 1st Floor, Frost South		TBO Briefing	TBO Briefing	
9:00 a.m.	Political staff arrive (MPPs arrive later in the day)	Erie/Thames/ St. Clair – Liberal Kenora – NDP Nipigon/Nipissing – PC	Speech Prep (Frost)			Staff are on call via blackberries or in 1st Floor, North end of cafeteria. Respond to questions as required. Media lockup: 8:00 – 4:00 Opposition Briefings NDP – 10:00 PC – 10:30
9:00 a.m.	SMC and designated policy staff arrive	Huron Room		Huron Room	Huron Room	
10:00 – 10:30	NDP briefing	Kenora		Kenora	Kenora	
10:30 – 11:00	PC briefing	Nipigon/Nipissing		Nipigon/Nipissing	Nipigon/Nipissing	
10:30 a.m.	OPP Briefing – 2nd shift	Macdonald Block Food Court				
11:00 a.m.	Stakeholder registration volunteers arrive	900 Bay Entrance – St. Lawrence Lounge – 1st Floor				

Time	Major Events	Location	Minister's Activities	Deputy's Activities	Executive Team	Policy Staff
11:30 – 12:00	DMs and ADMs pre-brief	Trillium Boardroom, Mac Block, 1st Floor		Trillium Boardroom	Trillium Boardroom	
11:30 – 1:00	Lunch	Cafeteria – 1st Floor – Staff	OPP Boardroom	OPP Boardroom	OPP Boardroom	
12:00 – 12:30	Minister's pre-brief	OPP Boardroom		OPP Boardroom		
12:00 p.m.	Stakeholder registration opens	St. Lawrence Lounge	Prep for news conference in OPP Boardroom	Brief/lunch with Minister		
12:00 – 4:00	Stakeholder briefings	Stakeholder Rooms				
1:00 – 1:30	Minister's news conference	Ontario Room	Ontario Room	Ontario Room		
1:30 – 1:45	De-brief with Minister, DM & ADMs	OPP Boardroom	OPP Boardroom	OPP Boardroom		
1:45 – 2:15	PC news conference	Ontario Room	Speech prep in OPP Boardroom	PC News Conference – Ontario Room		
2:00 p.m.	Caucus arrive	John B. Aird Art Gallery				
2:15 p.m.	Caucus Briefing	John B. Aird Art Gallery				
2:30 – 3:00	NDP news conference	Ontario Room	Issues briefing in OPP Boardroom	NDP News Conference – Ontario Room		
3:00 – 4:00	Deputies' Briefing	Treasury Board Boardroom, Frost South, 1st Floor		Deputies' technical briefing in TBO Boardroom, Frost South – 1st Floor		
3:00 – 3:15	Gallery guests identified and escorted to the Legislature via tunnel	Stakeholder Rooms				
3:30	MPPs are escorted to Legislature: PCs @ 3:30 - Nipigon/Nipissing NDPs @ 3:30 - Kenora Liberals @ 3:35 – John B. Aird Art Gallery	Legislature				
4:10 (approx.)	Budget is tabled	Legislature	Budget Speech	Budget is tabled and Lock-Up is released		
5:00 -7:00 (approx.)	Media satellite tour	Library	Media Satellite tour begins			

2017 Ontario Budget Lockup

Confirmed Invitee Report

Organization	Name	Title	Status	Room
Abbvie Canada	Kennedy, Gillian	Manager, Government Affairs	Invite Accepted	Ottawa
Aboriginal Institutes Consortium	Ritchie, Kaitlin		Invite Accepted	Niagara
Aboriginal Institutes Consortium	Mosquito, Rosie	Chair of the Board	Invite Accepted	Niagara
Addictions and Mental Health Ontario	Czukar, Gail	Chief Executive Officer	Invite Accepted	Corporate Response Boardroom
Advocacy Centre for Tenants Ontario	Todorow, Mary	Research & Policy Analyst	Invite Accepted	Algonquin
Advocis	Neshevich, Carol	Public relation and social media manager	Attend as Alternate	Kawartha
Allstate Insurance Company of Canada	Watts, Nicole	Manager, External Affairs	Invite Accepted	Kawartha
Alpha Healthcare Group	Kennedy, Gerard	Chief Executive Officer	Invite Accepted	Corporate Response Boardroom
Alzheimer Society of Ontario	Waeland, Pamela	Vice-Chair	Invite Accepted	Corporate Response Boardroom
Alzheimer Society of Ontario	Dennis, Chris		Invite Accepted	Corporate Response Boardroom
Analytica Advisors	Li, Jeff	Partner Outreach Coordinator	Attend as Alternate	Kawartha
Associated Youth Services of Peel	Read, Kate	Finance Manager	Invite Accepted	Algonquin
Association des conseils scolaires des écoles publiques de l'Ontario	Gerson, Anne	Communications Specialist	Invite Accepted	Niagara
Association of Community Legal Clinics of Ontario	Petricone, Ivana	Policy Counsel, Association of Community Legal Clinics of Ontario	Attend as Alternate	Algonquin
Association of Condominium Managers of Ontario	Weinberg, Robert	President	Invite Accepted	Kawartha
Association of Early Childhood Educators Ontario	Parker, Sue	Office Manager	Attend as Alternate	Niagara
Association of Family Health Teams of Ontario (AFHTO)	Mehta, Kavita	Chief Executive Officer	Invite Accepted	Corporate Response Boardroom
Association of Law Officers of the Crown	Dumitru, Earl	President	Invite Accepted	Rideau
Association of Local Public Health Agencies (alPHa)	Fleming, Gordon	Manager, Public Health Issues	Attend as Alternate	Corporate Response Boardroom
Association of Management Administrative and Professional Crown Employees of Ontario (AMAPCEO)	Bulmer, Dave	President	Invite Accepted	Rideau
Association of Management Administrative and Professional Crown Employees of Ontario (AMAPCEO)	Wagar, Jason		Invite Accepted	Rideau

Total Invitees: 423

2017 Ontario Budget Lockup

Confirmed Invitee Report

Organization	Name	Title	Status	Room
Association of Management Administrative and Professional Crown Employees of Ontario (AMAPCEO)	Carson, Jonathan	Research Officer	Invite Accepted	Rideau
Association of Management Administrative and Professional Crown Employees of Ontario (AMAPCEO)	Schein, Anthony	Executive Assistant	Invite Accepted	Rideau
Association of Municipal Managers Clerks and Treasurers of Ontario	Muller, Eric	Policy Advisor	Invite Accepted	Temagami/Severn
Association of Municipalities of Ontario (AMO)	Vanini, Pat	Executive Director	Invite Accepted	Temagami/Severn
Association of Municipalities of Ontario (AMO)	Reid, Craig	Senior Advisor	Attend as Alternate	Temagami/Severn
Association of Ontario Health Centres (AOHC)	Mulligan, Kate	Director, Policy and Communications	Invite Accepted	Corporate Response Boardroom
Association of Ontario Health Centres (AOHC)	Tetley, Adrianna	Cheif Executive Officer	Invite Accepted	Corporate Response Boardroom
Association of Ontario Midwives	Harding, Heather	Policy Advocate	Attend as Alternate	Corporate Response Boardroom
AstraZeneca	Feairs, Jon	Senior Manager of Government Affairs	Invite Accepted	Corporate Response Boardroom
Aurora Strategy Group	Hughson, Craig	President & Chief Executive Officer	Attend as Alternate	Frontenac
Bank of Canada	Chehab Eddine, Nour	Research Assistant	Attend as Alternate	Kawartha
BASF Canada	Bartosiak, Agnieszka	Director, Finance & Business Services	Invite Accepted	Frontenac
BDO Canada LLP	Sideris, Danielle	Senior Manager National Tax	Invite Accepted	Kawartha
BMO Financial Group	Lehmann, Paul	Director, Government Relations	Invite Accepted	Kawartha
BMO Nesbitt Burns	Kavcic, Robert	Senior Economist, Vice President	Invite Accepted	Kawartha
Boys & Girls Clubs of Canada	Morris, Sandra	Regional Director, Central Region	Attend as Alternate	Algonquin
Bresver Grossman Scheininger and Chapman LLP	Scheininger, Les	Lawyer	Invite Accepted	Ottawa
Brookfield Institute for Innovation & Entrepreneurship	Seddon, Matthew	Policy Analyst	Attend as Alternate	Niagara
Brown & Cohen	Brown, Howard	President	Invite Accepted	Queenston
CAA Ontario	Silverstein, Elliott	Manager, Government Relations	Invite Accepted	Frontenac
Campaign 2000	Mustachi, Jessica	Ontario Campaign 2000 Coordinator	Attend as Alternate	Algonquin
Campbell Strategies	Holz, Christopher F.	Principal	Invite Accepted	Kawartha
Canadian Association of Retired Persons (CARP)	Cormack, Tamara	Director of Communication	Attend as Alternate	Algonquin

Total Invitees: 423

2017 Ontario Budget Lockup

Confirmed Invitee Report

Organization	Name	Title	Status	Room
Canadian Association of Retired Persons (CARP)	Semkiw, Marissa	Director of Policy and Government Relations	Attend as Alternate	Algonquin
Canadian Cancer Action Network	Morrison, Marjorie		Invite Accepted	Corporate Response Boardroom
Canadian Cancer Society - Ontario Division	Stancu-Soare, Florentina	Senior Coordinator, Public Issues	Attend as Alternate	Corporate Response Boardroom
Canadian Centre for Policy Alternatives	Hennessy, Trish	Director, Ontario Office	Invite Accepted	Queenston
Canadian Centre for Policy Alternatives	Block, Sheila	Senior Economist	Invite Accepted	Ottawa
Canadian Energy Efficiency Alliance	McDonald, Elizabeth	President and CEO	Invite Accepted	Temagami/Severn
Canadian Environmental Law Association	McClenaghan, Theresa	Executive Director and Counsel	Invite Accepted	Queenston
Canadian Family Physician	Martin, Danielle		Invite Accepted	Ottawa
Canadian Family Physician	Persaud, Nav		Invite Accepted	Ottawa
Canadian Federation of Independent Business (CFIB)	Kwiecinski, Julie	Director of Provincial Affairs, Ontario	Invite Accepted	Kawartha
Canadian Federation of Independent Business (CFIB)	Petkov, Plamen	Vice-President, Ontario & Business Resources	Invite Accepted	Kawartha
Canadian Federation of Students Ontario	Woods, Alastair	National Executive Representative	Attend as Alternate	Niagara
Canadian Federation of Students Ontario	Bursey, Renee	Researcher, Graduate Caucus	Invite Accepted	Niagara
Canadian Gerontologist	Sinha, Samir		Invite Accepted	Ottawa
Canadian Imperial Bank of Commerce (CIBC)	Grantham, Andrew	Senior Economist, Director	Invite Accepted	Kawartha
Canadian Life and Health Insurance Association Inc. (CLHIA)	Sanderson, Ron	Director, Policyholder Taxation and Pensions	Attend as Alternate	Kawartha
Canadian Manufacturers & Exporters	Howcroft, Ian	Vice President	Invite Accepted	Kawartha
Canadian Manufacturers & Exporters	Clipsham, Paul	Director, Policy and Programs	Invite Accepted	Kawartha
Canadian Mental Health Association - Ontario	Hopkins, Jean	Policy Analyst	Invite Accepted	Corporate Response Boardroom
Canadian Mental Health Association - Ontario	Quenneville, Camille	Chief Executive Officer	Invite Accepted	Corporate Response Boardroom
Canadian Mental Health Association - Ontario	Din, Zahir	Policy Analyst	Invite Accepted	Corporate Response Boardroom
Canadian National Institute for the Blind (CNIB)	Grabowski, Sherry	Provincial Director, Deafblind Services, CNIB	Attend as Alternate	Corporate Response Boardroom
Canadian Payroll Association (CPA)	De Grace, Rachel	Advocacy and Government Relations	Invite Accepted	Kawartha
Canadian PKU and Allied Disorders Inc.	Adams, John		Invite Accepted	Corporate Response Boardroom

Total Invitees: 423

2017 Ontario Budget Lockup

Confirmed Invitee Report

Organization	Name	Title	Status	Room
Canadian Taxpayers Federation	Van Geyn, Christine	Director, Ontario	Invite Accepted	Kawartha
Canadian Taxpayers Federation	Ballingall, Jeff	Research Assistant	Invite Accepted	Kawartha
Canadian Union of Public Employees (CUPE) - Ontario Division	Raniga, Venai	CUPE National Researcher	Attend as Alternate	Rideau
Canadian Urban Transit Association (CUTA)	Reuter, Wendy	Vice President, Member Value	Invite Accepted	Temagami/Severn
Canadian Urban Transit Research and Innovation Consortium (CUTRIC)	Jami, Anahita	Senior Eastern Projects Development Officer	Invite Accepted	Temagami/Severn
Cancer Care Ontario	Rabeneck, Linda	Vice President, Prevention and Cancer Control	Invite Accepted	Corporate Response Boardroom
Cancer Care Ontario	Barone, Charles	Senior Advisor, Policy	Invite Accepted	Corporate Response Boardroom
Capital Hill Group	Stewart, Kenneth	Senior Consultant	Invite Accepted	Queenston
Capital Hill Group	Dogra, Yash	Consultant	Invite Accepted	Queenston
Career Colleges Ontario	Maloney, Sharon	Chief Executive Officer	Invite Accepted	Niagara
CasaFoundation	Oyelade, Olutoyin	President & Chief Executive Officer	Invite Accepted	Algonquin
Catholic Charities of the Archdiocese of Toronto	Fullan, Michael	Executive Director	Invite Accepted	Algonquin
CD Howe Institute	Wyonch, Rosalie	Policy Analyst	Invite Accepted	Queenston
Cement Association of Canada	Murray, Martha	Director of Stakeholder Relations (Ontario)	Invite Accepted	Frontenac
Centennial College	Petrou, Andrew	Director, Strategic Initiatives & External Relations	Invite Accepted	Niagara
Central 1 Credit Union	Gianneskis, Aris	Senior Regional Economist Ontario	Invite Accepted	Rideau
Central Local Health Integration Network (CLHIN)	Baker, Kim	Chief Executive Officer	Invite Accepted	Corporate Response Boardroom
Centre for Addiction and Mental Health (CAMH)	Crépault, Jean-François	Senior Policy Analyst	Attend as Alternate	Corporate Response Boardroom
CG Group	Gracey, Don	Partner	Invite Accepted	Queenston
Chartered Professional Accountants	Vale, Alan		Invite Accepted	Ottawa
Chartered Professional Accountants of Ontario	May, Christopher	Director Government Relations	Invite Accepted	Kawartha
Chiefs of Ontario	Oakes, Sydney	Senior Advisor: Chiefs of Ontario	Attend as Alternate	Temagami/Severn
Child Care Ontario	Ferns, Carolyn	Public Policy Coordinator	Invite Accepted	Algonquin
Children's Mental Health Ontario	Fowler, Angela	Director, Strategic Initiatives	Attend as Alternate	Corporate Response Boardroom
Chinese Association of Mississauga	Wen, Eric	President	Invite Accepted	Temagami/Severn
Christian Horizons	Noel-Annable, Janet	Chief Executive Officer	Invite Accepted	Algonquin
Cisco Systems Canada Inc.	Worden, Cathy		Invite Accepted	Kawartha
City of Brampton	Jeffrey, Linda	Mayor	Invite Accepted	Temagami/Severn
City of Kitchener	Grivicic, Paul	Chief of Staff to Mayor	Invite Accepted	Temagami/Severn

Total Invitees: 423

2017 Ontario Budget Lockup

Confirmed Invitee Report

Organization	Name	Title	Status	Room
City of London	Thompson, Adam	Manager, Government and External Relations	Attend as Alternate	Temagami/Severn
City of Niagara Falls	Todd, Ken	Chief Administrative Officer	Invite Accepted	Temagami/Severn
City of Niagara Falls	Diodati, Jim	Mayor	Invite Accepted	Temagami/Severn
City of Toronto	Tory, John	Mayor	Invite Accepted	Temagami/Severn
City of Toronto	Gadon, Sean	Director, Affordable Housing Office	Invite Accepted	Temagami/Severn
City of Toronto	Agrell, Siri	Director of Strategic Initiatives, Mayor's Office	Invite Accepted	Temagami/Severn
City of Toronto	Murray, Fiona	Director, Corporate Intergovernmental & Agency Relations, City Manager's Office	Invite Accepted	Temagami/Severn
City of Toronto	Parsons, Paul	Senior Consultant, Corporate Intergovernmental & Agency Relations, City Manager's Office	Invite Accepted	Temagami/Severn
Clean Energy Canada	Petrevan, Sarah	Senior Policy Advisor	Invite Accepted	Temagami/Severn
Coalition ontarienne de formation des adultes (COFA)	Robillard, Michel	Director General	Invite Accepted	Niagara
College Student Alliance	Byrne, Ciara	Director of Advocacy	Attend as Alternate	Niagara
Colleges Ontario	Franklin, Linda	President and Chief Executive Officer	Invite Accepted	Niagara
Community Literacy of Ontario	Kaattari, Joanne	Co-Executive Director	Invite Accepted	Niagara
Community Living Ontario	Kyle, Gordon	Director, Policy Analysis, Planning & Accountability	Invite Accepted	Algonquin
Community Living Toronto	Poirier, Mathew	Acting Manager Policy and Stakeholder Relations	Invite Accepted	Algonquin
Community Living Toronto	Dendrinos, Karla	Public Relations and Marketing Coordinator	Invite Accepted	Algonquin
Conference Board of Canada	Fields, Daniel	Economist	Invite Accepted	Kawartha
Conservation Ontario	Gavine, Kim	General Manager	Attend as Alternate	Frontenac
Consulting Engineers of Ontario	Zurawel, David	Director, Government and Stakeholder Relations	Invite Accepted	Frontenac
Cooperative Housing Federation of Canada	Swail, Simone	Program Manager, Government Relations	Attend as Alternate	Algonquin
Council of Academic Hospitals of Ontario (CAHO)	Wilson, Tatum	Director, Stakeholder Relations	Attend as Alternate	Kawartha
Council of Canadian Innovators	Bergen, Benjamin	Executive Director, Council of Canadian Innovators	Attend as Alternate	Frontenac
Council of Canadian Innovators	Searle, Patrick	Director of Communications	Invite Accepted	Frontenac

Total Invitees: 423

2017 Ontario Budget Lockup

Confirmed Invitee Report

Organization	Name	Title	Status	Room
Council of Ontario Universities	Krawiec, Lisa	Communications Officer and Executive Assistant to the President	Invite Accepted	Frontenac
Council of Ontario Universities	Lindsay, David	President & Chief Executive Officer	Invite Accepted	Niagara
Counsel Public Affairs Inc.	Dewan, Philip	President	Invite Accepted	Queenston
Counsel Public Affairs Inc.	Sommerville, Devan	Senior Consultant	Invite Accepted	Frontenac
Counsel Public Affairs Inc.	Pinto, Caroline	Principal	Invite Accepted	Frontenac
Credit Canada Debt Solutions	Campbell, Laurie	CEO	Invite Accepted	Kawartha
Crestview Strategy	Moulton, Dan	Consultant	Invite Accepted	Queenston
Crowe Soberman LLP	Jacinto, Silvia	Tax Partner	Invite Accepted	Kawartha
Daily Bread Food Bank	Matem, Richard	Director of Research and Communications	Attend as Alternate	Algonquin
Daisy Consulting Group	Kinsella, Warren	President	Invite Accepted	Frontenac
Dance Ontario	Edwards, Rosslyn Jacob	Executive Director	Invite Accepted	Algonquin
David Suzuki Foundation	Forman, Gideon	Climate Change and Transportation Policy Analyst	Invite Accepted	Frontenac
DBRS	LeBane, Paul		Invite Accepted	Frontenac
DeafBlind Ontario Services	Madho, Karen	Senior Coordinator of Government Relations and Communications	Invite Accepted	Algonquin
Deloitte	MacDonald, Christy	Senior Manager, Tax	Attend as Alternate	Queenston
DeMarco Allan LLP	DeMarco, Lisa	Senior Partner	Invite Accepted	Queenston
Desjardins Group	Brun, Bernard	Director - Government Relations	Invite Accepted	Kawartha
Diocese of Toronto	Goulden, Elin	Social Justice & Advocacy Consultant	Attend as Alternate	Algonquin
Drinks Ontario	MacGregor, Heather	Executive Director	Invite Accepted	Frontenac
Durham College	Tremblay, Pierre	Chair of the Durham College Board of Governors	Attend as Alternate	Algonquin
Durham Family Court Clinic	Crow, Nicola	Executive Director	Invite Accepted	Algonquin
Early Childhood Resource Teacher Network of Ontario	McWhirter, Tim	Vice-President ECRTNO	Attend as Alternate	Niagara
Earnscliffe Strategy Group	Whitehead, John	Principal	Invite Accepted	Queenston
Earnscliffe Strategy Group	Paradis, Melanie	Senior Consultant	Invite Accepted	Queenston
Earnscliffe Strategy Group	Trbovich, Tom	Principal	Invite Accepted	Queenston
East Metro Youth Services	Fainer, Claire	Executive Director	Invite Accepted	Algonquin
eCampusOntario	Patterson, Lena	Operations Director	Attend as Alternate	Niagara
Eckler Ltd.	DeBortoli, Karen	Director - Pension and Benefits Research	Invite Accepted	Queenston

Total Invitees: 423

2017 Ontario Budget Lockup

Confirmed Invitee Report

Organization	Name	Title	Status	Room
Elementary Teachers' Federation of Ontario (ETFO)	McCaffrey, Vivian	Coordinator, Communications and Political Action	Attend as Alternate	Niagara
Energy Storage Ontario	Phillips, Patricia	Executive Director	Invite Accepted	Temagami/Severn
ENsight Canada	Reid, Kalvin	Senior Consultant	Attend as Alternate	Queenston
Enterprise Canada	Sieger, David	Principal	Attend as Alternate	Kawartha
Environmental Defence	Brooks, Keith	Programs Director	Attend as Alternate	Frontenac
Ernst & Young LLP	De Lisser, Maureen	Associate Partner, Tax Services	Invite Accepted	Queenston
Ernst & Young LLP	Roth, Alan	Senior Manager, Tax Services	Invite Accepted	Queenston
Evergreen Brick Works	Buxton Potts, Robin	Government & Stakeholder Relations Manager	Invite Accepted	Temagami/Severn
Facility Association	Simpson, David		Invite Accepted	Ottawa
Family Service Ontario	MacIsaac, Susan	Director of Government Relations	Invite Accepted	Algonquin
Fed Dev Ontario	Peng, Yanning	Manager	Invite Accepted	The Pond
FedDev Ontario	Godbout, Sarah	Policy Analyst	Attend as Alternate	Kawartha
Fédération de la jeunesse franco-ontarienne (FESFO)	Haggar, Koubra	représentante du Sud de l'Ontario	Attend as Alternate	Algonquin
Fédération de la jeunesse franco-ontarienne (FESFO)	Boussi, Ali	Agent de liaison politique et coordonateur du Conseil de représentation	Invite Accepted	Algonquin
Federation of Rental-housing Providers of Ontario	Lauesen, Kristina	Vice President, Government & Industry Relations	Invite Accepted	Ottawa
Fidelity Investments Canada ULC	Pepper, Chris	Vice President, Corporate Affairs	Invite Accepted	Kawartha
Fife House	Bruce, Paul	Executive Director	Attend as Alternate	Algonquin
FilmOntario	Lynch, Cynthia	Managing Director and Counsel	Invite Accepted	Temagami/Severn
Financial Accountability Office of Ontario	Angastiniotis, Mario	Senior Director	Invite Accepted	The Pond
Financial Accountability Office of Ontario	Ngo, Luan	Senior Economist	Invite Accepted	The Pond
Financial Accountability Office of Ontario	West, David	Chief Economist	Invite Accepted	The Pond
Financial Planning Standards Council	Ongaro, Dan	Manager, CEO Office and Senior Policy Advisor	Attend as Alternate	Kawartha
First Nations Technical Institute	Brant, Suzanne	Acting President and Chief Executive Officer	Invite Accepted	Niagara
First Work: The Ontario Association of Youth Employment Centres	Okine, Gladys	Executive Director	Invite Accepted	Algonquin
Fleishman Hillard Canada	Quinn, Anne Marie	Senior Vice President and Partner	Invite Accepted	Queenston
Fleishman Hillard Canada	Paget, Zak	Account Director	Invite Accepted	Queenston
Food & Consumer Products of Canada (FCPC)	Saunders, Michelle	Vice President, Provincial & Territorial Affairs	Attend as Alternate	Kawartha
Fraser Institute	Eisen, Ben	Director of Provincial Prosperity Studies	Attend as Alternate	Niagara

Total Invitees: 423

2017 Ontario Budget Lockup

Confirmed Invitee Report

Organization	Name	Title	Status	Room
Futurpreneur Canada	Surca, Alex	Director, Government Relations	Attend as Alternate	Frontenac
Genworth Canada	Barnier, Kris	Vice President, Government Relations	Invite Accepted	Kawartha
George Brown College	Summers, Bill	Vice President, Research and Policy	Attend as Alternate	Niagara
Global Automakers of Canada	Adams, David C.	President	Invite Accepted	Frontenac
Global Public Affairs	AHMAD, ISRAR	CONSULTANT	Attend as Alternate	Queenston
Grandview Kids	Sunstrum-Mann, Lorraine	Chief Executive Officer	Invite Accepted	Algonquin
Grape Growers of Ontario	Zimmerman, Debbie	Chief Executive Officer	Invite Accepted	Temagami/Severn
Greater Toronto Airports Authority	Desroches, Siobhan	Manager, Government Affairs & Stakeholder Relations	Attend as Alternate	Temagami/Severn
Greater Toronto Civic Action	Harris, Sarah	Director of Communications	Invite Accepted	Algonquin
Greater Toronto Civic Action	Palvetzian, Sevaun	Chief Executive Officer	Invite Accepted	Algonquin
Greater Toronto Hotel Association	Mundell, Terry	President & CEO	Invite Accepted	Temagami/Severn
Greater Toronto Hotel Association	Dickson, Emily	Director, Executive Office, Programs and Events	Invite Accepted	Temagami/Severn
Green Party of Ontario	Danckert, Stacey	Finance Critic	Invite Accepted	The Pond
Green Party of Ontario	Labonte, Kevin		Invite Accepted	The Pond
Green Party of Ontario	Schreiner, Mike	Leader	Invite Accepted	The Pond
Grosso McCarthy Inc.	Grosso, Francesca	Principal	Invite Accepted	Queenston
Health Care of Ontario Pension Plan	Stransky, Blair	Assistant Vice President, Government Relations	Attend as Alternate	Kawartha
Heart & Stroke Foundation of Ontario	Joseph, Orli	Senior Specialist, Public Affairs	Attend as Alternate	Corporate Response Boardroom
Hill+Knowlton Strategies	Greer, Laura	Vice-President, Public Affairs, Health-Care Communications	Invite Accepted	Queenston
Hill+Knowlton Strategies	DeRoche, Gabe		Invite Accepted	Queenston
Hill+Knowlton Strategies	Bucci, Luca		Invite Accepted	Queenston
Hill+Knowlton Strategies	Khan, Omar		Invite Accepted	Queenston
Home Child Care Association of Ontario	Flaherty, Marni	President	Invite Accepted	Niagara
Hospice Palliative Care Ontario (HPCO)	Firth, Rick	President & Chief Executive Officer	Invite Accepted	Corporate Response Boardroom
Human Resources Professionals Association of Ontario (HRPAO)	Allinson, Scott	Vice President Public Affairs	Attend as Alternate	Kawartha
Hydro One	Phillips, Alexandra		Invite Accepted	Temagami/Severn
Income Security Advocacy Centre (ISAC)	Laidley, Jennefer	Research & Policy Analyst	Invite Accepted	Algonquin
Independent Electricity System Operator (IESO)	Dow, Andrew	Analyst	Attend as Alternate	Temagami/Severn

Total Invitees: 423

2017 Ontario Budget Lockup

Confirmed Invitee Report

Organization	Name	Title	Status	Room
Information Technology Association of Canada (Ontario)	Messer, David	Vice President - Policy	Attend as Alternate	Kawartha
Innovation Science and Economic Development Canada	Arnold, Heather	Economic and Policy Analyst, Strategic Policy Branch	Invite Accepted	The Pond
Innovative Medicines Canada	Shaw, Jay	Director, Ontario	Invite Accepted	Corporate Response Boardroom
Insurance Brokers Association of Ontario IBAO	Simpson, Colin M.	Chief Executive Officer	Invite Accepted	Frontenac
Insurance Bureau of Canada (IBC)	Taylor, Barbara	Direct of Policy, ON Region, IBC	Attend as Alternate	Kawartha
Jack.org	Windeler, Eric		Invite Accepted	Corporate Response Boardroom
Janssen	Dobson, Jacqueline	Government Relations & Policy Manager	Invite Accepted	Corporate Response Boardroom
John Cassan Realty and Appraisals	Cassan, John	Real Estate Appraiser, Broker and Consultant	Invite Accepted	Frontenac
Kelly Lynne Ashton Consulting	Ashton, Kelly Lynne	Screen-based Media Consultant	Invite Accepted	Queenston
KPMG LLP	Gulati, Sonya		Invite Accepted	Queenston
KPMG LLP	Macklem, Rosemary	Tax Advisor	Invite Accepted	Queenston
l'Assemblée de la francophonie de l'Ontario (AFO)	Levesque Michaud, Bryan	Analyste politique	Attend as Alternate	Temagami/Severn
Law Society of Upper Canada	Denhartog, Aaron	Advisor, Public Affairs	Invite Accepted	Frontenac
Legal Aid Ontario	Field, David	President & CEO	Invite Accepted	Algonquin
LinkedIn	Hirsch-Allen, Jake	Enterprise Relationship Manager	Invite Accepted	Frontenac
Literacy Link South Central	Kaattari, Tamara	Executive Director	Invite Accepted	Niagara
Loblaw Companies Ltd.	Dhaliwal, Jesse	Government Relations	Invite Accepted	Kawartha
Lofsky Consulting	Lofsky, Arthur		Invite Accepted	Queenston
Low Income Energy Network	Bhanji, Zee	Coordinator	Invite Accepted	Algonquin
Luminato Festival	Faieta, Leah	Manager, Government Relations	Attend as Alternate	Temagami/Severn
Mander Consulting	Mander, Doug	Principal	Invite Accepted	Queenston
Maple Leaf Strategies	Warrick, Julian	Senior Consultant	Invite Accepted	Queenston
March of Dimes Canada	Christianson, Steven	National Manager, Government Relations & Advocacy	Attend as Alternate	Algonquin
Martin Prosperity Institute	French, Philippa	Policy Analyst	Attend as Alternate	Niagara
Martin Prosperity Institute	Usmani, Saad		Invite Accepted	Niagara
McGrath Group	McGrath, John	Principal	Invite Accepted	Queenston
McMaster Students Union	Oliver, Blake	Vice President, Education	Attend as Alternate	Algonquin
McMaster University	Lawson, Alexandra	Executive Advisor, Public Affairs	Attend as Alternate	Niagara

Total Invitees: 423

2017 Ontario Budget Lockup

Confirmed Invitee Report

Organization	Name	Title	Status	Room
McMaster University	Lee, Jacy	Associate Vice-President, Institutional Research and Analysis	Invite Accepted	Ottawa
Medical Technology Companies (MEDEC)	DeKort, Nicole	Vice President- Government Affairs	Invite Accepted	Corporate Response Boardroom
Medtronic	Vanderheyden, Jason	Director, Market Access and Government Affairs	Attend as Alternate	Corporate Response Boardroom
Micheline McKay & Associates	McKay, Micheline	Principal	Invite Accepted	Queenston
Mississauga Community Legal Services	Kwan, Douglas	Associate Executive Director	Invite Accepted	Queenston
Mitacs Inc.	Parlee, Forrest	Vice President, National Partnerships	Invite Accepted	Kawartha
MNP LLP	Carson, Don	Partner, Taxation, Markham	Invite Accepted	Queenston
Mortgage Professionals Canada	Duncan, Samuel	Manager, Government and Policy	Invite Accepted	Ottawa
Municipal Finance Officers' Association of Ontario (MFOA)	Macdonald, Colin	Manager, Policy and Intergovernmental Relations	Invite Accepted	Kawartha
Municipal Finance Officers' Association of Ontario (MFOA)	Babins, Shira	Manager of Policy	Attend as Alternate	Kawartha
Municipal Property Assessment Corporation (MPAC)	Nell, Carla	Vice President, Municipal and Stakeholder Relations	Invite Accepted	Temagami/Severn
National Bank Financial	Lovely, Warren	Economist	Attend as Alternate	Temagami/Severn
National Coalition Against Contraband Tobacco	Rensler, Ashley	Public Affairs Associate	Attend as Alternate	Frontenac
National Public Relations	Taber, Jane	Vice President, Public Affairs	Invite Accepted	Ottawa
Navigator Limited	Georgakopoulos, Jessica	Consultant	Invite Accepted	Ottawa
Neighbourhood Pharmacies Association of Canada	Bates, Justin		Invite Accepted	Corporate Response Boardroom
Newcomer Centre of Peel	Ghassemi, Effat	Executive Director	Invite Accepted	Algonquin
Nishnawbe Aski Nation	Boissoneau, Travis	Chief Administrative Officer	Attend as Alternate	Temagami/Severn
NKS Law	Singh, Navdip Kaur	Barrister & Solicitor	Invite Accepted	Queenston
Novartis Canada	Brisebois, Shanna	Manager, Health Policy	Invite Accepted	Corporate Response Boardroom
OCAD University	Kramer, Miriam	Director, Government Relations & Partnerships	Attend as Alternate	Niagara
ODSP Action Coalition	Vose, Kyle	Co-Chair	Invite Accepted	Algonquin
Office of the Auditor General	Pelow, William	Audit Director	Invite Accepted	The Pond
Older Adult Centre's Association of Ontario	Hesjedahl, Sue	Executive Director	Invite Accepted	Corporate Response Boardroom
Ontario Agencies Supporting Individuals with Special Needs (OASIS)	Kenney, Ann	OASIS President	Attend as Alternate	Algonquin

Total Invitees: 423

2017 Ontario Budget Lockup

Confirmed Invitee Report

Organization	Name	Title	Status	Room
Ontario Agriculture Sustainability Coalition	Horne, Richard	Manager, Policy and Issues	Attend as Alternate	Temagami/Severn
Ontario Association of Adult & Continuing Education School Board Administrators (CESBA)	Beaupré, Bernadette	Executive Director	Invite Accepted	Niagara
Ontario Association of Architects (OAA)	Tracey, Adam	Manager, Policy and Government Relations	Attend as Alternate	Rideau
Ontario Association of Children's Aid Societies (OACAS)	Snowball, Andrew	Senior Program Analyst	Attend as Alternate	Algonquin
Ontario Association of Children's Rehabilitation Services	Churchill, Jennifer	Chief Executive Officer	Invite Accepted	Algonquin
Ontario Association of Non-Profit Homes and Services for Seniors (OANHSS)	Humphreys, Debbie	Senior Director, Corporate and Public Affairs	Invite Accepted	Algonquin
Ontario Association of Optometrists	Derabbie, Doug	Director of Government and Public Affairs	Invite Accepted	Corporate Response Boardroom
Ontario Campaign for Action on Tobacco	Perley, Michael	Director	Invite Accepted	Corporate Response Boardroom
Ontario Catholic School Trustees' Association	Duszczyszyn, Dan	Consultant	Attend as Alternate	Niagara
Ontario Centres of Excellence	McFadzean, Peter	Manager, Partnerships	Attend as Alternate	Queenston
Ontario Chamber of Commerce (OCC)	Baldauf, Karl	Vice President, Policy & Government Relations	Invite Accepted	Kawartha
Ontario Chamber of Commerce (OCC)	Koroscil, Richard	Interim President & Chief Executive Officer	Invite Accepted	Frontenac
Ontario Chamber of Commerce (OCC)	Thiele, Andrew	Analyst	Invite Accepted	Kawartha
Ontario Coalition for Better Child Care (OCBCC)	Olan-MacLean, Sheila	President	Invite Accepted	Algonquin
Ontario Community Support Association (OCSA)	Boily, Patrick	Manager, Policy and Stakeholder Engagement	Attend as Alternate	Algonquin
Ontario Confederation of University Faculty Associations (OCUFA)	Rosenfeld, Mark	Executive Director	Invite Accepted	Niagara
Ontario Confederation of University Faculty Associations (OCUFA)	Bates, Judy	President	Invite Accepted	Niagara
Ontario Confederation of University Faculty Associations (OCUFA)	Sinclair-Waters, Brynne	Policy Analyst	Invite Accepted	Niagara
Ontario Construction Secretariat	Worte, Ian	Research Analyst	Attend as Alternate	Rideau
Ontario Council on Academic Vice-Presidents (OCAV)	Gooch, Peter		Invite Accepted	Ottawa
Ontario Council on Articulation and Transfer	Quickert, Lia		Invite Accepted	Niagara
Ontario Cultural Attractions Fund	Sharpe, Kathleen	Executive Director	Invite Accepted	Temagami/Severn

Total Invitees: 423

2017 Ontario Budget Lockup

Confirmed Invitee Report

Organization	Name	Title	Status	Room
Ontario Dental Association	MacKenzie, Amanda	Manager of Government Relations	Invite Accepted	Corporate Response Boardroom
Ontario Energy Association	Hrab, Roy	Director of Policy	Attend as Alternate	Temagami/Severn
Ontario English Catholic Teachers Association (OECTA)	Fullerton, Cheryl	Executive Assistant Government Relations Department	Attend as Alternate	Algonquin
Ontario Federation of Agriculture (OFA)	Le Fort, Ben	Senior Policy Analyst	Attend as Alternate	Temagami/Severn
Ontario Federation of Labour (OFL)	Thevaratnam, Thevaki	Director of Research and Education, Ontario Federation of Labour	Attend as Alternate	Rideau
Ontario General Contractors' Association	Frame, David	Director, Government Relations	Invite Accepted	Rideau
Ontario Health Coalition	Mehra, Natalie	Co-Chair	Invite Accepted	Corporate Response Boardroom
Ontario Health Coalition	Labelle, Sara		Invite Accepted	Corporate Response Boardroom
Ontario Home Builders' Association	Collins-Williams, Michael	Director, Policy	Attend as Alternate	Frontenac
Ontario Home Care Association (OHCA)	VanderBent, Susan D.	Chief Executive Officer	Invite Accepted	Corporate Response Boardroom
Ontario Horse Racing Industry Association (OHRIA)	Leslie, Sue	President and Chair	Invite Accepted	Temagami/Severn
Ontario Hospital Association	Reidel, Lou	Chief System Planning & Performance Officer	Attend as Alternate	Corporate Response Boardroom
Ontario Hospital Association	MacLeod, Michelle	Public Affairs Specialist	Invite Accepted	Corporate Response Boardroom
Ontario Long Term Care Association (OLTCA)	O'Neill, Bill	Board Chair	Invite Accepted	Corporate Response Boardroom
Ontario Long Term Care Association (OLTCA)	Chartier, Candace	Chief Executive Officer	Invite Accepted	Corporate Response Boardroom
Ontario Lung Association	Yaccato, Chris	Provincial Manager, Government Relations and Public Affairs	Attend as Alternate	Corporate Response Boardroom
Ontario Media Development Corporation	Smith, Erin	Senior Policy Advisor	Attend as Alternate	Temagami/Severn
Ontario Medical Association	Daniell-Colarossi, Nadia	Manager, Media Relations, Advocacy & Public Affairs	Attend as Alternate	Corporate Response Boardroom
Ontario Medical Association	Marusic, George	Director, Analytics, ERA & Technology	Invite Accepted	Corporate Response Boardroom
Ontario Municipal Employees Retirement System (OMERS)	Morley, Chris	Vice President, Government Relations	Invite Accepted	Kawartha
Ontario Municipal Social Services Association (OMSSA)	Wolk, Darryl	Policy Analyst	Invite Accepted	Temagami/Severn

Total Invitees: 423

2017 Ontario Budget Lockup

Confirmed Invitee Report

Organization	Name	Title	Status	Room
Ontario Native Literacy Coalition	Davis, Michelle	Executive Director	Invite Accepted	Niagara
Ontario Non-Profit Housing Association (ONPHA)	Harris, Helen	Coordinator, Policy & Research	Invite Accepted	Algonquin
Ontario Nonprofit Network	Sutherland, Liz	Policy Advisor	Attend as Alternate	Algonquin
Ontario Nurses' Association (ONA)	Haslam-Stroud, Linda	President	Invite Accepted	Corporate Response Boardroom
Ontario Nurses' Association (ONA)	Walter, Lawrence	Government Relations Officer	Invite Accepted	Corporate Response Boardroom
Ontario Pension Board	Van De Kraats, Alison	Pension Policy Strategy Advisor	Attend as Alternate	Kawartha
Ontario Pharmacists' Association	Malek, Allan	Senior Vice President, Professional Affairs	Invite Accepted	Corporate Response Boardroom
Ontario Physical and Health Education Association (OPHEA)	Markham, Chris	Executive Director and Chief Executive Officer	Invite Accepted	Niagara
Ontario Power Generation Corporation	Dykxhoorn, Sandra	Acting Director, Provincial Relations	Invite Accepted	Temagami/Severn
Ontario Principals' Council	Sweeney, Peggy	Senior Communications Consultant	Invite Accepted	Niagara
Ontario Public Health Association	Sanderson, Melanie	Policy and Research Analyst	Attend as Alternate	Frontenac
Ontario Public Service Employees Union (OPSEU)	Casey, Marc	Research Officer	Invite Accepted	Rideau
Ontario Public Service Employees Union (OPSEU)	Crossman, Steve	Research Officer, Strategic Planning & Policy	Invite Accepted	Rideau
Ontario Public Transit Association - OPTA	Cameron, Karen	Chief Executive Officer	Invite Accepted	Temagami/Severn
Ontario Real Estate Association (OREA)	Yahn, Adam	Manager, Government Relations	Invite Accepted	Frontenac
Ontario Real Estate Association (OREA)	Markovinovic, Katarina		Invite Accepted	Frontenac
Ontario Rehab Alliance	Davis, Laurie	Executive Director	Invite Accepted	Corporate Response Boardroom
Ontario Retirement Communities Association (ORCA)	Fogolin, Paul	Vice President, Government Relations & Communications	Invite Accepted	Algonquin
Ontario Road Builders' Association (ORBA)	De Souza, Ashley	Director, Government Relations	Invite Accepted	Frontenac
Ontario Science Centre	Lang, Terri	Chief Operating Officer and VP of Corporate Services	Attend as Alternate	Temagami/Severn
Ontario Secondary School Teachers' Federation (OSSTF)	Hirschegger, Joe	Executive Assistant	Attend as Alternate	Niagara
Ontario Skilled Trades Alliance	Hamilton, Stephen	Manager, Government Relations	Invite Accepted	Frontenac
Ontario Society for the Prevention of Cruelty to Animals (OSPCA)	MacDonald, Kate	Chief Executive Officer	Invite Accepted	Algonquin

Total Invitees: 423

2017 Ontario Budget Lockup

Confirmed Invitee Report

Organization	Name	Title	Status	Room
Ontario Society of Professional Engineers (OSPE)	Kronfli, Catrina	Lead, Policy and Government Relations	Attend as Alternate	Frontenac
Ontario Student Trustees' Association	Mehdi, Shams	Vice President	Attend as Alternate	Niagara
Ontario Sustainable Energy Association	Risse, Nicole	Interim Executive Director	Invite Accepted	Temagami/Severn
Ontario Trillium Foundation	Kay, Lori	Public Relations Associate	Attend as Alternate	Temagami/Severn
Ontario Undergraduate Student Alliance	Cleary, Jamie	President	Attend as Alternate	Niagara
Open Policy	Stapleton, John	Metcalf Policy Fellow	Invite Accepted	Algonquin
OPTrust	Bruno, Melissa		Invite Accepted	Kawartha
OPTrust	Taylor, Kevin		Invite Accepted	Kawartha
Othius Kleer Townshend LLP	Richie, Kaitlin	Associate	Invite Accepted	Ottawa
PAIL Network	La Fontaine, Michelle	Program Manager	Invite Accepted	Corporate Response Boardroom
Pathway Group Inc	Karremans, Leanna	Director, Research, Policy & Communications	Invite Accepted	Queenston
Pathways to Education	Clarke, Jesse	Director, Government Partnerships	Attend as Alternate	Niagara
Pediatric Oncology Group of Ontario	Greenberg, Corin	Chief Executive Officer	Invite Accepted	Corporate Response Boardroom
Peel-Halton-Dufferin Adult Learning Network	Shulman, Matthew	Executive Director	Invite Accepted	Niagara
Pembina Institute for Appropriate Development	Angen, Eli	Regional Director, Ontario	Attend as Alternate	Frontenac
Pfizer Canada Inc.	Sciuk, Alexis	Senior Manager Patient Access, Public Payers and Health Policy	Invite Accepted	Ottawa
Pick My Brain	Coffey, Robert	The Coach	Invite Accepted	Algonquin
Plug'n Drive	Clairman, Cara	President & CEO	Invite Accepted	Temagami/Severn
Poverty Action For Change Coalition	Pearson, Tom	Chairman	Invite Accepted	Algonquin
Power Corporation of Canada	Genest, Paul	Senior Vice-President	Invite Accepted	Frontenac
Premier's Council Youth Opportunities	Nkala, Likwa	Manager Provincial Youth Outreach Worker Program Community of Practice	Attend as Alternate	The Pond
Prevention Link	Devine, Shannon		Invite Accepted	Rideau
Pricewaterhouse Coopers	Mapa, Sheryl	Director, Tax	Invite Accepted	Queenston
Pricewaterhouse Coopers	Lim, Ruby	Senior Manager, Tax	Invite Accepted	Queenston
Primerica	Ashman, Marlene Angela	Regional Vice-President	Invite Accepted	Kawartha
Professional Engineers-Government of Ontario (PEGO)	Wu, Ping	President	Invite Accepted	Rideau
Professional Engineers-Government of Ontario (PEGO)	Bhatt, Nihar	Director	Invite Accepted	Rideau
Prosper Canada	Islam, Trisha	Program Officer	Attend as Alternate	Kawartha

Total Invitees: 423

2017 Ontario Budget Lockup

Confirmed Invitee Report

Organization	Name	Title	Status	Room
Provincial Building and Construction Trades Council of Ontario (PBCTC)	Delov, Igor	Executive Assistant	Invite Accepted	Frontenac
Public Service Alliance of Canada (PSAC)	Vieira, Lino	Political Communications Officer - Ontario	Invite Accepted	Rideau
Real Property Association of Canada	Brooks, Michael	Chief Executive Officer	Invite Accepted	Frontenac
Regional Municipality of Durham	Connolly, John	Director, Housing Services	Invite Accepted	Temagami/Severn
Regional Municipality of Halton	Watt, Mabel	Manager, Policy Integration	Attend as Alternate	Temagami/Severn
Registered Nurses Association of Ontario (RNAO)	Zych, Marion	Director of Communications	Invite Accepted	Corporate Response Boardroom
Registered Nurses Association of Ontario (RNAO)	Jarvi, Kim	Senior Economist	Invite Accepted	Corporate Response Boardroom
Registered Nurses Association of Ontario (RNAO)	Levin, Lisa	Director of Nursing and Health Policy	Invite Accepted	Corporate Response Boardroom
Registered Nurses Association of Ontario (RNAO)	Grinspun, Doris	Chief Executive Officer	Invite Accepted	Corporate Response Boardroom
Registered Practical Nurses Association of Ontario (RPNAO)	Martin, Dianne	Chief Executive Officer	Invite Accepted	Corporate Response Boardroom
Registered Practical Nurses Association of Ontario (RPNAO)	Schonewille, Searle	Director, Policy Development and Government Relations	Invite Accepted	Corporate Response Boardroom
Restaurants Canada	Reynolds, Joyce	Executive Vice President Government Affairs	Invite Accepted	Temagami/Severn
Restaurants Canada	Rilett, James	Vice President, Ontario	Invite Accepted	Temagami/Severn
Retail Council of Canada (RCC)	Rygus, Gary	Director, Government Relations (Ontario)	Attend as Alternate	Frontenac
Richmond Hill Public Library	Maio, Louise Procter	Chief Executive Officer	Invite Accepted	Temagami/Severn
Rogers Communications	Stewart, Ken	Senior Consultant	Attend as Alternate	Frontenac
Rogers Communications	Parps, Jodi	Executive Assistant	Invite Accepted	Frontenac
Royal Bank of Canada (RBC)	Hogue, Robert	Senior Economist	Invite Accepted	Kawartha
Rural Ontario Municipal Association (ROMA)	Wilson, Matthew	Senior Advisor	Invite Accepted	Temagami/Severn
Rural Ontario Municipal Association (ROMA)	Lambie, Brian	Principal	Invite Accepted	Temagami/Severn
Santis Health	Carbin, Dan	Principal	Invite Accepted	Corporate Response Boardroom
Santis Health	Grier, Jason	Principal	Invite Accepted	Ottawa
Science North	Booth, Jennifer	Director of Finance	Attend as Alternate	Temagami/Severn
SEIU Healthcare	Spitale, Michael	Director, Government Relations	Invite Accepted	Corporate Response Boardroom
SEIU Healthcare	Buckingham, Brigid	Head of Policy	Invite Accepted	Corporate Response Boardroom

Total Invitees: 423

2017 Ontario Budget Lockup

Confirmed Invitee Report

Organization	Name	Title	Status	Room
Seneca College of Applied Arts & Technology	Grech, Caroline	Manager of Government and Community Relations	Invite Accepted	Niagara
Seven Generations Education Institute	Tookenay, Brent	Executive Director	Invite Accepted	Niagara
Sheridan College of Applied Arts and Technology	Lysack, Monica	Professor, Early Childhood Leadership Degree program	Invite Accepted	Ottawa
SKH Consulting	Ker-Hornell, Sarah	President	Invite Accepted	Ottawa
Spinal Cord Injury Ontario	Athanasopoulos, Peter	Manager, Public Policy and Government Relations	Invite Accepted	Corporate Response Boardroom
Strategic and Financial Architecture	Johnston, Hugh	Strategic and Financial Architect	Invite Accepted	Kawartha
Strategix Consulting	Sharma, Atul	President	Invite Accepted	Queenston
Strategy Corp Inc.	Semansky, Mike	Manager	Invite Accepted	Ottawa
Strategy Corp Inc.	Steele, Andrew		Invite Accepted	Ottawa
Sussex Strategy Group	Rohani, Morva	Associate	Invite Accepted	Queenston
Sustainability CoLab	Brinic, Victor	Economist, HDR Inc.	Attend as Alternate	Frontenac
Telus Communications Inc.	Bacque, Ian	Government Relations Director	Invite Accepted	Frontenac
Temple Scott Associates Inc.	Singh, Ryan	Consultant	Invite Accepted	Kawartha
Toronto Dominion Bank (TD)	Millard, Howie	Associate Vice President, Government Relations	Invite Accepted	Kawartha
Toronto Financial District BIA	Maloney, Mark	Policy Advisor	Invite Accepted	Kawartha
Toronto Financial Services Alliance (TFSA)	Malik, Daniel	Vice-President, Policy and Stakehodler Relations	Attend as Alternate	Kawartha
Toronto Region Board of Trade	Parker, Jeff	Manager, Policy	Invite Accepted	Frontenac
Tourism Industry Association of Ontario (TIAO)	Potter, Beth	President & Chief Executive Officer	Invite Accepted	Temagami/Severn
Town of Oakville	Bradley, Luke	Communications Advisor	Attend as Alternate	Temagami/Severn
Trillium Automobile Dealers Association	Notte, Frank	Director of Government Relations	Invite Accepted	Temagami/Severn
Trillium Health Partners	Kerr, Shawn	Associate Vice President, Public Affairs and Strategic Partnerships	Attend as Alternate	Corporate Response Boardroom
Trillium Housing	Smith, Joe Deschênes	Principal	Invite Accepted	Algonquin
Uber	Heath, Susie	Senior Associate, Uber Canada	Attend as Alternate	Temagami/Severn
Unifor	Brennan, Jordan	Economist	Invite Accepted	Rideau
Unifor	O'Keefe, Kathleen	National Representative, Communications	Invite Accepted	Rideau
University of British Columbia	Kershaw, Paul	School of Population and Public Health	Invite Accepted	Niagara
University of Guelph	Mcdonald, Mellissa	Director, Government Relations	Invite Accepted	Niagara
University of Toronto	Scully, Marny	Deputy Chief, Government Relations	Invite Accepted	Niagara

Total Invitees: 423

2017 Ontario Budget Lockup

Confirmed Invitee Report

Organization	Name	Title	Status	Room
University of Waterloo	Esselment, Rob	Associate Vice-President, Government Relations	Invite Accepted	Niagara
University of Western Ontario	Chelladurai, Ruban	Associate Vice President, Planning, Budgeting, and Information Technology	Invite Accepted	Niagara
University of Western Ontario	White, Peter	Executive Driector, Government Relations	Invite Accepted	Ottawa
Valeant Canada	Childerhose, Rosemarie	Manager, Market Access & Government Affairs	Invite Accepted	Corporate Response Boardroom
Veridian Corporation	Angemeer, Michael C.	President & Chief Executive Officer	Invite Accepted	Temagami/Severn
Weeneebayko Area Health Authority	Schmidt, Bernie	President & Chief Executive Officer	Invite Accepted	Corporate Response Boardroom
Wellesley Institute	Hill, Malaika	Researcher	Attend as Alternate	Queenston
Western University - Student Council	Avila, Eddy	President	Invite Accepted	Niagara
Wilfrid Laurier University	Banks, Mary Anne	Financial Services	Attend as Alternate	Ottawa
Wilfrid Laurier University	Papadopoulos, Maria	Director, Government Relations	Invite Accepted	Ottawa
William White International Inc.	Hardy, David	Vice President, Government Relations	Invite Accepted	Kawartha
Willis Towers Watson	Laxon, Simon	Consultant	Invite Accepted	Queenston
Windsor Regional Hospital	Musyj, David	President and Chief Executive Officer	Invite Accepted	Corporate Response Boardroom
Wolters Kluwer Limited	McBey, Roderick	Tax Analyst	Invite Accepted	Kawartha
Woodgreen Community Services	Babcock, Anne	President and CEO	Invite Accepted	Algonquin
Working For Change	Creek, Michael	Director of Strategic Initiatives	Invite Accepted	Ottawa
YMCA of Greater Toronto	Bateman, April	Senior Manager, Government Relations	Invite Accepted	Algonquin
York University	Presswell, Lindsay	Communications and Government Relations Assistant	Attend as Alternate	Ottawa
YWCA Toronto	Cain, Etana	Senior Advocacy & Communications Officer	Invite Accepted	Algonquin

Total Invitees: 423

From: Mike Manning
To: Opal Kandelas
Subject: FW: DRAFT IESO FH credit letter
Date: Tuesday, May 09, 2017 11:20:35 AM
Attachments: IESO_OFA FEP 2017 Credit Letter v3 draft.docx

As discussed.
Mike

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, May 09, 2017 10:26 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: DRAFT IESO FH credit letter

See attached draft letter we hope to issue this week – for your comments (will appreciate by Thursday this week if any).

I did speak with Moody's on April 28 to obtain their feedback.

Call me @ 905.403.6944 to discuss (…Ken can we discuss the interest exp/income flows when you have a moment).

As mentioned the current $975M supports the RPP today which will be transitioned to the new FH going forward – for this draft as discussed with my CFO I have left the $975M as is but will seek to use for FH too.

Regards.

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 8, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Program**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the Fair Hydro program (FHP) to reduce electricity prices for consumers in the province. Legislation is expected to be introduced this month for the program. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that to support the IESO's role in implementation it will need greater credit liquidity than currently exists.

The existing credit facility between the IESO and the Ontario Financing Authority's (OFA) is $975 million. The IESO proposes that an additional facility/commitment be provided in the amount of $1,500 million. This would enable the IESO to provide interim financing for the FHP's global adjustment smoothing for a period of several months if needed.

We suggest the OFA's current $975 million agreement and the new separate (or co-mingled) FHP agreement consider the following key provisions:

- FHP: 5 year term to align with the FHP's deferral of electricity prices period plus a few months of contingency (i.e. September 30, 2022);
- FHP: interest charge to be Province's cost of funds for borrowing with a similar term as determined by OFA plus 0.25 percent per annum;
- FHP: drawings to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers;
- $975 million: draws to permit for FHP purposes; and
- $975 million: a reduction in the 28 days minimum draw for the existing facility to a minimum of 7 days to a maximum of 95 days;

Should the IESO find that there is consistent usage of these facilities we will contact the OFA

for further arrangements.

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facility(ies) and we will provide such evidence for the OFA's records.

We appreciate the OFA's continue support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

DRAFT

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From:	Mike Manning
To:	Sarah Harris; Linda Smith
Subject:	FW: DRAFT IESO FH credit letter
Date:	Thursday, May 11, 2017 2:49:09 PM
Attachments:	IESO_OFA FEP 2017 Credit Letter v3 draft_CEFDmarkup4.docx

For your info.
Mike

From: Ronald Kwan
Sent: Thursday, May 11, 2017 12:38 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter

Hi,

Following a call with Mike, I made some edits. I can send this back to Anthony.

Ron

From: Ronald Kwan
Sent: May-11-17 12:21
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter

Hi Mike, Ken,

Did you have comments on the letter? Staff here have made some initial comments. IESO wanted to issue this this week.

I think on the last call, we had talked about it being cleaner to have a separate facility for the FHP. The draft letter seems to have a potential for IESO drawing both on the new facility and the existing one. Does that work for you?

Do the timelines and spread wording work for you?

Ron

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: May-09-17 10:26
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: DRAFT IESO FH credit letter

See attached draft letter we hope to issue this week – for your comments (will appreciate by Thursday this week if any).

I did speak with Moody's on April 28 to obtain their feedback.

Call me @ 905.403.6944 to discuss (…Ken can we discuss the interest exp/income flows when you have a moment).

As mentioned the current $975M supports the RPP today which will be transitioned to the new FH going forward – for this draft as discussed with my CFO I have left the $975M as is but will seek to use for FH too.

Regards.

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ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 8, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan~~rogram~~**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its inten~~s~~tion to implement the proposed Fair Hydro Plan~~program~~ (FHP) to reduce electricity prices for eligible consumers in the province. Proposed l~~L~~egislation ~~is expected to be~~was introduced this month for the program. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that to support the IESO's role in implementation it will need greater credit liquidity than currently exists.

The existing credit facility between the IESO and the Ontario Financing Authority~~'s~~ (OFA) is $975 million. The IESO proposes that an additional facility/commitment be provided in the amount of $1,500 million. This would enable the IESO to provide interim financing for the FHP's spreading out of global adjustment costs~~smoothing~~ for a period of several months, if needed.

We suggest the OFA's current $975 million agreement and the new separate (or co-mingled) FHP agreement consider the following key provisions:

- FHP: 5 year term to align with the FHP's initial period of deferral of electricity prices~~, period~~ plus a few months of contingency (i.e., to September 30, 2022);
- FHP: interest charge to be Province's cost of funds for borrowing with a similar term as determined by OFA plus 0.25 per cent per annum;
- FHP: drawings to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers;
- Existing $975 million facility: draws to permit for FHP purposes until the credit agreement for FHP purposes has been made available; and

Commented [A1]: Please confirm that the requirement is $1.5 billion as it is preferred to keep the $975M separate from FHP. And see comment below.

Commented [A2]: It is preferred that a separate credit facility be set up for FHP purposes. OFA is working to obtain the appropriate approvals required. Option to use the existing facility on an interim basis may be exercised if timing does not permit putting in place a new credit facility by the time IESO needs to make a first draw.

Commented [A3]: Overall, would it be better to purely separate out the FHP borrowing – so a larger than $1.5 bn new facility, and potentially shrink the existing $975 facility?

- $975 million: a reduction in the 28 days minimum draw for the existing facility to a minimum of 7 days to a maximum of 95 days;

Should the IESO find that there is persistent~~consistent~~ usage of these facilities we will contact the OFA for further arrangements.

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facility(ies) and we will provide such evidence for the OFA's records.

We appreciate the OFA's continue support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

DRAFT

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From:	Carlos Yep
To:	Mike Manning; James Devine; Opal Kandelas; Ken Kandeepan; John Psinas; John Kim; Bruno Amara; "Montgomery, Kaitlin (MOF)"
Subject:	FW: Draft GA Sub debt term sheet - Performance Fee Recommendations
Date:	Wednesday, May 31, 2017 9:05:47 AM
Attachments:	Financing Trust - Performance Fee Recommendation.doc

---

fyi

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, May 31, 2017 9:03 AM
To: Carlos Yep
Cc: LEE John -TREASURY ; RYFA Ken -TREASURY ; PRESTON Stuart -TREASURY ; HAHN PARKER Janet -TREASURY
Subject: RE: Draft GA Sub debt term sheet

Carlos,

Attached for your review please also find the recommended structure of variable performance fee and benchmark relating to GA financing. We can discuss it at our meeting with OFA as well.

Sheen

From: LIU Sheen -TREASURY
Sent: Tuesday, May 30, 2017 4:26 PM
To: 'Carlos Yep'
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY; HAHN PARKER Janet -TREASURY
Subject: Draft GA Sub debt term sheet

Carlos,

Further to our discussions re establishing GA financing benchmark. Attached please find the draft term sheet of the subordinated debt (from Province equity injection). Could you please review and circulate it to the appropriate contacts/group on your side. We'd also like to set up a meeting with OFA, at your earliest convenience, to go over the document and get your feedback. Please let us know your availability.

Thanks

Sheen

<< File: Draft Subordianted Debt Term Sheet.doc >>

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FINANCING TRUST – PERFORMANCE FEE TO OPG

BACKGROUND

Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest. A performance fee relating to the funding obligations will be meaningful and allow OPG to make decisions that will significantly impact its return. The Act as drafted enables OPG to achieve its accounting objective of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.. The objective therefore is to recommend a reasonable variable performance fee structure for OPG to earn a return from the Trust, and meet the accounting requirement.

ANALYSIS OF ACCOUNTING REQUIREMENT

To support the accounting consolidation, OPG's variable performance return will be accomplished through the followings:

a. The cash flow from the investment asset shall include interest determined based on a relevant benchmark that is appropriate relative to the investment asset, plus an appropriate margin consistent with the relevant market and other risks
b. OPG shall have the authority to determine the financing strategy, which will vary the financing costs with the objective of enabling the Trust to achieve a more favorable return compared to the benchmark for interest on the investment asset
c. The Trust shall establish different classes of debt (senior, subordinated and the most subordinated). The classes would allow the Trust to delineate financing of lower risk investment and investment that would bear higher residual risk. The delineation would limit OPG's self-funded investment to a reasonable level in order to allow OPG to remain a self-sustaining entity.
d. OPG shall, through its ownership of the most subordinated liability, be able to capture and retain the pricing difference between cost of financing and benchmark for interest on the investment asset, or any residual risk of investment asset. The targeted return of the subordinated debt should be reflective of the underlying risks and compensate holders for active management that would be required.

PERFORMANCE FEE ANALYSIS

Based on the accounting requirements, the recommendation is for OPG to establish a variable performance fee structure as follows:

As the Trust may issue both long term bonds and medium term notes, benchmarks based on various terms, will be established on an annual basis, subject to the following methodology:

- Benchmarks will be established as the sum of (1) reference rate, and (2) spread
    - Both reference rate and spread will be term dependant

- For bond/note issuance, reference rate will be GOC rate of equivalent term
- Reference rate will be based on consensus forecast provided by various financial institutions

- Benchmarks will be established based on the weighted average rate of incremental debt issuance at the Trust level
- If the actual weighted average rate is lower than the corresponding benchmark, OPG will realize a gain, otherwise a loss
- Variable performance fee, i.e. gain/loss, is applicable only to OPG's investment in the Trust (5% of the funding requirement), and is capped at benchmark weighted average rate +/-1%

An example illustrating this structure is detailed in Appendix 1

APPENDIX 1

The illustration is based on the expected Trust debt structure as follows:

	Risk Profile	Source	% of Total Funding Requirement
Tranche A Senior Debt	the least risky	Capital Markets	51%
Tranche B Sub Debt	In between A&C	OPG via OEFC	39%
Tranche C Sub Debt	the most risky	OPG via OEFC	5%
		OPG via Capital Markets	5%

1. Benchmark is to be established at each year end for Trust issuance next year. In this example, assuming the following benchmark is established as of end of Yr 1

		Benchmark
Tranche A	51%	4.25%
Tranche B Sub Debt	39%	5.50%
Tranche C Sub Debt	10%	6.50%
Weighted Average Rate		**5.0%**

2. By the end of Yr 2, OPG will calculate the actual weighted average rate for all incremental issuance for the year. If the actual weighted average rate is lower than the corresponding benchmark, OPG will realize a gain, otherwise a loss.

	Allocation	Benchmark	Actual
Tranche A	51%	4.25%	5.0%
Tranche B Sub Debt	39%	5.50%	5.60%
Tranche C Sub Debt	10%	6.50%	6.60%
Weighted Average Rate		**5.0%**	5.4%
		Loss	0.4%

3. Variable management fee, i.e. gain/loss, is applicable only to OPG's investment (5% of the Trust funding requirement), and is capped at benchmark weighted average rate +/-1%.

   Based on the example above and assume incremental Trust issuance is $2B, OPG will realize loss of variable performance fee of 0.4M ($2B*5%*0.4%)

From:	Ken Kandeepan
To:	Graham Monroe; Connie Chen
Cc:	Carlos Yep; Mike Manning; James Devine
Subject:	FW: Draft GA Sub debt term sheet
Date:	Saturday, June 03, 2017 12:26:33 PM
Attachments:	Draft Subordianted Debt Term Sheet.doc ATT00001.htm

---

Hi Graham and Connie
I am just going through my emails and according to this the interest rate on the debt issued by OPG to the Trust from the 44% equity injection of the Province is in fact linked to the senior debt (debt issued to the markets). Hence the debt relating to the 44% can in fact be included in the benchmark, though on a mathematical basis I am curious as to whether a component in the benchmark that is fact linked to another also in the benchmark adds any substantive value.
Perhaps you can think about that Monday morning and can also raise it at the OPG meeting.
Thanks
Ken k

From: Carlos Yep
Sent: Tuesday, May 30, 2017 4:32 PM
To: Mike Manning ; James Devine ; Opal Kandelas ; Ken Kandeepan ; John Psinas ; John Kim ; Bruno Amara ; Kaitlin.Montgomery@ontario.ca
Subject: Fwd: Draft GA Sub debt term sheet

Begin forwarded message:

> **From:** LIU Sheen -TREASURY <sheen.liu@opg.com>
> **Date:** May 30, 2017 at 4:26:00 PM EDT
> **To:** 'Carlos Yep' <Carlos.Yep@ofina.on.ca>
> **Cc:** LEE John -TREASURY <john.s.lee@opg.com>, RYFA Ken -TREASURY <ken.ryfa@opg.com>, PRESTON Stuart -TREASURY <stuart.preston@opg.com>, "HAHN PARKER Janet -TREASURY" <j.hahnparker@opg.com>
> **Subject: Draft GA Sub debt term sheet**
>
> Carlos,
> Further to our discussions re establishing GA financing benchmark. Attached please find the draft term sheet of the subordinated debt (from Province equity injection). Could you please review and circulate it to the appropriate contacts/group on your side. We'd also like to set up a meeting with OFA, at your earliest convenience, to go over the document and get your feedback. Please let us know your availability.
> Thanks
> Sheen

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Fair Hydro Plan – Subordinated Debt Loan Arrangement
Term Sheet

- Parties: OPG, Fair Hydro Trust, OFA

- In accordance with the Master Subscription Agreement among OPG, OFA and Ministry of Energy, the Province agrees to inject 44% of total funding of GA asset by way of equity subscriptions in OPG, and OPG agrees to use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt (Equity Injection Plan) requirements as part of the Fair Hydro Plan

- OPG will lend the equity injection from the Province to Fair Hydro Trust by way of subordinated debt (one or more mezzanine level)

- Initial credit rating will be assigned to the subordinated debt of Fair Hydro Trust

- Based on monthly funding requirement of GA asset, the Trust will use short term financing, such as bank facilities, and take out bonds once accumulative short term funding reaches certain levels.

- The mechanism to implement Equity Injection Plan will be based on monthly equity injections reflecting funding requirements of GA asset

- Interest rates on the subordinated debt will be established as follows:

    - During the Trust short term financing period when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt

    - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. The process will be similar to the one established for pricing of OPG debt drawn from OEFC facilities.

From:	Anna Strathy
To:	Ronald Kwan; Mike Manning; John Kim; John Psinas; James Devine; Carlos Yep
Cc:	Ken Kandeepan; Gadi Mayman
Subject:	FW: Draft Provincial Guarantee Deck
Date:	Wednesday, August 23, 2017 10:59:21 AM
Attachments:	ENERGYMinister"sBriefing_OFHP_ProvincialGuarantee_v1.pptx

Hi All,

Attached is a briefing deck for the Minister of Energy on the FHP Provincial Guarantee. The OFA has been asked to provide review and comments by EOD today.

They're also looking for an OFA attendee for the Minister of Energy's briefing next week, so please let me know if any of you would be willing to attend.

Thanks,

Matt Breadner on behalf of Anna Strathy

From: Katona, Keley (MOF) [mailto:Keley.Katona@ontario.ca]

Sent: Wednesday, August 23, 2017 10:38 AM

To: Anna Strathy

Subject: Draft Provincial Guarantee Deck

Hi Matt,

ENERGY has asked us to prepare a product for a Minister's briefing next week on the OFHP. They wanted a specific product on the Provincial Guarantee. Given the main OFA folks working on this file are on vacation, I've prepared the attached draft deck. I was hoping you could circulate this to folks internally for review and comment. We've been asked to provide a draft deck to the DMO tomorrow. Could you please aim to provide any OFA comments by end of day today.

Also, is there someone from the OFA who could attend next week's briefing to answer questions as required? Please let me know who that might be.

Thanks in advance,

Keley

Keley Katona

Director | Investment Governance Branch

Government Business Enterprise Division | Ministry of Finance

Work: 416-325-1539 | Cell: 416-727-5696

E-mail: keley.katona@ontario.ca

7th Floor, 375 University Ave, Toronto, ON

Provincial Guarantee

Briefing for Minister of Energy

DRAFT – Tuesday August 22nd, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Background

- The *Fair Hydro Act, 2017,* enables the IESO to create a regulatory asset approximately equal to the difference between collections from current ratepayers and payment obligations to generators
    - The IESO can then sell the regulatory asset and has the right to recover those deferred amounts from specified consumers in the future
    - OPG as the Financial Services Manager is authorized to establish one or more financing entities that may incur funding obligations
    - The Financing Entity will purchase the regulatory asset, effectively financing the shortfall in current rates not received from ratepayers
- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets
    - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable
- OPG has requested that the Province provide a guarantee to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would step in and assume the funding obligations of the Financing Entity

Provincial Guarantee

- Certain events that would negatively impact holders of Fair Hydro Plan debt would activate the Provincial Guarantee, including:
    - Decisions by the Legislative Assembly, i.e., repeal of the *Fair Hydro Plan Act, 2017*, or amendments or new legislation that adversely affect the Financing Entity
    - A court decision that declares any funding obligations of the Financing Entity to be invalid or unenforceable
    - Changes to the organization, structure or operations of IESO adversely impacting the Financing Entity
- In the event the guarantee is triggered, the Province would take over the obligations of the Financing Entity including principal and interest payments on debt issued to date and any outstanding payments to service providers
- The guarantee would continue until all guaranteed obligations of the Financing Entity are fully discharged
- The guarantee may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access US market as investors in that market will likely require additional compensation if the guarantee is triggered

Considerations

- If a guarantee is not provided, the Financing Entity would either be unable to raise sufficient financing from capital markets to purchase the regulatory asset from the IESO or the cost of the financing will be potentially materially greater than it otherwise would be
- If a guarantee is provided, the Province takes on a contingent liability
    - The amount of the liability will increase over the duration of the Fair Hydro Plan and peak at an estimated [$24B to $26B (TBC)] of debt principal, along with associated interest payments
- In the event the guarantee is triggered, the Province's net debt will increase by an amount equal to the contingent liability at that point in time
    - The Province's interest payments will also increase by an amount equal to the weighted average cost of the debt it has assumed under the guarantee

Events Not Covered by the Provincial Guarantee

Short Term Debt Financing Takeout Risk

- Monthly purchases by the financing entity would initially be financed using short term debt as the financing entity needs to warehouse a larger amount for efficient execution in the term debt markets
    - Short term debt providers are exposed to the risk that takeout funding is not available in term debt markets for a period of time
- If this short term debt is not repaid by the end of the short term debt facility commitment this risk would be addressed through an escalation of the pricing of such short term debt:
    - Interest rate for short term debt increases by a specified amount at the time of the event until the moratorium period ends
    - Thereafter, interest rate increases by a further specified amount for every additional 6 month interval during which the short term debt remains unpaid

Events Not Covered by Provincial Guarantee

LDC Comingling Risk

- Clean Energy Adjustment amounts will be collected from consumers by LDCs and held until remitted to the IESO / financing entity
    - For any LDC which is not rated by rating agencies which are rating the funding obligations, the agencies will require these LDCs to remit collections daily, unless a mitigation strategy is in place
- The majority of LDCs are not rated and it would be cost prohibitive to establish ratings for these entities; 10 LDCs are collectively rated by S&P, DBRS and Moody's
    - It is estimated that LDCs not rated by any agency deliver power to ~25% of the Ontario electricity market
- This risk could be addressed through providing the financing entity with a letter of credit:
    - Amount of letter of credit is approximately one to two months estimated collections from all unrated or non-investment grade LDCs
    - Letter of credit to be provided by the IESO on behalf of the LDCs
    - Cost of the letter of credit and any amounts drawn can be recovered by the IESO through the Global Adjustment
- Alternatively, this risk may be addressed by the IESO depositing funds into a reserve account for a similar amount or the IESO contractually agreeing to assume responsibility for paying the CEA amounts required to be remitted by such LDCs

Next Steps

- Finalize draft term sheet, working with OPG / OFA / MOF / Legal / Dealers
- Ministry of Finance to seek necessary approvals from TB / MBC
- [Others]

From:	Anna Strathy
To:	Ronald Kwan; Mike Manning; John Kim; James Devine; Carlos Yep; John Psinas
Cc:	Ken Kandeepan; Gadi Mayman
Subject:	FW: Draft Provincial Guarantee Deck for Minister of Energy Briefing
Date:	Friday, August 25, 2017 10:36:12 AM
Attachments:	ENERGYMinister"sBriefing_OFHP_ProvincialGuarantee_v3 - MOF Legal.pptx

Hi All,

One more round of comments on the briefing deck for the Minister of Energy on the FHP Provincial Guarantee.

We're being asked if we're ok with MOF LSB edits (tracked in red). Please let me know by mid-day if there are any further comments.

Thanks,

Matt Breadner on behalf of Anna Strathy

From: Katona, Keley (MOF) [mailto:Keley.Katona@ontario.ca]

Sent: Friday, August 25, 2017 10:23 AM

To: Anna Strathy

Subject: FW: Draft Provincial Guarantee Deck for Minister of Energy Briefing

Hi Matt,

Is OFA comfortable with the edits made by MOF LSB? I went through and was able to track them in red in the attached. It would be helpful if you could let me know by mid-day if there are any further edits / comments.

Thanks,

Keley

From: Katona, Keley (MOF)

Sent: August 25, 2017 10:21 AM

To: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>

Cc: Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>

Subject: RE: Draft Provincial Guarantee Deck for Minister of Energy Briefing

Hi Toby,

Thanks for these comments. We had provided an initial draft to ENERGY legal to review but have not received any comments. We are planning to make it clear at the briefing that this is a work in progress.

Keley

From: Whitfield, Tobias P. (MOF)

Sent: August 25, 2017 9:53 AM

To: Katona, Keley (MOF) <Keley.Katona@ontario.ca>

Cc: Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>

Subject: RE: Draft Provincial Guarantee Deck for Minister of Energy Briefing

Keley,

I have attached some comments. Because it is a powerpoint, there are no track changes.

I have some larger concerns. The current proposal in the draft term sheet is based on the proposal of OPG and the Dealers, and there are a number of issues with the new way that it is structured. I think the materials need to reflect the contingent nature and the fact that some of these points are

still subject to negotiation. For instance, the recent version of the term sheet collapses the former "performance guarantee" of the Province with respect to the IESO to a change in law type of provision, which may be acceptable after some more consideration and negotiation, but is a new concept that has not been discussed between the parties. This is one of several issues that is still up for negotiation and may change significantly from the current form.

In addition, I have changed the use of "guarantee" to "support agreement" to reflect the limited and contingent nature of the Province's obligations.

I also wonder, if given that the presentation is to the Minister of Energy, that Energy legal should take a look as well.

Let me know if I can be of further assistance.

Best,

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Katona, Keley (MOF)
Sent: August 24, 2017 5:12 PM
To: Whitfield, Tobias P. (MOF)
Cc: Strathy, Anna (OFA); Hanslep, Malle (MOF)
Subject: Draft Provincial Guarantee Deck for Minister of Energy Briefing

HI Toby,

We've been asked to brief the Minister of Energy on the Provincial Guarantee next week. Attached is a draft deck developed with input from the OFA. We are hoping you can review and provide any comments you may have by mid-day tomorrow so that we can finalize and send to ENERGY for weekend review.

Happy to discuss if you have any questions.

Thanks,

Keley

Keley Katona
Director | Investment Governance Branch
Government Business Enterprise Division | Ministry of Finance
Work: 416-325-1539 | Cell: 416-727-5696
E-mail: keley.katona@ontario.ca
7th Floor, 375 University Ave, Toronto, ON

Provincial Support Agreement

Briefing for Minister of Energy

DRAFT – Thursday August 24th, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Background

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset to recover the balance in the variance account
    - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
    - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
    - The Financing Entity will purchase the regulatory asset, effectively financing the shortfall in current rates not received from ratepayers
- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
    - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- OPG has requested that the Province provide a support agreement that supports the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would guarantee the repayment of the funding obligations of the Financing Entity

Provisions Under the Act

- As contemplated under the Act, OPG is requesting a Provincial commitment to support the planned Financing Entity's ability to borrow to finance the deferral of global adjustment amounts in certain limited circumstances
- Under s.5(3) of the OFHP Act,
  - *The LGIC may by order,*
    - *Authorize the Minister (of Energy) and the Minister of Finance, acting together on behalf of the Province,*
      - *To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and*
      - *To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity*
    - *Specify terms and conditions that must be included in any guarantee or indemnity given by the Minister and the Minister of Finance*
    - *Specify a maximum liability for the guarantee or indemnity*

Provincial Support Agreement

- Certain events that would negatively impact holders of Fair Hydro Plan debt would activate the Provincial support, including:
  - Decisions by the Legislative Assembly, i.e., repeal of the *Ontario Fair Hydro Plan Act, 2017*, or amendments or new legislation that adversely affect the Financing Entity
  - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
  - Changes to the organization, structure or operations of IESO adversely impacting the Financing Entity
- In the event the guarantee is triggered, the Province may take over the obligations of the Financing Entity including principal and interest payments on debt issued to date and any outstanding payments to service providers
  - The Province could potentially service the debt and service providers rather than replace the debt with Provincial debt and could replace OPG as the financial services manager
- The support agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access US market as investors in that market will likely require additional compensation if the guarantee is triggered
- Additional details, including terms and conditions to be specified by the LGIC in an Order-In-Council (OIC), or by the Ministers, need to be settled on, as the approvals process proceeds

Considerations

- If a support agreement is not provided, the Financing Entity would either be unable to raise sufficient financing from capital markets to purchase the regulatory asset from the IESO or the cost of the financing will be potentially materially greater than it otherwise would be
- OPCD will need to review the details of the proposed Provincial support agreement for any accounting implications
    - E.g., an unlimited Provincial guarantee would cause the debt to be treated as Provincial debt
- If a support agreement is provided, the Province takes on a contingent liability
    - The creation of a contingent liability will not currently affect net debt
    - The amount of the liability will increase over the duration of the Fair Hydro Plan
        - The most recent estimate for total debt to be financed by a financing entity would be in the range of $11 billion (assuming a 5% interest rate)
- In the event the support agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
    - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the support agreement

Next Steps

- Continue to work through outstanding issues related to the provincial support agreement
- Negotiate draft term sheet, working with OPG / OFA / MOF / Legal / Dealers
- Ministry of Finance to seek necessary approvals from TB / MBC
- Seek LRC / Cabinet approval for OIC
    - The term sheet would inform a proposed OIC
        - Whether to include a maximum liability amount would need to be considered in developing the TB submission and the request for the OIC
- The support agreement would need to be drafted in accordance with the OIC

From: Carlos Yep
To: Mike Manning; James Devine
Subject: FW: Draft email for issues to be discussed with OPCD
Date: Thursday, June 29, 2017 9:38:50 AM

Mike / James
Ken will be arranging a meeting next week with the Ontario Provincial Comptrollers Division to discuss a few issues related to the Fair Hydro Plan
C

From: Ken Kandeepan
Sent: Wednesday, June 28, 2017 4:47 PM
To: Carlos Yep ; Ronald Kwan ; John Kim ; John Psinas ; Scott Nelms (ENERGY)
Subject: Draft email for issues to be discussed with OPCD

Hi All

Pls find below the issues that we need to discuss with Cindy and staff. Pls review and give me your comments/edits at your earliest. Once we finalize I will send it off to Cindy requesting a meeting for next week.

- Provincial Support Agreement – OFA raised the issue of issuing a guarantee to OPG which in turn would guarantee the Trust, instead of a direct provincial guarantee to the latter. Cindy to indicate after discussing with OPG whether this strengthens the accounting treatment and if so is it worth pursuing.
- Provincial Support Agreement – in the event of an indemnification event what process does the Province have to recover the 44% equity funding provided to OPG and how formally should that process be structured vis a vis the requirements of the accounting treatment.
- OPG's issuance of the sub debt to the Province – a number of options are available for determining the coupon. Issuance at the upper end benefits OPG while the opposite benefits the ratepayer in terms of the debt that has to be repaid. Should the Province assume a role in this determination and if so will that have any impacts on the accounting treatment.
- OPG fees – need to review underlying language to ensure that the performance fees are capped at +-$1 million per annum. OPG proposing an asset management fee of 10bps on the AUM. Assuming the AUM is equal to the debt or the investment asset 10bps amounts to $25 million per annum in 10 years' time. Is issuance of debt actually asset management and how relevant is this fee to the accounting structure
- Mechanism for the Trust to earn interest over the first 5 years (before the CEA kicks in)

Thanks
Ken k

From:	Ken Kandeepan
To:	Gadi Mayman; Mike Manning
Cc:	Ronald Kwan; Anna Strathy
Subject:	FW: Drafts of accounting memos
Date:	Sunday, May 07, 2017 10:54:19 AM

Hi Gadi and Mike

As mentioned on Friday, pls see my comments on the OPG paper on Accounting Considerations. You may find my comments on the performance fee structure proposed by OPG of particular interest.

Thanks

Ken K

From: Ken Kandeepan
Sent: Sunday, May 07, 2017 10:51 AM
To: 'Veinot, Cindy (TBS)'
Subject: RE: Drafts of accounting memos

Hi Cindy

Thanks for forwarding these, I have a few comments as follows.

Happy to discuss.

Thanks

Ken K

General Comments - OPG Accounting Considerations

The paper is very OPG centric with little or no acknowledgement of the role of the other participants in the Fair Hydro Plan. It appears that OPG intends to change a performance fee and management fee as the Financial Service manager. While the latter is reasonable since the Trust will most likely leverage existing OPG resources for front and back office functions, a performance fee will only add to the value of the regulatory asset to be repaid by future ratepayers.

The performance fee appears to be based on OPG beating a pre-set benchmark cost of borrowing for the Trust. I am not sure that ratepayers should be on the hook for this, if OPG beats the benchmark the benefits should be passed on to the ratepayers not retained by the company. The reward for performance exceeding the benchmark should be limited to the compensation of OPG/Trust trading floor staff and be part of the overall management fee OPG charges for managing the Trust. The role of the Financial Services Manager should not be conflated by OPG with managing a mutual or hedge fund where gains from beating a benchmark accrue to the managing entity. Plus this also raises the question of who sets the benchmark.

The overall concept should be of fiscal neutrality, where the Trust capitalizes the actual interest incurred annually plus a reasonable administration fee paid to OPG. This will ensure that future ratepayers are not overly burdened.

Specific Comments

- Page 1 second bullet; as mentioned above rewards for performance should be limited to compensation for trading floor staff, not a performance fee for OPG, adopting the former will result in a substantially lower impact to ratepayers when compared to the latter.
- Page 2 last bullet: If the role of Financial Service Manager is taken away from OPG and given to another entity wouldn't it make sense for that entity to take on the debt incurred to date as long as that is practically feasible. It's not particularly efficient for two separate entities to be managing debt incurred for the same purpose and the ratepayers to be saddled with two sets of management fees.

- Last item on page 2, Purpose and Design of the Trust: the purpose of the Trust is not to allow OPG to earn a fee, rather to exist as a vehicle to smooth the GA costs between current and future ratepayers. OPG's fees should be limited a to a reasonable management fee and the interest fee accruing from the debt issued to the Trust funded by the 44% equity injection.
- Page 3, Financing Plan, 2nd and 3rd bullets: the ministry should have some approval authority over the Financing Plan and giving OPG the ability to unilaterally amend the plan is problematic.
- Page 3 last bullet: OPG having the power to reject purchasing the investment asset places the entire Fair Hydro Plan in jeopardy, including the possibility of a large regulatory asset being included in IESO's financial statements and by extension in the Province's PA.
- Page 4, the analysis under "Assessment": fees and Financing Plan, pls see comments above.
- Page 5, 1st bullet Fees: already covered in previous comments
- Page 5, 2nd bullet: OPG should recognize that the only 5% of its own debt is at risk, the balance 44% being funded via the equity injection the risk resides with Province since there is expectation on the part of the latter that the equity injection will also be repaid in proportion to the repayment of the debt the Trust owes to the markets.
- Page 5, 3rd bullet: wouldn't direct funding from the Province to OPG, impact the sanctity of the GBE model? In the event of a market disruption, a better approach maybe for IESO to continue accumulating the regulatory asset, however, there are accounting implications re including said asset in the Province's PA upon consolidation.
- Page 6, last two items relating to "Assessment": I am a little confused regarding OPG's exposure to variable returns, assuming the model includes a tru-up mechanism that allows the Trust to recover any variation from the pre-determined benchmark borrowing rate, the risk arising from a variance is entirely borne by the ratepayers.
- Page 9, item 4: As mentioned previously the Province should have some authority over the Financing Plan including the ability to veto provisions and/or amendments.
- Page 9, item 6: equity injection is from the Province not OEFC.
- Page 10, item 8 (b) and (c): benchmark vs. actual previously discussed.

-----Original Message-----
From: Veinot, Cindy (TBS) [mailto:Cindy.Veinot@ontario.ca]
Sent: Thursday, May 04, 2017 3:02 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: Fw: Drafts of accounting memos
Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: MAUTI John -FIN & C CTRL <john.mauti@opg.com>
Sent: Tuesday, May 2, 2017 6:38 PM
To: Veinot, Cindy (TBS)
Subject: FW: Drafts of accounting memos
Hi Cindy,
Attached is OPG's accounting memo and a draft of the EY letter.
FYI
Thanks
John G. Mauti

Chief Controller & Accounting Officer
OPG Inc.
(416) 592-4046

_____

From: MAUTI John -FIN & C CTRL
Sent: Tuesday, May 02, 2017 5:00 PM
To: 'steen.hume@ontario.ca'
Cc: HARTWICK Ken -FINANCE; MAUTI John -FIN & C CTRL; JORDA Jenny -FIN & C CTRL
Subject: Drafts of accounting memos

Attached is a current draft of the OPG accounting memo and then EYs letter (again in draft) Minor changes may be made in the interim.

Draft OPG accounting memo

Draft of EY opinion letter

Thanks

John G. Mauti
Chief Controller & Accounting Officer
OPG Inc.
(416) 592-4046

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From:	Ken Kandeepan
To:	Carlos Yep; Mike Manning
Cc:	John Psinas
Subject:	FW: Drafts of accounting memos
Date:	Friday, May 05, 2017 10:28:16 AM
Attachments:	GA Consolidated Memo_May 2_FINAL.docx OPG - Letter on Fair Hydro Act May 2 clean.docx

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Hi

As per my morning discussion with Carlos, I will be providing comments to Cindy later on, will share with you

Thanks
Ken k

-----Original Message-----
From: Veinot, Cindy (TBS) [mailto:Cindy.Veinot@ontario.ca]
Sent: Thursday, May 04, 2017 3:02 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
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Cc: HARTWICK Ken -FINANCE; MAUTI John -FIN & C CTRL; JORDA Jenny -FIN & C CTRL
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Draft OPG accounting memo

Draft of EY opinion letter

Thanks

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May 2, 2017

OPG ACCOUNTING CONSIDERATIONS OF ONTARIO FAIR HYDRO PLAN

Purpose:

The purpose of this document is to summarize the preliminary views of Ontario Power Generation (OPG) on the ability for OPG to consolidate the Financing Entity Trust associated with the Ontario Fair Hydro Plan.

This memo is assessed against the Legislation proposal 'Ontario Fair Hydro Plan Act, 2017, if enacted V6' sent by Carolyn Calwell on May 1, 2017. Note that this assessment is preliminary pending the finalization of the Legislation, the Trust indentures, Regulations, financing structure and other detailed terms, and all related documentary evidence. This assessment will be updated once final documentation is available.

Background:

On March 2, 2017, the Province of Ontario (the Province) announced Ontario's Fair Hydro Plan (the Plan) aimed at reducing electricity bills by 25 percent on average for all residential consumers in the province. As part of the Plan, the Province has proposed financing a portion of the Global Adjustment costs over a longer time period for Regulated Price Plan eligible customers (e.g., residential, farm, small businesses).

On April 13th, the Province requested that OPG consider administering the financing associated with the Plan, because of OPG's participation in the market, regulatory knowledge and the potential ability to consolidate the related financing activities. To undertake this financing, OPG will establish a Financing Entity Trust (the Trust) to finance and administer the Global Adjustment costs through a mixture of external financing and an equity injection from the Ontario Financing Authority. It is expected that OPG will control the Trust for accounting purposes and that its financial position and results will be consolidated within OPG's consolidated financial statements.

Assumptions made to perform accounting analysis which are not yet addressed in Legislation – it is expected that these matters will be addressed in Regulations, Trust documents, and various other agreements:

- The Regulation must require interest, carrying and administrative costs to be paid to the Trust in cash on a monthly basis, so that the Trust is able to recognize appropriate revenue to offset any ongoing costs.
- The Regulations, Trust documents and various agreements will provide that OPG will have significant variability and exposure from the activities of the Trust relative to the rate of return that OPG would recognize from its role as the Financial Services Manager of the Trust. The performance fee will be meaningful and allow OPG to make decisions that will significantly impact its returns.
- The Minister of Energy will have the ability to replace the Financial Services Manger (OPG) if there is a failure to perform. There will be a bifurcation of roles where the Province could not remove OPG as manager/administrator with respect to the existing debt placed by the Trust, but could remove OPG's responsibility/right to prepare the Financing Plan going forward. The ability for the Minister of Energy to remove OPG as the Financial Services Manager should not impact the recoverability of existing intangible assets.

- The calculation of the Fair Allocation Amount will be performed by the Minister of Energy.
- OPG has the ability to appoint and remove the Trustee (or Board of Trustees) and there are no veto rights by the Province. No party has the ability to remove OPG from its role and authority in the Trust.
- Neither the OEB nor any other party can discretionally reduce the management fee or performance fee except due to a calculation error.
- The margin on the interest rates associated with Tranche B and Tranche C which will be recovered from the ratepayers will be reflective of the risk profile of the debt and the associated market terms.
- The indemnification provided to the Trust by the Minister of Finance on behalf of the Province as described in *Part I – General - Section 5.3 Guarantee, indemnification Protection and assurances* will be subject to terms and conditions in a separate Provincial support agreement. The guarantee is expected to be in place only in the event of a Payment Guarantee Event, such as if the Legislative Assembly of Ontario repeals the Fair Hydro Act or amends the Act in a way that adversely impacts the ability of the Trust to fully recover an intangible asset in order to pay the obligations of the Trust.
- The approval by the Ontario Energy Board of the Financial Services Manager (i.e. OPG's) fees as described in *Part IV – Implementation - Section 14.4 Same, Board Approval* will not allow them to change or limit the management fee structure, but only ensure that it is prudent by ensuring it is calculated in accordance with the Regulations.
- In the event that a different Financial Services Manager is appointed by the Minister of Energy, the IESO is required to continue to make cash payments for interest to the Trust for the existing debt. Principal repayments on existing debt will continue to be repaid by ratepayers to the Trust in accordance with the terms of the issued debt.
- All other items as indicated in *Appendix A.*

Accounting Analysis:

In order to meet the accounting definition of 'control', accounting guidance must be considered. There are no bright lines to determine whether OPG has exposure, or rights, to variable returns from its involvement with the Trust, or whether it has the ability to affect the returns of the Trust through its power over the Trust. Rather, all facts and circumstances are considered when assessing whether an entity has control over another entity.

In order to consolidate the Trust, OPG must be able to demonstrate that it controls the Trust.

Control

An investor controls an investee if and only if the investor has all the following:

a) *power over the investee;*
b) *exposure, or rights, to variable returns from its involvement with the investee; and*
c) *the ability to use its power over the investee to affect the amount of the investor's returns.* [IFRS 10, paragraph 7]

Purpose and design of the investee
When assessing control of an investee, an investor shall consider the purpose and design of the investee in order to identify the relevant activities, how decisions about the relevant activities are made, who has the current ability to direct those activities and who receives returns from those activities. [IFRS 10, paragraph B5]

Criteria	Analysis
Purpose and design of the Trust	The purpose of the Trust is to allow OPG to earn a return on the Intangible Asset from the IESO by effectively managing financing to earn a spread, earn management fees, and earn interest fees.

Purpose and design of the investee *When assessing control of an investee, an investor shall consider the purpose and design of the investee in order to identify the relevant activities, how decisions about the relevant activities are made, who has the current ability to direct those activities and who receives returns from those activities.* [IFRS 10, paragraph B5]	
Relevant activities of the Trust and how decisions are made about those activities	Relevant activities: The relevant activities of the Trust are: • To evaluate and make decisions on financing alternatives, duration, and the strategy to minimize financing costs. • To effectively manage funding obtained through the capital markets and be able to make or lose any spread from financing • To provide funding to the IESO in return for an interest in a future cash flow stream • To obtain funding through the capital markets and other vehicles available to OPG to be able to provide the IESO funding. • To make capital and funding decisions required to meet the Fair Allocation Plan objectives as set out in Legislation • To finance the requirements associated with the short-fall amount • To raise debt, pay bond debt holders, and determine capacity for the Trust to raise additional financing Financing Plan (Legislation: Part IV – Implementation) • OPG's plan for managing the assets of the Trust will be dictated through a 'Financing Plan'. • The Financial Services Manager (i.e. the Trust) shall provide the Financing Plan to the Minister. The Financing Plan is expected to follow Principles as stipulated in the Legislation which indicate that the assumptions must be reasonable and that the Trust has the power to determine what is reasonable and cost-effective. The Trust makes all the decisions in determining the relevant activities as listed above. • OPG can amend the Financing Plan at any time without the approval of the Minister. Fair Allocation Amount (Legislation: Part IV – Implementation) • The 'Fair Allocation Amount' ("FAA") is the amount of the deferral for the reference period and includes finance amounts. The current Legislation dictates that the Minister of Energy is to calculate the FAA. • This does not impact OPG's relevant activities in the Trust as OPG's variable returns are based on financing decisions which are not dictated by the FAA. OPG can choose to accept or reject the purchase of the intangible asset which is based on the Fair Allocation Amount.

DRAFT

Purpose and design of the investee *When assessing control of an investee, an investor shall consider the purpose and design of the investee in order to identify the relevant activities, how decisions about the relevant activities are made, who has the current ability to direct those activities and who receives returns from those activities.* [IFRS 10, paragraph B5]	
	<u>Decisions made and voting rights of the Trust:</u> OPG has the ability to appoint and remove the Trustee (and if applicable Board of Trustees) and there are no veto rights by the Province. No party has the ability to remove OPG from its role and authority in the Trust. **[NOT YET ADDRESSED IN CURRENT LEGISLATION]** *Voting of members:* Except as otherwise stated, all decisions of the members (if applicable) shall be made by the Trustee who will be appointed by OPG. <u>Termination Rights</u> OPG cannot be removed from its role in the Trust. The Province has the right to remove OPG as the 'Financial Services Manager' for failure to perform. This will not impact debt that has already been issued for which OPG is already managing through the Trust or the recoverability of existing intangible assets. It the right is exercised, it serves to reduce or eliminate the scope of new business activities of the Trust but it does not affect OPG's ability to control the Trust. Should a new Financial Services Manager be appointed, a separate assessment would be made as to which party if any would control it.
Assessment	The purpose of the Trust is to allow OPG to earn a return on the Intangible Asset from the IESO by effectively managing financing to earn a spread, earn management fees, and earn interest fees. For the reasons noted above, OPG has control over the decisions to be made about the relevant activities.

Power over the investee	
Criteria	**Analysis**
Identify whether OPG's rights give it the current ability to direct the relevant activities of the Trust (Substantive rights)	See above for relevant activities of the Trust.
Assessment	OPG has the ability to direct the relevant activities of the Trust. OPG can amend the Financing Plan at any time, without approval from the Minister. Further, if the Minister of Energy chooses not to continue with OPG's current Financing Plan, OPG can withdraw its Financing Plan, without impacting the existing debt and related intangible assets that is already in the Trust. The Province would just appoint a new party to participate in future securitizations and OPG would continue to manage the debt that already exists in the Trust. If future financing transactions are with a different SPV, a separate consolidation analysis would be prepared at that time as to which party if any would consolidate the SPV.

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Exposure or rights to variable returns	
Criteria	**Analysis**
Dividends, other distributions of economic benefits from an investee and changes in the value of the investor's investment in that investee [IFRS 10, paragraph B57(a)]	Revenue, which includes fixed and variable fees, earned from the Trust will be distributed to OPG.
Remuneration for servicing an investee's assets or liabilities, fees and exposure to loss from providing credit or liquidity support, residual interests in the investee's assets and liabilities on liquidation of that investee, tax benefits, and access to future liquidity that an investor has from its involvement with an investee [IFRS 10, paragraph B57(b)]	**[NOT YET ADDRESSED IN CURRENT LEGISLATION]** OPG has exposure and rights to variable returns from the Trust in the form of the following: • The Regulations, Trust documents and various agreements will provide that OPG will have significant variability and exposure from the activities of the Trust relative to the rate of return that OPG would recognize from its role as the Financial Services Manager of the Trust. The performance fee will be meaningful and allow OPG to make decisions that will significantly impact its returns. • OPG, through ownership of the most subordinated debt, is exposed to risk of non-collection. Given that the program is expected to run until 2047, this 30 year time period results in uncertainty about the future collection of OPG's amount at risk. OPG and the OFA (5% out of 44% contribution) would be the last parties to get paid in the event that the program stops running due to a change in Government, if electricity demand is not high enough to allow for collection from ratepayers in a timely manner, etc. The end date of 2047 that is prescribed in the Legislation results in uncertainty toward whether this program will continue and whether OPG will have collected its amount at risk at that time. • In the event that there is a market disruption whereby OPG is not able to obtain debt from the financial markets (e.g. due to a recession), the Province will provide funding in the event that OPG wishes to continue purchasing intangible assets from the IESO. This is considered to be a protective right as it does not impact the relevant activities of the Trust, but is designed to protect both parties and does not give either party more or less power over the Trust. It is designed to allow OPG to keep purchasing intangible assets if it wishes to. • Protective rights are typically held to prohibit fundamental changes in the activities of an investee that the holder does not agree with and usually apply only in exceptional circumstances (i.e., upon a contingent event). This is true for this right as it is only applicable if there is a market disruption and the Trust is not able to obtain financing from external markets. Further, the fundamental activities of the Trust would change if it were not able to obtain financing from external markets.

DRAFT

Exposure or rights to variable returns	
Returns that are not available to other interest holders. For example, an investor might use its assets in combination with the assets of the investee, such as combining operating functions to achieve economies of scale, cost savings, sourcing scarce products, gaining access to proprietary knowledge or limiting some operations or assets, to enhance the value of the investor's other assets [IFRS 10, paragraph B57 (c)]	• OPG will have synergistic benefits from combining operating functions with the Trust given its extensive knowledge on the market and current regulatory knowledge.
Assessment	To determine which party is the most 'at risk' in the event that the loans default, expected loss rates were obtained from Moody's and DBRS. Using the *Moody's Investors Service – Loss Given Default for Speculative Grade Companies* dated December 4, 2015, the 4-year Idealized Expected Loss ranges from 0.00% for a triple A rated bond to 0.30% for an A3 rated bond. DBRS Expected Loss Ratings give an indication of the expected loss of a loan portfolio. As per a November 2016 publication, the 10-year expected loss rates range from 0.1% for a AAA rated bond to 1.7% for an A (low) rated bond. Given that OPG's subordinated debt is equal to 5% of the total debt, which is higher than the default rates above, 100% of the risk is with both OPG and the OFA since they are the last parties to get paid should there be any default with the debt. OPG is also exposed to variable returns from the Trust from its performance on decisions made on financing alternatives, duration, and the strategy to minimize financing costs through the variable fee component of the management fee. Therefore, OPG has the exposure to variable returns from the Trust.

Ability to use power to affect returns	
Criteria	**Analysis**
Ability of investor to use its power to affect the investor's returns from its involvement with the investee	OPG needs to have both power over the Trust (i.e. as a Principal, not an agent), exposure or rights to the variable returns from the Trust, and the ability to use its power to affect OPG's returns from its involvement with the Trust OPG has the ability to use its power over the relevant activities of the

Ability to use power to affect returns	
	Trust to affect its returns from its involvement with the Trust through the variable fee component. Further, the Trust's ability to use its power to affect returns is in a manner that is consistent with being a principal. See *Appendix B* for Principal-Agent analysis.
Assessment	OPG has the ability to use its power to affect returns of the Trust.

Conclusion:

Based on the current **[May 1, 2017]** draft of the legislation, the conditions to ensure the ability of OPG to consolidate the operations of the Trust have not fully been reflected. As noted in Appendix A, several conditions must be evident in the Regulations, Trust documents, and various other agreements which are not yet drafted and therefore not yet available for our review and assessment. In OPG's assessment, while no current clause of the Legislation would hamper the ability to effect a consolidation within OPG Inc.'s financial statements, there are several key conditions for consolidation that are currently not present within the Legislation. On the assumption that future Regulations, Trust documents and various other agreements fully capture these operating conditions, and that no new conditions that would conflict with OPG's control of the trust are introduced, OPG believes that consolidation of the Trust is supportable.

DRAFT

APPENDIX A:

Terms necessary for OPG to consolidate the Global Adjustment Trust

Note that these are assessed against the Legislation proposal 'Ontario Fair Hydro Plan Act, 2017, if enacted V6' sent by Carolyn Calwell on May 1, 2017. These are subject to change as subsequent drafts of the Legislation are issued.

Legend:

✓ **- Addressed by the Legislation drafted May 1, 2017**

RT – Not addressed by Legislation and must be addressed in Regulations, Trust Documentation or various other agreements

Ω - Will not be addressed in Legislation/Regulations or Trust but is the intended plan

Issue	No.	Requirements
Directive	1 ✓	The Trust must be undertaken by OPG as a business initiative on its merits. A Shareholder Directive is to be limited to direct OPG to investigate the option of establishing a Trust vehicle to administer, finance and operate the Global Adjustment plan and the operation of that Trust and the control, risk and rewards of that Trust will determine its consolidation into OPG as a business enterprise. ***MET - The Province will not direct OPG to participate in the Fair Hydro Plan. A letter was issued from the Minister of Energy to OPG on April 13th requesting OPG's involvement in the implementation of the Fair Hydro Plan. OPG's Board Chair responded to the Minister on April 18th committing OPG to work with the IESO and OEB to develop a plan. OPG will have the option to prepare, implement and amend a financing plan (in accordance with principles set out in legislation) and propose the adoption of such plan as the 'Financing Plan'. OPG will have the right to withdraw its financing plan at any time.***
Trust	2 **RT**	The Trust should not operate in a predetermined way such that OPG does not have decision-making authority over the Trust's ongoing activities after its formation (i.e. should not operate on 'autopilot'). ***OPG will be the sole unit holder of the Trust. All decisions over the relevant activities of the Trust (as described above) will be made by OPG.***
	3 **RT**	OPG must have the ability to appoint and remove the Trustee (or Board of Trustees), with no veto right by the Province. No party shall have the ability to remove OPG from its role and authority in the Trust. ***OPG will be the sole unit holder of the Trust. The Province will be involved in the Board of Trustees, but OPG is expected to have the majority vote.***

<table>
<tr><th>Issue</th><th>No.</th><th>Requirements</th></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td></td><td>4
RT</td><td>The Province cannot have the right to veto OPG's decisions about the relevant activities of the Trust. OPG must have the power over the relevant activities of the Trust and be compensated. The relevant activities of the Trust include (but are not limited to) the evaluation and decisions on financing alternatives, duration, and the strategy to minimize financing costs. OPG must have the power to establish operating and capital budgets of the Trust.

OPG will have the ability to make decisions about the financing alternatives, duration, and the strategy to minimize financing costs. OPG will have the power to establish operating and capital budgets of the Trust with no veto right by the Province.</td></tr>
<tr><td></td><td>5
RT</td><td>OPG must have the power to determine or change operating and financing policies of the Trust, which will affect the variability of risks and returns.

The Regulations, Trust documents and various agreements will provide that OPG will have significant variability and exposure from the activities of the Trust relative to the rate of return that OPG would recognize from its role as the Financial Services Manager of the Trust. The performance fee will be meaningful and allow OPG to make decisions that will significantly impact its returns.</td></tr>
<tr><td></td><td>6
Ω</td><td>The Province or its agencies must not directly or indirectly fund (through debt or equity) more than 50% of the following:
a. The Trust
b. The most subordinated debt of the Trust

See below for financing structure.

<table>
<tr><th></th><th>Risk Profile</th><th>Source</th><th>% of Total Fundin Requirement</th></tr>
<tr><td>Tranche A Senior Debt</td><td>the least risky</td><td>Capital Markets</td><td>51%</td></tr>
<tr><td>Tranche B Sub Debt</td><td>In between A&C</td><td>OPG via OEFC</td><td>39%</td></tr>
<tr><td>Tranche C Sub Debt</td><td>the most risky</td><td>OPG via OEFC</td><td>5%</td></tr>
<tr><td></td><td></td><td>OPG via Capital Markets</td><td>5%</td></tr>
</table>
</td></tr>
<tr><td></td><td>7
Ω</td><td>OPG must own at least 50% of the most subordinated debt and must be no less than 5% of the debt of the Trust. Such ownership must be financed entirely by OPG through operating cash flows or external debt, without assistance from Provincial sources.

See chart in Point 6 above.</td></tr>
</table>

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Issue	No.	Requirements
	8 **RT**	OPG must have the ability to earn variable returns by exercising its authority, which shall be accomplished as follows: a. The cash flow from the restructured asset shall include interest determined based on a relevant benchmark that is appropriate relative to the restructured asset, plus an appropriate margin consistent with the relevant market and other risks ***The cash flow from the restructured asset will include interest income that is equal to the interest expense (i.e. interest expense is passed back to the ratepayers). The Trust will also receive a margin as discussed in the 'Exposure or rights to variable returns' section above.***
	✓	b. OPG shall have the authority to determine the financing strategy, which will vary the financing costs with the objective of enabling the Trust to achieve a more favourable return compared to the benchmark for interest on the restructured asset ***OPG will determine the financing strategy through the proposal of its 'Financing Plan'. The 'Financing Plan' will only be required to follow general Parameters and Principles as set forth in the Legislation but funding decisions will be made entirely by OPG. The Trust will also receive a margin as discussed in the 'Exposure or rights to variable returns' section above.***
	Ω	c. The Trust shall establish classes of liabilities (senior, subordinated and the most subordinated). The classes would allow the Trust to delineate financing of lower risk investment and investment that would bear higher residual risk. The delineation would limit OPG's self-funded investment to a reasonable level in order to allow OPG to remain a self-sustaining entity. ***OPG's portion of the most subordinated debt will be limited to a reasonable level. If it is determined that OPG's portion is not at a reasonable level, OPG has the option to withdraw its Financing Plan.***
	RT	c. OPG shall, through its ownership of the most subordinated liability, be able to capture and retain the pricing difference between cost of financing and benchmark for interest on the restructured asset, or any residual risk of restructured asset. The targeted return of the subordinated liability should be reflective of the underlying risks and compensate holders for active management that would be required.

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Issue	No.	Requirements
		OPG will be able to capture the pricing difference between cost of financing and benchmark for interest through the performance fee which is described in point 5) above and the 'Exposure or rights to variable returns' section above.
	Ω	d. OPG should participate in the detailed design of the above and the Trust documentation to ensure that it has substantive power and variability, which will allow OPG's Board of Directors to evaluate the opportunity as a business initiative instead of through a shareholder directive. ***OPG will be involved in the Trust documentation.***
	RT	Defined Forced Majeure for emergency events (e.g. unlikely credit market event or disruption where it is not possible to borrow from the market at a reasonable rate), OFA may provide bridge financing beyond the designated percentage for a defined period. ***This will be structured through a separate indemnification agreement. This is not expected to impact consolidation of the Trust because this is seen as a protective right which is only in affect when a contingency arises and not as a result of the relevant activities of the Trust.***
Legislation	9 ✓	The Legislation must require interest, carrying and administrative costs to be paid to the Trust on a monthly basis, so that the Trust is able to recognize appropriate revenue to offset any ongoing costs. ***Under Part III – Clean Energy Adjustment – Section 8.3 Terms, of the Legislation, the expectation is that the Legislation will allow for interest payments to be paid to the Trust on a monthly basis in cash. The Trust will not accrue interest to the current intangible asset balances but this interest amount could form part of future intangible assets that are purchased from the IESO.***
	10 **RT**	The Legislation must dictate the manner in which the restructured asset would be determined, collected, and the period of collection, so that the determination of the restructured asset will not be subject to the Province's decisions on an ongoing basis, but determined based on a formula. Alternatively, the Legislation may allow for an adjustment to the pre-determined deferral formula based on specific parameters that would limit the adjustment to the restructured asset. Adjustments beyond the specific parameters would require approval by the Board of Trustee. **The Regulations are expected to dictate the 'Fair Allocation Plan' which will be based on high level Principles and Parameters of the Plan, including the attribution methodology. The Legislation or Regulation determines the following principles:** • **25% Reduction (June 1, 2017) where the average bill will**

Issue	No.	Requirements
		reduce by 25% including of HST and social programs noted above • **Inflation Period (November 2017 – April 2022) where bill increases are capped at inflation** • **Straight-line Increase Period (May 2022 – April 2027) where bills increased at a straight-line rate (i.e., 8% per year) which is set so that borrowing will not exceed the Trust's capacity.** • **Amortization Period (May 2027 – April 2047) where debt built up over the previous periods is repaid by ratepayers.** **OPG will determine the manner in which the intangible asset, once purchased from the IESO will be collected and the period of collection.** **The recoverability of the existing intangible assets cannot be impacted by the Province.** **Although the Province may determine the Principles and Parameters around the 'Fair Allocation Plan', it does not impact the activities of the Trust once OPG has purchased the intangible asset.**
	11 **RT**	The Legislation must be written to avoid legal or constitutional challenges and be irrevocable to reduce the cost of borrowing and with a specific formula which determines the deferral amount. **See above.**
	12 **RT**	The spirit of the above terms should be reflected in the Trust Indenture Agreement as well as Legislation, wherever possible. ***Trust Indenture and Regulations still outstanding.***

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APPENDIX B:

Link between power and returns: principal-agency situations

The third criterion for having control is that the investor must have the ability to use its power over the investee to affect the amount of the investor's returns. When decision-making rights have been delegated or are being held for the benefit of others, it is necessary to assess whether the decision-maker is a principal or an agent to determine whether it has control. This is because if the decision-maker has been delegated rights that give it power, the decision-maker must assess whether those rights give it power for its own benefit, or merely power for the benefit of others. As an agent cannot have control over the investee, it does not consolidate the investee. A principal may have control over the investee, and if so, would consolidate the investee.

A decision maker shall consider the overall relationship between itself, the investee being managed and other parties involved with the investee, in particular all the factors below, in determining whether it is an agent:

a) the scope of its decision-making authority over the investee

   As discussed above, OPG has decision-making authority over the Trust and its relevant activities. The Province has no right to determine what sort of funding decisions OPG should make to fund the intangible assets that they will purchase and OPG can choose not to purchase future intangible asset purchases.
   Terms and Conditions to support this point: 1, 2, 3, 4, 5

b) the rights held by other parties (paragraphs B64–B67).

   There are no substantive removal rights held by the Province for debt that already exists in the Trust.

   Terms and Conditions to support this point: 3, 4, 5

c) the remuneration to which it is entitled in accordance with the remuneration agreement(s) (paragraphs B68–B70).

   See section on 'Exposure or rights to variable returns' above.

   Terms and Conditions to support this point: 6, 7, 8, 9

d) the decision maker's exposure to variability of returns from other interests that it holds in the investee (paragraphs B71 and B72).

   See section on 'Exposure or rights to variable returns' above.

   OPG will receive a 44% equity injection from the Province of Ontario, indirectly through the Ontario Financing Authority. Given that currently, the majority (currently 51%) of the Trust debt will be from External Markets and not the Province, it can be argued that OPG did not receive the majority of its interest in the investee as a contribution or loan from the Province. This shows that OPG is a principal, not a de-facto agent.

   Terms and Conditions to support this point: 6, 7, 8, 9

Conclusion: OPG is not an agent for the Province as the arrangement does not provide for the Province to directly absorb any variability associated with the structure. If the Province decides to intervene at a later date due to evolving market conditions, an assessment would be made at that future date.

Analysis on whether OPG is an agent for ratepayers

OPG is not an agent for the ratepayers because OPG has substantive exposure to risk of loss of its own funds. The ratepayers do not have any of their own funds in any of the subordinated tranches and further, no decision making authority is delegated to the ratepayers relating to the relevant activities of the Trust.

Analysis on whether OPG is an agent for the IESO

OPG is not an agent of the IESO because the IESO faces no continuing risk of loss after sale of the intangible asset to OPG.

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The Special Committee of the Board of Directors
Ontario Power Generation Inc. (the "Company")
700 University Avenue
Toronto, ON M5G 1X6

May 2 2017

Dear Sirs/Madames:

This letter is being issued to the Special Committee to assist them in their evaluation of management's analysis of the application of International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board ("IASB")) to the specific transaction described in the Company's memorandum entitled *OPG Accounting Considerations of Ontario Fair Hydro* dated May 2 2017, herein referred to as "the Management Memorandum". We are issuing this letter in our role as auditors of the Company for the year ending December 31, 2017. As the Province consolidates OPG on an IFRS basis, this letter pertains solely to management's IFRS analysis as contained in the Management Memorandum.

We have read the Management Memorandum and we agree with management's analysis therein, subject to all of the assumptions and limitations identified therein. Specifically, we concur that the existing legislation, along with the yet undrafted Regulation and special purpose vehicle (TRUST) documents, and various other agreements assuming they include the required criteria that Management has identified as outstanding in its Appendix A, would be sufficient to support consolidation of the TRUST with OPG Inc.

Additionally, we specifically refer you to the section entitled "Conclusion" in the Management Memorandum, which indicates that their analysis is based on draft legislation as well as their assumptions regarding the terms and conditions of certain contractual arrangements and other documentary evidence that is not yet drafted. Therefore, the Management Memorandum will be required to be updated to reflect the final contents of the legislation and other relevant contractual arrangements and documentary evidence. We will review the updated Management Memorandum once it is available, and update you on our viewpoints once our review of such updated Management Memorandum is completed.

The scope of this letter and any views expressed herein are limited to the transactions, facts, circumstances and assumptions provided to us by management or the Company as described in the Management Memorandum. If such facts, circumstances or assumptions differ, our conclusions may change.

We have not performed an audit or a review of the Management Memorandum. Additionally, we have not performed an audit as of any date or for any period subsequent to December 31, 2016.

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The ultimate responsibility for the proper accounting treatment under IFRS and US GAAP rests with the Company.

We have not been asked for, nor do we express, an opinion on the tax consequences of the transactions described herein.

The accounting for such transactions could be affected by actions of the International Accounting Standards Board, the IFRS Interpretations Committee, the Ontario Securities Commission, or other regulatory bodies. Any such actions occurring prior to the finalization of the 2017 IFRS consolidated financial information will be required to be analyzed by management, and such analysis will be reviewed by us in the context of the audit procedures we will perform on the consolidated IFRS financial information for the year ending December 31, 2017.

Our work does not include the provision of legal advice and we make no representations regarding questions of legal interpretation of any possible structure or strategy. We make no representation regarding the sufficiency of our work for any purpose.

This report is intended solely for the information and use of the Special Committee, Board of Directors and management. We understand that a copy of this letter may be provided to the Province of Ontario, the Independent Electricity System Operator, and/or the Ontario Energy Board. It is not intended to be, and should not be, used by anyone other than these specified parties.

This analysis, or portions thereof, should not be referred to or distributed to any other person or entity, other than those noted in the paragraph directly above. It is not to be referred to or quoted, in whole or in part, in any registration statement, prospectus, public filing, loan agreement, or other agreement or document.

Yours sincerely

Tracy E Brennan
Partner
416-943-2615

From:	Ken Kandeepan
To:	Carlos Yep; Mike Manning
Cc:	John Psinas
Subject:	FW: Drafts of accounting memos
Date:	Friday, May 05, 2017 10:28:16 AM
Attachments:	GA Consolidated Memo_May 2_FINAL.docx OPG - Letter on Fair Hydro Act May 2 clean.docx

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Hi

As per my morning discussion with Carlos, I will be providing comments to Cindy later on, will share with you

Thanks
Ken k

-----Original Message-----
From: Veinot, Cindy (TBS) [mailto:Cindy.Veinot@ontario.ca]
Sent: Thursday, May 04, 2017 3:02 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: Fw: Drafts of accounting memos

Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: MAUTI John -FIN & C CTRL <john.mauti@opg.com>
Sent: Tuesday, May 2, 2017 6:38 PM
To: Veinot, Cindy (TBS)
Subject: FW: Drafts of accounting memos

Hi Cindy,
Attached is OPG's accounting memo and a draft of the EY letter.
FYI

Thanks

John G. Mauti
Chief Controller & Accounting Officer
OPG Inc.
(416) 592-4046

From: MAUTI John -FIN & C CTRL
Sent: Tuesday, May 02, 2017 5:00 PM
To: 'steen.hume@ontario.ca'
Cc: HARTWICK Ken -FINANCE; MAUTI John -FIN & C CTRL; JORDA Jenny -FIN & C CTRL
Subject: Drafts of accounting memos

Attached is a current draft of the OPG accounting memo and then EYs letter (again in draft) Minor changes may be made in the interim.

Draft OPG accounting memo

Draft of EY opinion letter

Thanks

John G. Mauti
Chief Controller & Accounting Officer
OPG Inc.
(416) 592-4046

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

May 2, 2017

OPG ACCOUNTING CONSIDERATIONS OF ONTARIO FAIR HYDRO PLAN

Purpose:

The purpose of this document is to summarize the preliminary views of Ontario Power Generation (OPG) on the ability for OPG to consolidate the Financing Entity Trust associated with the Ontario Fair Hydro Plan.

This memo is assessed against the Legislation proposal 'Ontario Fair Hydro Plan Act, 2017, if enacted V6' sent by Carolyn Calwell on May 1, 2017. Note that this assessment is preliminary pending the finalization of the Legislation, the Trust indentures, Regulations, financing structure and other detailed terms, and all related documentary evidence. This assessment will be updated once final documentation is available.

Background:

On March 2, 2017, the Province of Ontario (the Province) announced Ontario's Fair Hydro Plan (the Plan) aimed at reducing electricity bills by 25 percent on average for all residential consumers in the province. As part of the Plan, the Province has proposed financing a portion of the Global Adjustment costs over a longer time period for Regulated Price Plan eligible customers (e.g., residential, farm, small businesses).

On April 13th, the Province requested that OPG consider administering the financing associated with the Plan, because of OPG's participation in the market, regulatory knowledge and the potential ability to consolidate the related financing activities. To undertake this financing, OPG will establish a Financing Entity Trust (the Trust) to finance and administer the Global Adjustment costs through a mixture of external financing and an equity injection from the Ontario Financing Authority. It is expected that OPG will control the Trust for accounting purposes and that its financial position and results will be consolidated within OPG's consolidated financial statements.

Assumptions made to perform accounting analysis which are not yet addressed in Legislation – it is expected that these matters will be addressed in Regulations, Trust documents, and various other agreements:

- The Regulation must require interest, carrying and administrative costs to be paid to the Trust in cash on a monthly basis, so that the Trust is able to recognize appropriate revenue to offset any ongoing costs.
- The Regulations, Trust documents and various agreements will provide that OPG will have significant variability and exposure from the activities of the Trust relative to the rate of return that OPG would recognize from its role as the Financial Services Manager of the Trust. The performance fee will be meaningful and allow OPG to make decisions that will significantly impact its returns.
- The Minister of Energy will have the ability to replace the Financial Services Manger (OPG) if there is a failure to perform. There will be a bifurcation of roles where the Province could not remove OPG as manager/administrator with respect to the existing debt placed by the Trust, but could remove OPG's responsibility/right to prepare the Financing Plan going forward. The ability for the Minister of Energy to remove OPG as the Financial Services Manager should not impact the recoverability of existing intangible assets.

- The calculation of the Fair Allocation Amount will be performed by the Minister of Energy.
- OPG has the ability to appoint and remove the Trustee (or Board of Trustees) and there are no veto rights by the Province. No party has the ability to remove OPG from its role and authority in the Trust.
- Neither the OEB nor any other party can discretionally reduce the management fee or performance fee except due to a calculation error.
- The margin on the interest rates associated with Tranche B and Tranche C which will be recovered from the ratepayers will be reflective of the risk profile of the debt and the associated market terms.
- The indemnification provided to the Trust by the Minister of Finance on behalf of the Province as described in *Part I – General - Section 5.3 Guarantee, indemnification Protection and assurances* will be subject to terms and conditions in a separate Provincial support agreement. The guarantee is expected to be in place only in the event of a Payment Guarantee Event, such as if the Legislative Assembly of Ontario repeals the Fair Hydro Act or amends the Act in a way that adversely impacts the ability of the Trust to fully recover an intangible asset in order to pay the obligations of the Trust.
- The approval by the Ontario Energy Board of the Financial Services Manager (i.e. OPG's) fees as described in *Part IV – Implementation - Section 14.4 Same, Board Approval* will not allow them to change or limit the management fee structure, but only ensure that it is prudent by ensuring it is calculated in accordance with the Regulations.
- In the event that a different Financial Services Manager is appointed by the Minister of Energy, the IESO is required to continue to make cash payments for interest to the Trust for the existing debt. Principal repayments on existing debt will continue to be repaid by ratepayers to the Trust in accordance with the terms of the issued debt.
- All other items as indicated in *Appendix A.*

Accounting Analysis:

In order to meet the accounting definition of 'control', accounting guidance must be considered. There are no bright lines to determine whether OPG has exposure, or rights, to variable returns from its involvement with the Trust, or whether it has the ability to affect the returns of the Trust through its power over the Trust. Rather, all facts and circumstances are considered when assessing whether an entity has control over another entity.

In order to consolidate the Trust, OPG must be able to demonstrate that it controls the Trust.

Control

An investor controls an investee if and only if the investor has all the following:

a) *power over the investee;*
b) *exposure, or rights, to variable returns from its involvement with the investee; and*
c) *the ability to use its power over the investee to affect the amount of the investor's returns.* [IFRS 10, paragraph 7]

Purpose and design of the investee
When assessing control of an investee, an investor shall consider the purpose and design of the investee in order to identify the relevant activities, how decisions about the relevant activities are made, who has the current ability to direct those activities and who receives returns from those activities. [IFRS 10, paragraph B5]

Criteria	Analysis
Purpose and design of the Trust	The purpose of the Trust is to allow OPG to earn a return on the Intangible Asset from the IESO by effectively managing financing to earn a spread, earn management fees, and earn interest fees.

Purpose and design of the investee *When assessing control of an investee, an investor shall consider the purpose and design of the investee in order to identify the relevant activities, how decisions about the relevant activities are made, who has the current ability to direct those activities and who receives returns from those activities.* [IFRS 10, paragraph B5]	
Relevant activities of the Trust and how decisions are made about those activities	Relevant activities: The relevant activities of the Trust are: • To evaluate and make decisions on financing alternatives, duration, and the strategy to minimize financing costs. • To effectively manage funding obtained through the capital markets and be able to make or lose any spread from financing • To provide funding to the IESO in return for an interest in a future cash flow stream • To obtain funding through the capital markets and other vehicles available to OPG to be able to provide the IESO funding. • To make capital and funding decisions required to meet the Fair Allocation Plan objectives as set out in Legislation • To finance the requirements associated with the short-fall amount • To raise debt, pay bond debt holders, and determine capacity for the Trust to raise additional financing Financing Plan (Legislation: Part IV – Implementation) • OPG's plan for managing the assets of the Trust will be dictated through a 'Financing Plan'. • The Financial Services Manager (i.e. the Trust) shall provide the Financing Plan to the Minister. The Financing Plan is expected to follow Principles as stipulated in the Legislation which indicate that the assumptions must be reasonable and that the Trust has the power to determine what is reasonable and cost-effective. The Trust makes all the decisions in determining the relevant activities as listed above. • OPG can amend the Financing Plan at any time without the approval of the Minister. Fair Allocation Amount (Legislation: Part IV – Implementation) • The 'Fair Allocation Amount' ("FAA") is the amount of the deferral for the reference period and includes finance amounts. The current Legislation dictates that the Minister of Energy is to calculate the FAA. • This does not impact OPG's relevant activities in the Trust as OPG's variable returns are based on financing decisions which are not dictated by the FAA. OPG can choose to accept or reject the purchase of the intangible asset which is based on the Fair Allocation Amount.

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Purpose and design of the investee *When assessing control of an investee, an investor shall consider the purpose and design of the investee in order to identify the relevant activities, how decisions about the relevant activities are made, who has the current ability to direct those activities and who receives returns from those activities.* [IFRS 10, paragraph B5]	
	<u>Decisions made and voting rights of the Trust:</u> OPG has the ability to appoint and remove the Trustee (and if applicable Board of Trustees) and there are no veto rights by the Province. No party has the ability to remove OPG from its role and authority in the Trust. **[NOT YET ADDRESSED IN CURRENT LEGISLATION]** *Voting of members:* Except as otherwise stated, all decisions of the members (if applicable) shall be made by the Trustee who will be appointed by OPG. <u>Termination Rights</u> OPG cannot be removed from its role in the Trust. The Province has the right to remove OPG as the 'Financial Services Manager' for failure to perform. This will not impact debt that has already been issued for which OPG is already managing through the Trust or the recoverability of existing intangible assets. It the right is exercised, it serves to reduce or eliminate the scope of new business activities of the Trust but it does not affect OPG's ability to control the Trust. Should a new Financial Services Manager be appointed, a separate assessment would be made as to which party if any would control it.
Assessment	The purpose of the Trust is to allow OPG to earn a return on the Intangible Asset from the IESO by effectively managing financing to earn a spread, earn management fees, and earn interest fees. For the reasons noted above, OPG has control over the decisions to be made about the relevant activities.

Power over the investee	
Criteria	**Analysis**
Identify whether OPG's rights give it the current ability to direct the relevant activities of the Trust (Substantive rights)	See above for relevant activities of the Trust.
Assessment	OPG has the ability to direct the relevant activities of the Trust. OPG can amend the Financing Plan at any time, without approval from the Minister. Further, if the Minister of Energy chooses not to continue with OPG's current Financing Plan, OPG can withdraw its Financing Plan, without impacting the existing debt and related intangible assets that is already in the Trust. The Province would just appoint a new party to participate in future securitizations and OPG would continue to manage the debt that already exists in the Trust. If future financing transactions are with a different SPV, a separate consolidation analysis would be prepared at that time as to which party if any would consolidate the SPV.

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Exposure or rights to variable returns	
Criteria	**Analysis**
Dividends, other distributions of economic benefits from an investee and changes in the value of the investor's investment in that investee [IFRS 10, paragraph B57(a)]	Revenue, which includes fixed and variable fees, earned from the Trust will be distributed to OPG.
Remuneration for servicing an investee's assets or liabilities, fees and exposure to loss from providing credit or liquidity support, residual interests in the investee's assets and liabilities on liquidation of that investee, tax benefits, and access to future liquidity that an investor has from its involvement with an investee [IFRS 10, paragraph B57(b)]	**[NOT YET ADDRESSED IN CURRENT LEGISLATION]** OPG has exposure and rights to variable returns from the Trust in the form of the following: • The Regulations, Trust documents and various agreements will provide that OPG will have significant variability and exposure from the activities of the Trust relative to the rate of return that OPG would recognize from its role as the Financial Services Manager of the Trust. The performance fee will be meaningful and allow OPG to make decisions that will significantly impact its returns. • OPG, through ownership of the most subordinated debt, is exposed to risk of non-collection. Given that the program is expected to run until 2047, this 30 year time period results in uncertainty about the future collection of OPG's amount at risk. OPG and the OFA (5% out of 44% contribution) would be the last parties to get paid in the event that the program stops running due to a change in Government, if electricity demand is not high enough to allow for collection from ratepayers in a timely manner, etc. The end date of 2047 that is prescribed in the Legislation results in uncertainty toward whether this program will continue and whether OPG will have collected its amount at risk at that time. • In the event that there is a market disruption whereby OPG is not able to obtain debt from the financial markets (e.g. due to a recession), the Province will provide funding in the event that OPG wishes to continue purchasing intangible assets from the IESO. This is considered to be a protective right as it does not impact the relevant activities of the Trust, but is designed to protect both parties and does not give either party more or less power over the Trust. It is designed to allow OPG to keep purchasing intangible assets if it wishes to. • Protective rights are typically held to prohibit fundamental changes in the activities of an investee that the holder does not agree with and usually apply only in exceptional circumstances (i.e., upon a contingent event). This is true for this right as it is only applicable if there is a market disruption and the Trust is not able to obtain financing from external markets. Further, the fundamental activities of the Trust would change if it were not able to obtain financing from external markets.

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Exposure or rights to variable returns	
Returns that are not available to other interest holders. For example, an investor might use its assets in combination with the assets of the investee, such as combining operating functions to achieve economies of scale, cost savings, sourcing scarce products, gaining access to proprietary knowledge or limiting some operations or assets, to enhance the value of the investor's other assets [IFRS 10, paragraph B57 (c)]	• OPG will have synergistic benefits from combining operating functions with the Trust given its extensive knowledge on the market and current regulatory knowledge.
Assessment	To determine which party is the most 'at risk' in the event that the loans default, expected loss rates were obtained from Moody's and DBRS. Using the *Moody's Investors Service – Loss Given Default for Speculative Grade Companies* dated December 4, 2015, the 4-year Idealized Expected Loss ranges from 0.00% for a triple A rated bond to 0.30% for an A3 rated bond. DBRS Expected Loss Ratings give an indication of the expected loss of a loan portfolio. As per a November 2016 publication, the 10-year expected loss rates range from 0.1% for a AAA rated bond to 1.7% for an A (low) rated bond. Given that OPG's subordinated debt is equal to 5% of the total debt, which is higher than the default rates above, 100% of the risk is with both OPG and the OFA since they are the last parties to get paid should there be any default with the debt. OPG is also exposed to variable returns from the Trust from its performance on decisions made on financing alternatives, duration, and the strategy to minimize financing costs through the variable fee component of the management fee. Therefore, OPG has the exposure to variable returns from the Trust.

Ability to use power to affect returns	
Criteria	**Analysis**
Ability of investor to use its power to affect the investor's returns from its involvement with the investee	OPG needs to have both power over the Trust (i.e. as a Principal, not an agent), exposure or rights to the variable returns from the Trust, and the ability to use its power to affect OPG's returns from its involvement with the Trust OPG has the ability to use its power over the relevant activities of the

Ability to use power to affect returns	
	Trust to affect its returns from its involvement with the Trust through the variable fee component. Further, the Trust's ability to use its power to affect returns is in a manner that is consistent with being a principal. See *Appendix B* for Principal-Agent analysis.
Assessment	OPG has the ability to use its power to affect returns of the Trust.

Conclusion:

Based on the current **[May 1, 2017]** draft of the legislation, the conditions to ensure the ability of OPG to consolidate the operations of the Trust have not fully been reflected. As noted in Appendix A, several conditions must be evident in the Regulations, Trust documents, and various other agreements which are not yet drafted and therefore not yet available for our review and assessment. In OPG's assessment, while no current clause of the Legislation would hamper the ability to effect a consolidation within OPG Inc.'s financial statements, there are several key conditions for consolidation that are currently not present within the Legislation. On the assumption that future Regulations, Trust documents and various other agreements fully capture these operating conditions, and that no new conditions that would conflict with OPG's control of the trust are introduced, OPG believes that consolidation of the Trust is supportable.

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APPENDIX A:

Terms necessary for OPG to consolidate the Global Adjustment Trust

Note that these are assessed against the Legislation proposal 'Ontario Fair Hydro Plan Act, 2017, if enacted V6' sent by Carolyn Calwell on May 1, 2017. These are subject to change as subsequent drafts of the Legislation are issued.

Legend:

✓ **- Addressed by the Legislation drafted May 1, 2017**

RT – Not addressed by Legislation and must be addressed in Regulations, Trust Documentation or various other agreements

Ω - Will not be addressed in Legislation/Regulations or Trust but is the intended plan

Issue	No.	Requirements
Directive	1 ✓	The Trust must be undertaken by OPG as a business initiative on its merits. A Shareholder Directive is to be limited to direct OPG to investigate the option of establishing a Trust vehicle to administer, finance and operate the Global Adjustment plan and the operation of that Trust and the control, risk and rewards of that Trust will determine its consolidation into OPG as a business enterprise. ***MET - The Province will not direct OPG to participate in the Fair Hydro Plan. A letter was issued from the Minister of Energy to OPG on April 13th requesting OPG's involvement in the implementation of the Fair Hydro Plan. OPG's Board Chair responded to the Minister on April 18th committing OPG to work with the IESO and OEB to develop a plan. OPG will have the option to prepare, implement and amend a financing plan (in accordance with principles set out in legislation) and propose the adoption of such plan as the 'Financing Plan'. OPG will have the right to withdraw its financing plan at any time.***
Trust	2 **RT**	The Trust should not operate in a predetermined way such that OPG does not have decision-making authority over the Trust's ongoing activities after its formation (i.e. should not operate on 'autopilot'). ***OPG will be the sole unit holder of the Trust. All decisions over the relevant activities of the Trust (as described above) will be made by OPG.***
	3 **RT**	OPG must have the ability to appoint and remove the Trustee (or Board of Trustees), with no veto right by the Province. No party shall have the ability to remove OPG from its role and authority in the Trust. ***OPG will be the sole unit holder of the Trust. The Province will be involved in the Board of Trustees, but OPG is expected to have the majority vote.***

<table>
<tr><th>Issue</th><th>No.</th><th>Requirements</th></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td></td><td>4
RT</td><td>The Province cannot have the right to veto OPG's decisions about the relevant activities of the Trust. OPG must have the power over the relevant activities of the Trust and be compensated. The relevant activities of the Trust include (but are not limited to) the evaluation and decisions on financing alternatives, duration, and the strategy to minimize financing costs. OPG must have the power to establish operating and capital budgets of the Trust.

OPG will have the ability to make decisions about the financing alternatives, duration, and the strategy to minimize financing costs. OPG will have the power to establish operating and capital budgets of the Trust with no veto right by the Province.</td></tr>
<tr><td></td><td>5
RT</td><td>OPG must have the power to determine or change operating and financing policies of the Trust, which will affect the variability of risks and returns.

The Regulations, Trust documents and various agreements will provide that OPG will have significant variability and exposure from the activities of the Trust relative to the rate of return that OPG would recognize from its role as the Financial Services Manager of the Trust. The performance fee will be meaningful and allow OPG to make decisions that will significantly impact its returns.</td></tr>
<tr><td></td><td>6
Ω</td><td>The Province or its agencies must not directly or indirectly fund (through debt or equity) more than 50% of the following:
a. The Trust
b. The most subordinated debt of the Trust

See below for financing structure.

<table>
<tr><th></th><th>Risk Profile</th><th>Source</th><th>% of Total Fundin Requirement</th></tr>
<tr><td>Tranche A Senior Debt</td><td>the least risky</td><td>Capital Markets</td><td>51%</td></tr>
<tr><td>Tranche B Sub Debt</td><td>In between A&C</td><td>OPG via OEFC</td><td>39%</td></tr>
<tr><td>Tranche C Sub Debt</td><td>the most risky</td><td>OPG via OEFC</td><td>5%</td></tr>
<tr><td></td><td></td><td>OPG via Capital Markets</td><td>5%</td></tr>
</table>
</td></tr>
<tr><td></td><td>7
Ω</td><td>OPG must own at least 50% of the most subordinated debt and must be no less than 5% of the debt of the Trust. Such ownership must be financed entirely by OPG through operating cash flows or external debt, without assistance from Provincial sources.

See chart in Point 6 above.</td></tr>
</table>

DRAFT

Issue	No.	Requirements
	8 **RT**	OPG must have the ability to earn variable returns by exercising its authority, which shall be accomplished as follows: a. The cash flow from the restructured asset shall include interest determined based on a relevant benchmark that is appropriate relative to the restructured asset, plus an appropriate margin consistent with the relevant market and other risks ***The cash flow from the restructured asset will include interest income that is equal to the interest expense (i.e. interest expense is passed back to the ratepayers). The Trust will also receive a margin as discussed in the 'Exposure or rights to variable returns' section above.***
	✓	b. OPG shall have the authority to determine the financing strategy, which will vary the financing costs with the objective of enabling the Trust to achieve a more favourable return compared to the benchmark for interest on the restructured asset ***OPG will determine the financing strategy through the proposal of its 'Financing Plan'. The 'Financing Plan' will only be required to follow general Parameters and Principles as set forth in the Legislation but funding decisions will be made entirely by OPG. The Trust will also receive a margin as discussed in the 'Exposure or rights to variable returns' section above.***
	Ω	c. The Trust shall establish classes of liabilities (senior, subordinated and the most subordinated). The classes would allow the Trust to delineate financing of lower risk investment and investment that would bear higher residual risk. The delineation would limit OPG's self-funded investment to a reasonable level in order to allow OPG to remain a self-sustaining entity. ***OPG's portion of the most subordinated debt will be limited to a reasonable level. If it is determined that OPG's portion is not at a reasonable level, OPG has the option to withdraw its Financing Plan.***
	RT	c. OPG shall, through its ownership of the most subordinated liability, be able to capture and retain the pricing difference between cost of financing and benchmark for interest on the restructured asset, or any residual risk of restructured asset. The targeted return of the subordinated liability should be reflective of the underlying risks and compensate holders for active management that would be required.

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Issue	No.	Requirements
		OPG will be able to capture the pricing difference between cost of financing and benchmark for interest through the performance fee which is described in point 5) above and the 'Exposure or rights to variable returns' section above.
	Ω	d. OPG should participate in the detailed design of the above and the Trust documentation to ensure that it has substantive power and variability, which will allow OPG's Board of Directors to evaluate the opportunity as a business initiative instead of through a shareholder directive. ***OPG will be involved in the Trust documentation.***
	RT	Defined Forced Majeure for emergency events (e.g. unlikely credit market event or disruption where it is not possible to borrow from the market at a reasonable rate), OFA may provide bridge financing beyond the designated percentage for a defined period. ***This will be structured through a separate indemnification agreement. This is not expected to impact consolidation of the Trust because this is seen as a protective right which is only in affect when a contingency arises and not as a result of the relevant activities of the Trust.***
Legislation	9 ✓	The Legislation must require interest, carrying and administrative costs to be paid to the Trust on a monthly basis, so that the Trust is able to recognize appropriate revenue to offset any ongoing costs. ***Under Part III – Clean Energy Adjustment – Section 8.3 Terms, of the Legislation, the expectation is that the Legislation will allow for interest payments to be paid to the Trust on a monthly basis in cash. The Trust will not accrue interest to the current intangible asset balances but this interest amount could form part of future intangible assets that are purchased from the IESO.***
	10 **RT**	The Legislation must dictate the manner in which the restructured asset would be determined, collected, and the period of collection, so that the determination of the restructured asset will not be subject to the Province's decisions on an ongoing basis, but determined based on a formula. Alternatively, the Legislation may allow for an adjustment to the pre-determined deferral formula based on specific parameters that would limit the adjustment to the restructured asset. Adjustments beyond the specific parameters would require approval by the Board of Trustee. **The Regulations are expected to dictate the 'Fair Allocation Plan' which will be based on high level Principles and Parameters of the Plan, including the attribution methodology. The Legislation or Regulation determines the following principles:** • **25% Reduction (June 1, 2017) where the average bill will**

Issue	No.	Requirements
		reduce by 25% including of HST and social programs noted above • **Inflation Period (November 2017 – April 2022) where bill increases are capped at inflation** • **Straight-line Increase Period (May 2022 – April 2027) where bills increased at a straight-line rate (i.e., 8% per year) which is set so that borrowing will not exceed the Trust's capacity.** • **Amortization Period (May 2027 – April 2047) where debt built up over the previous periods is repaid by ratepayers.** **OPG will determine the manner in which the intangible asset, once purchased from the IESO will be collected and the period of collection.** **The recoverability of the existing intangible assets cannot be impacted by the Province.** **Although the Province may determine the Principles and Parameters around the 'Fair Allocation Plan', it does not impact the activities of the Trust once OPG has purchased the intangible asset.**
	11 **RT**	The Legislation must be written to avoid legal or constitutional challenges and be irrevocable to reduce the cost of borrowing and with a specific formula which determines the deferral amount. **See above.**
	12 **RT**	The spirit of the above terms should be reflected in the Trust Indenture Agreement as well as Legislation, wherever possible. ***Trust Indenture and Regulations still outstanding.***

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APPENDIX B:

Link between power and returns: principal-agency situations

The third criterion for having control is that the investor must have the ability to use its power over the investee to affect the amount of the investor's returns. When decision-making rights have been delegated or are being held for the benefit of others, it is necessary to assess whether the decision-maker is a principal or an agent to determine whether it has control. This is because if the decision-maker has been delegated rights that give it power, the decision-maker must assess whether those rights give it power for its own benefit, or merely power for the benefit of others. As an agent cannot have control over the investee, it does not consolidate the investee. A principal may have control over the investee, and if so, would consolidate the investee.

A decision maker shall consider the overall relationship between itself, the investee being managed and other parties involved with the investee, in particular all the factors below, in determining whether it is an agent:

a) the scope of its decision-making authority over the investee

   As discussed above, OPG has decision-making authority over the Trust and its relevant activities. The Province has no right to determine what sort of funding decisions OPG should make to fund the intangible assets that they will purchase and OPG can choose not to purchase future intangible asset purchases.
   Terms and Conditions to support this point: 1, 2, 3, 4, 5

b) the rights held by other parties (paragraphs B64–B67).

   There are no substantive removal rights held by the Province for debt that already exists in the Trust.

   Terms and Conditions to support this point: 3, 4, 5

c) the remuneration to which it is entitled in accordance with the remuneration agreement(s) (paragraphs B68–B70).

   See section on 'Exposure or rights to variable returns' above.

   Terms and Conditions to support this point: 6, 7, 8, 9

d) the decision maker's exposure to variability of returns from other interests that it holds in the investee (paragraphs B71 and B72).

   See section on 'Exposure or rights to variable returns' above.

   OPG will receive a 44% equity injection from the Province of Ontario, indirectly through the Ontario Financing Authority. Given that currently, the majority (currently 51%) of the Trust debt will be from External Markets and not the Province, it can be argued that OPG did not receive the majority of its interest in the investee as a contribution or loan from the Province. This shows that OPG is a principal, not a de-facto agent.

   Terms and Conditions to support this point: 6, 7, 8, 9

Conclusion: OPG is not an agent for the Province as the arrangement does not provide for the Province to directly absorb any variability associated with the structure. If the Province decides to intervene at a later date due to evolving market conditions, an assessment would be made at that future date.

Analysis on whether OPG is an agent for ratepayers

OPG is not an agent for the ratepayers because OPG has substantive exposure to risk of loss of its own funds. The ratepayers do not have any of their own funds in any of the subordinated tranches and further, no decision making authority is delegated to the ratepayers relating to the relevant activities of the Trust.

Analysis on whether OPG is an agent for the IESO

OPG is not an agent of the IESO because the IESO faces no continuing risk of loss after sale of the intangible asset to OPG.

DRAFT

Ernst & Young
222 Bay Street
P.O. Box 251
Toronto ON
M5K 1J7

Tel: +1 416 943 2615
Fax: +1 416 943 3767
ey.com

The Special Committee of the Board of Directors
Ontario Power Generation Inc. (the "Company")
700 University Avenue
Toronto, ON M5G 1X6

May 2 2017

Dear Sirs/Madames:

This letter is being issued to the Special Committee to assist them in their evaluation of management's analysis of the application of International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board ("IASB")) to the specific transaction described in the Company's memorandum entitled *OPG Accounting Considerations of Ontario Fair Hydro* dated May 2 2017, herein referred to as "the Management Memorandum". We are issuing this letter in our role as auditors of the Company for the year ending December 31, 2017. As the Province consolidates OPG on an IFRS basis, this letter pertains solely to management's IFRS analysis as contained in the Management Memorandum.

We have read the Management Memorandum and we agree with management's analysis therein, subject to all of the assumptions and limitations identified therein. Specifically, we concur that the existing legislation, along with the yet undrafted Regulation and special purpose vehicle (TRUST) documents, and various other agreements assuming they include the required criteria that Management has identified as outstanding in its Appendix A, would be sufficient to support consolidation of the TRUST with OPG Inc.

Additionally, we specifically refer you to the section entitled "Conclusion" in the Management Memorandum, which indicates that their analysis is based on draft legislation as well as their assumptions regarding the terms and conditions of certain contractual arrangements and other documentary evidence that is not yet drafted. Therefore, the Management Memorandum will be required to be updated to reflect the final contents of the legislation and other relevant contractual arrangements and documentary evidence. We will review the updated Management Memorandum once it is available, and update you on our viewpoints once our review of such updated Management Memorandum is completed.

The scope of this letter and any views expressed herein are limited to the transactions, facts, circumstances and assumptions provided to us by management or the Company as described in the Management Memorandum. If such facts, circumstances or assumptions differ, our conclusions may change.

We have not performed an audit or a review of the Management Memorandum. Additionally, we have not performed an audit as of any date or for any period subsequent to December 31, 2016.

DRAFT

The ultimate responsibility for the proper accounting treatment under IFRS and US GAAP rests with the Company.

We have not been asked for, nor do we express, an opinion on the tax consequences of the transactions described herein.

The accounting for such transactions could be affected by actions of the International Accounting Standards Board, the IFRS Interpretations Committee, the Ontario Securities Commission, or other regulatory bodies. Any such actions occurring prior to the finalization of the 2017 IFRS consolidated financial information will be required to be analyzed by management, and such analysis will be reviewed by us in the context of the audit procedures we will perform on the consolidated IFRS financial information for the year ending December 31, 2017.

Our work does not include the provision of legal advice and we make no representations regarding questions of legal interpretation of any possible structure or strategy. We make no representation regarding the sufficiency of our work for any purpose.

This report is intended solely for the information and use of the Special Committee, Board of Directors and management. We understand that a copy of this letter may be provided to the Province of Ontario, the Independent Electricity System Operator, and/or the Ontario Energy Board. It is not intended to be, and should not be, used by anyone other than these specified parties.

This analysis, or portions thereof, should not be referred to or distributed to any other person or entity, other than those noted in the paragraph directly above. It is not to be referred to or quoted, in whole or in part, in any registration statement, prospectus, public filing, loan agreement, or other agreement or document.

Yours sincerely

Tracy E Brennan
Partner
416-943-2615

From:	Ken Kandeepan
To:	Gadi Mayman; Mike Manning
Cc:	Ronald Kwan; Anna Strathy
Subject:	FW: Drafts of accounting memos
Date:	Sunday, May 07, 2017 10:54:19 AM

Hi Gadi and Mike

As mentioned on Friday, pls see my comments on the OPG paper on Accounting Considerations. You may find my comments on the performance fee structure proposed by OPG of particular interest.

Thanks

Ken K

From: Ken Kandeepan
Sent: Sunday, May 07, 2017 10:51 AM
To: 'Veinot, Cindy (TBS)'
Subject: RE: Drafts of accounting memos

Hi Cindy

Thanks for forwarding these, I have a few comments as follows.

Happy to discuss.

Thanks

Ken K

General Comments - OPG Accounting Considerations

The paper is very OPG centric with little or no acknowledgement of the role of the other participants in the Fair Hydro Plan. It appears that OPG intends to change a performance fee and management fee as the Financial Service manager. While the latter is reasonable since the Trust will most likely leverage existing OPG resources for front and back office functions, a performance fee will only add to the value of the regulatory asset to be repaid by future ratepayers.

The performance fee appears to be based on OPG beating a pre-set benchmark cost of borrowing for the Trust. I am not sure that ratepayers should be on the hook for this, if OPG beats the benchmark the benefits should be passed on to the ratepayers not retained by the company. The reward for performance exceeding the benchmark should be limited to the compensation of OPG/Trust trading floor staff and be part of the overall management fee OPG charges for managing the Trust. The role of the Financial Services Manager should not be conflated by OPG with managing a mutual or hedge fund where gains from beating a benchmark accrue to the managing entity. Plus this also raises the question of who sets the benchmark.

The overall concept should be of fiscal neutrality, where the Trust capitalizes the actual interest incurred annually plus a reasonable administration fee paid to OPG. This will ensure that future ratepayers are not overly burdened.

Specific Comments

- Page 1 second bullet; as mentioned above rewards for performance should be limited to compensation for trading floor staff, not a performance fee for OPG, adopting the former will result in a substantially lower impact to ratepayers when compared to the latter.
- Page 2 last bullet: If the role of Financial Service Manager is taken away from OPG and given to another entity wouldn't it make sense for that entity to take on the debt incurred to date as long as that is practically feasible. It's not particularly efficient for two separate entities to be managing debt incurred for the same purpose and the ratepayers to be saddled with two sets of management fees.

- Last item on page 2, Purpose and Design of the Trust: the purpose of the Trust is not to allow OPG to earn a fee, rather to exist as a vehicle to smooth the GA costs between current and future ratepayers. OPG's fees should be limited a to a reasonable management fee and the interest fee accruing from the debt issued to the Trust funded by the 44% equity injection.
- Page 3, Financing Plan, 2nd and 3rd bullets: the ministry should have some approval authority over the Financing Plan and giving OPG the ability to unilaterally amend the plan is problematic.
- Page 3 last bullet: OPG having the power to reject purchasing the investment asset places the entire Fair Hydro Plan in jeopardy, including the possibility of a large regulatory asset being included in IESO's financial statements and by extension in the Province's PA.
- Page 4, the analysis under "Assessment": fees and Financing Plan, pls see comments above.
- Page 5, 1st bullet Fees: already covered in previous comments
- Page 5, 2nd bullet: OPG should recognize that the only 5% of its own debt is at risk, the balance 44% being funded via the equity injection the risk resides with Province since there is expectation on the part of the latter that the equity injection will also be repaid in proportion to the repayment of the debt the Trust owes to the markets.
- Page 5, 3rd bullet: wouldn't direct funding from the Province to OPG, impact the sanctity of the GBE model? In the event of a market disruption, a better approach maybe for IESO to continue accumulating the regulatory asset, however, there are accounting implications re including said asset in the Province's PA upon consolidation.
- Page 6, last two items relating to "Assessment": I am a little confused regarding OPG's exposure to variable returns, assuming the model includes a tru-up mechanism that allows the Trust to recover any variation from the pre-determined benchmark borrowing rate, the risk arising from a variance is entirely borne by the ratepayers.
- Page 9, item 4: As mentioned previously the Province should have some authority over the Financing Plan including the ability to veto provisions and/or amendments.
- Page 9, item 6: equity injection is from the Province not OEFC.
- Page 10, item 8 (b) and (c): benchmark vs. actual previously discussed.

-----Original Message-----
From: Veinot, Cindy (TBS) [mailto:Cindy.Veinot@ontario.ca]
Sent: Thursday, May 04, 2017 3:02 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: Fw: Drafts of accounting memos
Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: MAUTI John -FIN & C CTRL <john.mauti@opg.com>
Sent: Tuesday, May 2, 2017 6:38 PM
To: Veinot, Cindy (TBS)
Subject: FW: Drafts of accounting memos
Hi Cindy,
Attached is OPG's accounting memo and a draft of the EY letter.
FYI
Thanks
John G. Mauti

Chief Controller & Accounting Officer
OPG Inc.
(416) 592-4046

_____

From: MAUTI John -FIN & C CTRL
Sent: Tuesday, May 02, 2017 5:00 PM
To: 'steen.hume@ontario.ca'
Cc: HARTWICK Ken -FINANCE; MAUTI John -FIN & C CTRL; JORDA Jenny -FIN & C CTRL
Subject: Drafts of accounting memos

Attached is a current draft of the OPG accounting memo and then EYs letter (again in draft) Minor changes may be made in the interim.

Draft OPG accounting memo

Draft of EY opinion letter

Thanks

John G. Mauti
Chief Controller & Accounting Officer
OPG Inc.
(416) 592-4046

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From:	Carlos Yep
To:	Ken Kandeepan; John Psinas; Mike Manning; George Sakura; John Kim; "Kaitlin.Montgomery@ontario.ca"
Cc:	Bruno Amara; Adam Prokop
Subject:	FW: EXTERNAL - Benchmarking and Performance for the Trust manager - Accounting example Gain/Loss
Date:	Monday, May 15, 2017 8:11:00 AM
Attachments:	Example to OFA.xls

FYI

-----Original Message-----
From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Friday, May 12, 2017 4:16 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL - Benchmarking and Performance for the Trust manager

Carlos,

As requested, attached please find the examples. Please review and let me know if you have any question.

Sheen

-----Original Message-----
From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Friday, May 12, 2017 3:01 PM
To: LIU Sheen -TREASURY
Subject: RE: EXTERNAL - Benchmarking and Performance for the Trust manager

Sheen
When you get a chance can you give some examples - assuming 2 scenarios with immediate rate shocks (1)rates +50bps and (2) rates -50bps

-how the benchmark would be applied
-how are any gains or losses calculated for OPG, trust and the rate payer levels -how performance would be calculated

thanks
Carlos

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From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Thursday, May 04, 2017 4:45 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: FW: EXTERNAL - Benchmarking and Performance for the Trust manager
Importance: High

Hi Carlos,

John Lee wants to discuss the benchmark concept with our CFO late today. Can you please confirm that Mike is ok with the higher level concept, i.e. the section before your comments in yellow?

Thanks

Sheen

-----Original Message-----
From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Monday, April 24, 2017 1:49 PM
To: LIU Sheen -TREASURY
Subject: EXTERNAL - Benchmarking and Performance for the Trust manager

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Sheen
I have attached some of my comments on your initial variable return benchmark note.
Regards
Carlos

_____

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Trust Capital Structure		Benchmark		0.50%	Scenario 1 Actual
Tranche A	51%	4.25%			4.8%
Tranche B Sub Debt	39%	5.50%			6.0%
Tranche C Sub Debt	10%	6.50%			7.0%
Weighted Average Rate		**5.0%**			5.5%
			Gain/(Loss)		-0.5%
			Issue amount ($M)		**2,000**
Trust			**Revenue**	Interest	109
				performance based fee	-0.5
			Expense		-109
			EBT		0
OPG			**Revenue**	Interest	109
				performance based fee	-0.5
			Interest Expense		-55
			Other Expense (incl. admin etc)		???

Note:

1. statements ignor all other expenses such as administratvie costs
2. Gain/Loss will be applied to rate payers bills: total revenue with gain/loss factored in will be reflected in co

Scenario 2 Actual	
3.8%	
5.0%	
6.0%	
4.5%	
0.5%	
89	
0.5	
-90	
0	
89	
0.5	
-44	
???	

OPG Capital Strucutre

Equity	**44%**
Debt	**56%**
OPG External Debt	**5%**

llection amount/rate payers bills

From:	Carlos Yep
To:	Ken Kandeepan; John Psinas; Mike Manning; George Sakura; John Kim; "Kaitlin.Montgomery@ontario.ca"
Cc:	Bruno Amara; Adam Prokop
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From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Thursday, May 04, 2017 4:45 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: FW: EXTERNAL - Benchmarking and Performance for the Trust manager
Importance: High

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Carlos

_____

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Trust Capital Structure		Benchmark		0.50%	Scenario 1 Actual
Tranche A	51%	4.25%			4.8%
Tranche B Sub Debt	39%	5.50%			6.0%
Tranche C Sub Debt	10%	6.50%			7.0%
Weighted Average Rate		**5.0%**			5.5%
			Gain/(Loss)		-0.5%
			Issue amount ($M)		**2,000**
Trust			**Revenue**	Interest	109
				performance based fee	-0.5
			Expense		-109
			EBT		0
OPG			**Revenue**	Interest	109
				performance based fee	-0.5
			Interest Expense		-55
			Other Expense (incl. admin etc)		???

Note:

1. statements ignor all other expenses such as administratvie costs
2. Gain/Loss will be applied to rate payers bills: total revenue with gain/loss factored in will be reflected in co

Scenario 2 Actual	
3.8%	
5.0%	
6.0%	
4.5%	
0.5%	
89	
0.5	
-90	
0	
89	
0.5	
-44	
???	

OPG Capital Strucutre

Equity	**44%**
Debt	**56%**
OPG External Debt	**5%**

llection amount/rate payers bills

From:	Gadi Mayman
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Carlos Yep; Mike Manning
Cc:	Anna Strathy; Ken Kandeepan; Ronald Kwan
Subject:	FW: EXTERNAL – Comments on Provincial Protection and Assurances Term Sheet - Fair Hydro
Date:	Wednesday, July 05, 2017 3:17:04 PM

From: Nelms, Scott (MOF) [mailto:Scott.Nelms@ontario.ca]
Sent: Wednesday, July 05, 2017 2:44 PM
To: Carolyn Calwell (MCSS) ; Steen Hume (CAB) ; Gadi Mayman ; Ken Kandeepan ; Tom McKinlay (MAG) ; Montgomery, Kaitlin (MOF) ; ASHBOURNE, STEPHEN
Subject: FW: EXTERNAL – Comments on Provincial Protection and Assurances Term Sheet - Fair Hydro

Hi,

Please see the following comments from OPG / Torys on the guarantees.

I wonder if we are now at a point we should suggest sitting down with OPG on this perhaps early next week.

Thanks,

Scott

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: June 30, 2017 3:12 PM
To: Nelms, Scott (MOF)
Cc: WONG Leslie -LAWDIV; RYFA Ken -TREASURY; HAHN PARKER Janet -TREASURY
Subject: FW: EXTERNAL – Comments on Provincial Protection and Assurances Term Sheet - Fair Hydro

Scott:

Further to our discussion on the outstanding issues, please find below the comments from the Dealers on the "Markup" of the Provincial Protection and Assurance term sheet.

As noted below, the next step should be to get the appropriate parties from the Province to sit down with the dealers and OPG to go over the points and agree on a basis to move forward.

We should try to do that sometime next week. Let us know what times work on the Province side and we will coordinate with the Dealers & counsels.

John

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Friday, June 30, 2017 12:24 PM
To: LEE John -TREASURY; RYFA Ken -TREASURY; WONG Leslie -LAWDIV
Cc: Ramchandani, Rima; Hill, Krista; Feldman, Michael; Emes, Aaron; Mansoori, Nina
Subject: EXTERNAL – Comments on Provincial Protection and Assurances Term Sheet - Fair Hydro

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John/Les/Ken,

Please find below an issues list on the Province's comments on the Provincial Protection and Assurances Term Sheet (formerly the Provincial Support Agreement). This list reflects input from the dealers, Oslers and Torys. Please let us know if you have any additional comments or questions. If not, will you be reaching out to the Province to schedule a meeting next week (with the dealers, OPG, the Province and their counsels) to discuss these points? The dealers and their counsel don't see value in exchanging further drafts of the term sheet until they have had an opportunity to meet with the Province. We agree with this approach and are happy to assist in

coordinating a meeting for next week. It would also be helpful to hear the Province's rationale and concerns for making some of these changes. Please let us know.

Many thanks,

Nina

1. The Servicing Guarantee:

    (a) It is written in favour of only the financing entity. However, in the MTSA, we are asking for covenants directly in favour of Indenture Trustee. The Indenture Trustee/specified creditors should have the direct benefit of the guarantee rather than relying on an indirect security interest in the servicing guarantee.

    (b) It should be clarified that the servicing obligations of the electricity vendors are covered.

    (c) If the guarantee is unenforceable, we should fall back to an indemnity, not a "functionally equivalent direct covenant" which is an uncertain concept.

    (d) We don't want an exclusion for economic loss. That may cover whatever losses the specified creditors do suffer.

2. Change of Law.

    (a) This should be written as a guarantee not an indemnity.

    (b) It should be directly in favour of the Indenture Trustee/specified creditors and it should cover all the "finance amount" and not just funding obligations.

    (c) We do not want the guarantee to be provided by another entity which is in turn guaranteed by Ontario. It should come directly from Ontario.

    (d) There should be no "materiality" threshold for a claim. If obligations are not paid in full, then there should be a claim.

    (e) The choice to assume or accelerate should be at the option of the holders, not the guarantor.

    (f) If accelerated, then the 1% premium should be payable. This is a voluntary termination by the Province.

3. Undertaking Regarding Mismatches (market disruption)

    (a) At best this structure defers the discussion of protection for a market disruption. At worst, it is impractical that take-out financing needs to be arranged in advance of each warehouse financing. We should rely on a definition of market disruption.

4. Approvals.

    (a) Province to clarify what is contemplated under the heading "Approval Requirement". Is

Province proposing to approve any obligation incurred by the Financing Entity?

(b) Approval under Section 28 of the *Financial Administration Act* to be attained (in case the OFHPA is declared void in its entirety).

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Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

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From:	Mike Manning
To:	Ronald Kwan
Cc:	James Devine
Subject:	FW: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Date:	Wednesday, May 17, 2017 10:01:04 AM
Attachments:	Term Sheet - Provincial Support Agreement - May 12.docx Compare_Term Sheet - Provincial Support Agreement (2) - Term Sheet - Pro....pdf

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Not sure if you have seen the newest version. We are setting up a meeting to discuss further.

Mike

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Monday, May 15, 2017 2:01 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>
Subject: FW: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust

Mike:
Attached is the Dealers latest markup for the Provincial Support Agreement. Their changes center primarily with the Market Disruption.
We can arrange a call to discuss the dealer position.
John

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Friday, May 12, 2017 6:10 PM
To: WONG Leslie -LAWDIV; LEE John -TREASURY; RYFA Ken -TREASURY; Hill, Krista; Ramchandani, Rima; mfeldman@torys.com
Cc: Peric, Christiane; Persaud, Donnie - Debt Capital Markets; Fullerton, Rick; Innes, Michael; Smith, Elliot; Maciel, Andrew; Adalja, Sunil; Alvi, Shariq; "Benaiah, Ian' (ian.benaiah@rbccm.com)'; "vickie.turnbull@rbccm.com' (vickie.turnbull@rbccm.com)'; "david.dalbello@rbccm.com' (david.dalbello@rbccm.com)'; Milligan, Peter; 'Murray, Tim (tim.murray@rbccm.com)'; Khanna, Raj - Corporate Banking; 'Niehaus, Katrina'; 'Mullen, Max M.'; 'Collins, Patrick J (Patrick.Collins@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'
Subject: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
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Please find enclosed a revised draft of the Term Sheet for the Provincial Support Agreement.
Regards, Rocco

From: Persaud, Donnie - Debt Capital Markets [mailto:Donnie.Persaud@cibc.com]
Sent: Tuesday, April 25, 2017 6:34 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Innes, Michael <MInnes@osler.com>; Smith, Elliot <ESmith@osler.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Alvi, Shariq

<Shariq.Alvi@cibc.com>; "Benaiah, Ian' (ian.benaiah@rbccm.com)' <ian.benaiah@rbccm.com>; "vickie.turnbull@rbccm.com' (vickie.turnbull@rbccm.com)' <vickie.turnbull@rbccm.com>; "david.dalbello@rbccm.com' (david.dalbello@rbccm.com)' <david.dalbello@rbccm.com>; Milligan, Peter <PMilligan@osler.com>; 'Murray, Tim (tim.murray@rbccm.com)' <tim.murray@rbccm.com>; Khanna, Raj - Corporate Banking <Raj.Khanna@CIBC.ca>; 'Niehaus, Katrina' <Katrina.Niehaus@gs.com>; 'Mullen, Max M.' <Max.Mullen@gs.com>; 'Collins, Patrick J (Patrick.Collins@gs.com)' <Patrick.Collins@gs.com>; 'Delaney, Brian (Brian.Delaney@gs.com)' <Brian.Delaney@gs.com>
Cc: Peric, Christiane <Christiane.Peric@cibc.com>
Subject: FW: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Please see attached.
Donnie Persaud | Executive Director | Debt Capital Markets | CIBC Capital Markets | CIBC World Markets Inc.
161 Bay Street, 5th Floor, Toronto ON M5J 2S8 | Tel: 416-594-7511 | Fax: 416-594-7760 | donnie.persaud@cibc.com

---

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Tuesday, April 25, 2017 4:54 PM
To: Persaud, Donnie - Debt Capital Markets
Cc: WONG Leslie -LAWDIV; PRESTON Stuart -TREASURY; RYFA Ken -TREASURY; LIU Sheen -TREASURY
Subject: FW: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Donnie:
Further to our discussion last week, please find attached the draft term sheet relating to the Provincial Support. In this draft the Province will assume the obligations of the debt under certain conditions. This draft document reflects the Province initial thoughts. Stu will coordinate this agreement from our end.
John

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Provincial Support Agreement Term Sheet

Fair Hydro Plan Act, 2017

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Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") on behalf of itself and all other persons having debt or other claims against a Financing Entity secured under the Master Trust Indenture (collectively, the "**Beneficiaries**") including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee, the trustee of the Financing Entity if the Financing Entity is a trust, and any other administrator of the Financing Entity.
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[1] after all funding obligations (to be defined to include principal, interest, fees, hedge settlement and termination obligations and other related amounts) of all Financing Entities have been repaid.

[1] This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

Performance Guarantee:	Under the Master Sale and Servicing Agreement to be entered into by IESO and the Financing Entity, **[and OPG as Financial Services Manager]** ("**MSSA**"), IESO will have obligations both as a seller and as a servicer. Pursuant to a performance guarantee, the Guarantor will guarantee in favour of the Beneficiaries to perform, or cause the performance of (which may be by way of the appointment of a replacement servicer), the obligations of IESO as servicer under the MSSA and the Act including the obligations of any replacement servicer. The Guarantor will also guarantee the servicing obligations of the electricity vendors under the Act. The servicing obligations covered will include all obligations related to the collecting and remitting of clean energy adjustments and will protect the Beneficiaries from any risks arising from collections of clean energy adjustments being commingled with other amounts. In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the Beneficiaries for any losses that result.
Payment Guarantee Event:	A Payment Guarantee Event will occur if: (A) the Legislative Assembly of Ontario repeals the Act; or (B) the Legislative Assembly of Ontario amends the Act or a Regulation thereunder is amended in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest; or (C) a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable; or (D) funding obligations are due and payable at a time when a market disruption (a period of [six months or more] when capital markets term funding is not available to effect refinancings of funding obligations) is occurring and, in the case of long term funding obligations only, a moratorium or limitation on the imposition and collection of clean energy adjustments to repay such funding obligations is in effect under the Act.

Payment Guarantee:	Upon the occurrence of a Payment Guarantee Event under clauses (A), (B) or (C) of the above definition: (x) the Guarantor shall assume and pay when due (without acceleration) all funding obligations and all other obligations of the Financing Entities to the Beneficiaries by paying all regularly scheduled amounts in respect thereof during the term of each Financing Entity's contractual obligation to such Beneficiaries; and (y) Beneficiaries holding funding obligations consisting of bonds [with a remaining term to maturity of greater than one year] shall have the option to put the bonds to the Financing Entity for a put price equal to 101% of the principal amount thereof plus accrued and unpaid interest. In connection with any put under this clause (y), the Guarantor shall guarantee payment of the put price and any related hedge breakage but shall not be responsible for any other default, penalty, prepayment or make whole amounts.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
Priority of Payments:	The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.
Subrogation:	Where the Guarantor has repaid all Beneficiaries in full, to the extent of such payments the Guarantor shall be subrogated in and to all the rights of recovery of the Beneficiaries in respect of their applicable indebtedness and obligations and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all indebtedness and obligations owing to the Beneficiaries, the Indenture Trustee will acknowledge and agree on behalf of the Beneficiaries that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiaries have or may exercise in respect of the repaid indebtedness and obligations, all in accordance with the terms of the Master Trust Indenture. Prior to the repayment in full of the indebtedness and obligations owed to the Beneficiaries, the Guarantor shall have no rights of subrogation.
Notice Requirements:	The Indenture Trustee will be required to provide notice to the Guarantor of a Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.

Closing:	Date to be determined but no later than **[**■, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
Conditions Precedent to Closing:	Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.[2]
Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.
Governing Law:	Province of Ontario

[2] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

Provincial Support Agreement Term Sheet~~—~~

Fair Hydro Plan Act, 2017

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Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The ~~trust company acting as~~ indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") ~~acting for the benefit of~~on behalf of itself and all other persons ~~who may have contractual~~having debt or other claims against a Financing Entity secured under the Master Trust Indenture (collectively, the "**Beneficiaries**") ~~(~~including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee ~~and~~, the trustee of the Financing Entity[1]~~)~~ if the Financing Entity is a trust, and any other administrator of the Financing Entity.
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[2]1 after all ~~Funding Obligations~~funding obligations (to be defined to include principal, interest, fees, hedge settlement and termination obligations and other related amounts) of all Financing Entities have been repaid.
Performance Guarantee:	~~**[Upon the occurrence of a Performance Guarantee Event]**, the Indenture Trustee will be entitled to require the Guarantor to appoint a replacement servicer who will perform IESO's duties as servicer under~~Under the Master Sale and Servicing Agreement ~~between IESO, as seller and servicer,~~to be entered into by IESO and the Financing Entity~~, as purchaser~~, **[and OPG as Financial Services Manager]** ("**MSSA**")~~.~~, IESO will have obligations both

[1] ~~We have assumed that the initial Financing Entity will be a trust.~~

[2]1 This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

	as a seller and as a servicer. Pursuant to a performance guarantee, the Guarantor will guarantee in favour of the Beneficiaries to perform, or cause the performance of (which may be by way of the appointment of a replacement servicer), the obligations of IESO as servicer under the MSSA and the Act including the obligations of any replacement servicer. The Guarantor will also guarantee the servicing obligations of the electricity vendors under the Act. The servicing obligations covered will include all obligations related to the collecting and remitting of clean energy adjustments and will protect the Beneficiaries from any risks arising from collections of clean energy adjustments being commingled with other amounts. In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the ~~Indenture Trustee~~Beneficiaries for any losses that result.
~~**Performance Guarantee Event:**~~	~~A "Servicer Default" occurs under the MSSA[3]~~
~~**Payment Guarantee:**~~	~~**[Upon the occurrence of a Payment Guarantee Event and within [5/10] business days after receiving a demand from the Indenture Trustee]**, the Guarantor shall **[guarantee and indemnify the Indenture Trustee (for and on behalf of the Beneficiaries) by paying all regularly scheduled interest and principal payments during the term of a Financing Entity's contractual obligation to such Beneficiary]/[assume the contractual obligations of a Financing Entity to the Beneficiaries]**[4], which for greater certainty shall not include any default, penalty, prepayment, or make whole amounts.~~
Payment Guarantee Event:	A Payment Guarantee Event will occur if: (A) ~~if~~ the Legislative Assembly of Ontario repeals the Act; or (B) ~~if~~ the Legislative Assembly of Ontario amends the Act or a Regulation thereunder is amended in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest; or (C) ~~if~~ a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment

[3] ~~Each Servicer Default will include its own cure period before the event becomes a Servicer Default.~~
[4] ~~To confirm if Province will become the debtor under the applicable debt documentation or if the Financing Entity will continue to be the primary obligor with the Province acting as secondary obligor.~~

	interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable; or (D) funding obligations are due and payable at a time when a market disruption (a period of [six months or more] when capital markets term funding is not available to effect refinancings of funding obligations) is occurring and, in the case of long term funding obligations only, a moratorium or limitation on the imposition and collection of clean energy adjustments to repay such funding obligations is in effect under the Act.
Payment Guarantee:	Upon the occurrence of a Payment Guarantee Event under clauses (A), (B) or (C) of the above definition: (x) the Guarantor shall assume and pay when due (without acceleration) all funding obligations and all other obligations of the Financing Entities to the Beneficiaries by paying all regularly scheduled amounts in respect thereof during the term of each Financing Entity's contractual obligation to such Beneficiaries; and (y) Beneficiaries holding funding obligations consisting of bonds [with a remaining term to maturity of greater than **one year]** shall have the option to put the bonds to the Financing Entity for a put price equal to 101% of the principal amount thereof plus accrued and unpaid interest. In connection with any put under this clause (y), the Guarantor shall guarantee payment of the put price and any related hedge breakage but shall not be responsible for any other default, penalty, prepayment or make whole amounts.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
Priority of Payments:	The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.
Subrogation:	Where the Guarantor has repaid ~~a Beneficiary~~all Beneficiaries in full, to the extent of such ~~payment,~~payments the Guarantor ~~is~~shall be subrogated in and to all the rights of recovery of ~~such~~the Beneficiar~~y~~ies in respect of their applicable indebtedness and obligations and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all ~~amounts~~indebtedness and obligations owing to ~~a~~the Beneficiar~~y~~ies,

	the Indenture Trustee will acknowledge and agree on behalf of ~~such~~the Beneficiar~~y~~ies that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiar~~y~~ies ha~~s~~ve or may exercise in respect of the repaid indebtedness and obligations, all in accordance with the terms of the Master Trust Indenture. Prior to the repayment in full of the indebtedness and obligations owed to the Beneficiaries, the Guarantor shall have no rights of subrogation.
Notice Requirements:	The Indenture Trustee will be required to provide notice to the Guarantor of a ~~Performance Guarantee Event or~~ Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.
Closing:	Date to be determined but no later than **[**■, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
Conditions Precedent to Closing:	Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.~~5~~[2]
Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.
Governing Law:	Province of Ontario

~~5~~[2] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

From:	Mike Manning
To:	Opal Kandelas
Subject:	FW: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Date:	Tuesday, May 16, 2017 2:55:37 PM
Attachments:	Term Sheet - Provincial Support Agreement - May 12.docx Compare_Term Sheet - Provincial Support Agreement (2) - Term Sheet - Pro....pdf

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From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Monday, May 15, 2017 2:01 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>
Subject: FW: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust

Mike:
Attached is the Dealers latest markup for the Provincial Support Agreement. Their changes center primarily with the Market Disruption.
We can arrange a call to discuss the dealer position.
John

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Friday, May 12, 2017 6:10 PM
To: WONG Leslie -LAWDIV; LEE John -TREASURY; RYFA Ken -TREASURY; Hill, Krista; Ramchandani, Rima; mfeldman@torys.com
Cc: Peric, Christiane; Persaud, Donnie - Debt Capital Markets; Fullerton, Rick; Innes, Michael; Smith, Elliot; Maciel, Andrew; Adalja, Sunil; Alvi, Shariq; "Benaiah, Ian' (ian.benaiah@rbccm.com)'; "vickie.turnbull@rbccm.com' (vickie.turnbull@rbccm.com)'; "david.dalbello@rbccm.com' (david.dalbello@rbccm.com)'; Milligan, Peter; 'Murray, Tim (tim.murray@rbccm.com)'; Khanna, Raj - Corporate Banking; 'Niehaus, Katrina'; 'Mullen, Max M.'; 'Collins, Patrick J (Patrick.Collins@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'
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Please find enclosed a revised draft of the Term Sheet for the Provincial Support Agreement.
Regards, Rocco

From: Persaud, Donnie - Debt Capital Markets [mailto:Donnie.Persaud@cibc.com]
Sent: Tuesday, April 25, 2017 6:34 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Innes, Michael <MInnes@osler.com>; Smith, Elliot <ESmith@osler.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Alvi, Shariq <Shariq.Alvi@cibc.com>; "Benaiah, Ian' (ian.benaiah@rbccm.com)' <ian.benaiah@rbccm.com>; "vickie.turnbull@rbccm.com' (vickie.turnbull@rbccm.com)' <vickie.turnbull@rbccm.com>; "david.dalbello@rbccm.com' (david.dalbello@rbccm.com)'

<david.dalbello@rbccm.com>; Milligan, Peter <PMilligan@osler.com>; 'Murray, Tim (tim.murray@rbccm.com)' <tim.murray@rbccm.com>; Khanna, Raj - Corporate Banking <Raj.Khanna@CIBC.ca>; 'Niehaus, Katrina' <Katrina.Niehaus@gs.com>; 'Mullen, Max M.' <Max.Mullen@gs.com>; 'Collins, Patrick J (Patrick.Collins@gs.com)' <Patrick.Collins@gs.com>; 'Delaney, Brian (Brian.Delaney@gs.com)' <Brian.Delaney@gs.com>
Cc: Peric, Christiane <Christiane.Peric@cibc.com>
Subject: FW: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Please see attached.

Donnie Persaud | Executive Director | Debt Capital Markets | CIBC Capital Markets | CIBC World Markets Inc.
161 Bay Street, 5th Floor, Toronto ON M5J 2S8 | Tel: 416-594-7511 | Fax: 416-594-7760 | donnie.persaud@cibc.com

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Sent: Tuesday, April 25, 2017 4:54 PM
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Cc: WONG Leslie -LAWDIV; PRESTON Stuart -TREASURY; RYFA Ken -TREASURY; LIU Sheen -TREASURY
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Further to our discussion last week, please find attached the draft term sheet relating to the Provincial Support. In this draft the Province will assume the obligations of the debt under certain conditions. This draft document reflects the Province initial thoughts. Stu will coordinate this agreement from our end.
John

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Provincial Support Agreement Term Sheet

Fair Hydro Plan Act, 2017

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Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") on behalf of itself and all other persons having debt or other claims against a Financing Entity secured under the Master Trust Indenture (collectively, the "**Beneficiaries**") including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee, the trustee of the Financing Entity if the Financing Entity is a trust, and any other administrator of the Financing Entity.
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[1] after all funding obligations (to be defined to include principal, interest, fees, hedge settlement and termination obligations and other related amounts) of all Financing Entities have been repaid.

[1] This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

Performance Guarantee:	Under the Master Sale and Servicing Agreement to be entered into by IESO and the Financing Entity, **[and OPG as Financial Services Manager]** ("**MSSA**"), IESO will have obligations both as a seller and as a servicer. Pursuant to a performance guarantee, the Guarantor will guarantee in favour of the Beneficiaries to perform, or cause the performance of (which may be by way of the appointment of a replacement servicer), the obligations of IESO as servicer under the MSSA and the Act including the obligations of any replacement servicer. The Guarantor will also guarantee the servicing obligations of the electricity vendors under the Act. The servicing obligations covered will include all obligations related to the collecting and remitting of clean energy adjustments and will protect the Beneficiaries from any risks arising from collections of clean energy adjustments being commingled with other amounts. In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the Beneficiaries for any losses that result.
Payment Guarantee Event:	A Payment Guarantee Event will occur if: (A) the Legislative Assembly of Ontario repeals the Act; or (B) the Legislative Assembly of Ontario amends the Act or a Regulation thereunder is amended in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest; or (C) a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable; or (D) funding obligations are due and payable at a time when a market disruption (a period of [six months or more] when capital markets term funding is not available to effect refinancings of funding obligations) is occurring and, in the case of long term funding obligations only, a moratorium or limitation on the imposition and collection of clean energy adjustments to repay such funding obligations is in effect under the Act.

Payment Guarantee:	Upon the occurrence of a Payment Guarantee Event under clauses (A), (B) or (C) of the above definition: (x) the Guarantor shall assume and pay when due (without acceleration) all funding obligations and all other obligations of the Financing Entities to the Beneficiaries by paying all regularly scheduled amounts in respect thereof during the term of each Financing Entity's contractual obligation to such Beneficiaries; and (y) Beneficiaries holding funding obligations consisting of bonds [with a remaining term to maturity of greater than one year] shall have the option to put the bonds to the Financing Entity for a put price equal to 101% of the principal amount thereof plus accrued and unpaid interest. In connection with any put under this clause (y), the Guarantor shall guarantee payment of the put price and any related hedge breakage but shall not be responsible for any other default, penalty, prepayment or make whole amounts.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
Priority of Payments:	The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.
Subrogation:	Where the Guarantor has repaid all Beneficiaries in full, to the extent of such payments the Guarantor shall be subrogated in and to all the rights of recovery of the Beneficiaries in respect of their applicable indebtedness and obligations and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all indebtedness and obligations owing to the Beneficiaries, the Indenture Trustee will acknowledge and agree on behalf of the Beneficiaries that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiaries have or may exercise in respect of the repaid indebtedness and obligations, all in accordance with the terms of the Master Trust Indenture. Prior to the repayment in full of the indebtedness and obligations owed to the Beneficiaries, the Guarantor shall have no rights of subrogation.
Notice Requirements:	The Indenture Trustee will be required to provide notice to the Guarantor of a Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.

Closing:	Date to be determined but no later than **[**■, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
Conditions Precedent to Closing:	Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.[2]
Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.
Governing Law:	Province of Ontario

[2] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

Provincial Support Agreement Term Sheet~~—~~

Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") is provided exclusively to the parties listed herein in connection with the draft Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Defined terms used herein have the meanings ascribed to them in the Act. The provincial support agreement (the "**Provincial Support Agreement**") will contain the terms and conditions set out in this Term Sheet in addition to such other representations, warranties, indemnities, and other terms and conditions as the Guarantor and the Beneficiaries (each as defined below) may reasonably require.*

Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The ~~trust company acting as~~ indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") ~~acting for the benefit of~~on behalf of itself and all other persons ~~who may have contractual~~having debt or other claims against a Financing Entity secured under the Master Trust Indenture (collectively, the "**Beneficiaries**") ~~(~~including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee ~~and~~, the trustee of the Financing Entity[1]~~)~~ if the Financing Entity is a trust, and any other administrator of the Financing Entity.
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[2]1 after all ~~Funding Obligations~~funding obligations (to be defined to include principal, interest, fees, hedge settlement and termination obligations and other related amounts) of all Financing Entities have been repaid.
Performance Guarantee:	~~**[Upon the occurrence of a Performance Guarantee Event]**, the Indenture Trustee will be entitled to require the Guarantor to appoint a replacement servicer who will perform IESO's duties as servicer under~~Under the Master Sale and Servicing Agreement ~~between IESO, as seller and servicer,~~to be entered into by IESO and the Financing Entity~~, as purchaser~~, **[and OPG as Financial Services Manager]** ("**MSSA**")~~.~~, IESO will have obligations both

[1] ~~We have assumed that the initial Financing Entity will be a trust.~~

[2]1 This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

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~~**Performance Guarantee Event:**~~	~~A "Servicer Default" occurs under the MSSA[3]~~
~~**Payment Guarantee:**~~	~~**[Upon the occurrence of a Payment Guarantee Event and within [5/10] business days after receiving a demand from the Indenture Trustee]**, the Guarantor shall **[guarantee and indemnify the Indenture Trustee (for and on behalf of the Beneficiaries) by paying all regularly scheduled interest and principal payments during the term of a Financing Entity's contractual obligation to such Beneficiary]/[assume the contractual obligations of a Financing Entity to the Beneficiaries]**[4], which for greater certainty shall not include any default, penalty, prepayment, or make whole amounts.~~
Payment Guarantee Event:	A Payment Guarantee Event will occur if: (A) ~~if~~ the Legislative Assembly of Ontario repeals the Act; or (B) ~~if~~ the Legislative Assembly of Ontario amends the Act or a Regulation thereunder is amended in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest; or (C) ~~if~~ a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment

[3] ~~Each Servicer Default will include its own cure period before the event becomes a Servicer Default.~~
[4] ~~To confirm if Province will become the debtor under the applicable debt documentation or if the Financing Entity will continue to be the primary obligor with the Province acting as secondary obligor.~~

	interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable; or (D) funding obligations are due and payable at a time when a market disruption (a period of [six months or more] when capital markets term funding is not available to effect refinancings of funding obligations) is occurring and, in the case of long term funding obligations only, a moratorium or limitation on the imposition and collection of clean energy adjustments to repay such funding obligations is in effect under the Act.
Payment Guarantee:	Upon the occurrence of a Payment Guarantee Event under clauses (A), (B) or (C) of the above definition: (x) the Guarantor shall assume and pay when due (without acceleration) all funding obligations and all other obligations of the Financing Entities to the Beneficiaries by paying all regularly scheduled amounts in respect thereof during the term of each Financing Entity's contractual obligation to such Beneficiaries; and (y) Beneficiaries holding funding obligations consisting of bonds [with a remaining term to maturity of greater than **one year]** shall have the option to put the bonds to the Financing Entity for a put price equal to 101% of the principal amount thereof plus accrued and unpaid interest. In connection with any put under this clause (y), the Guarantor shall guarantee payment of the put price and any related hedge breakage but shall not be responsible for any other default, penalty, prepayment or make whole amounts.
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From:	Mike Manning
To:	Carlos Yep; Ken Kandeepan
Subject:	FW: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Date:	Monday, May 15, 2017 2:07:37 PM
Attachments:	Term Sheet - Provincial Support Agreement - May 12.docx Compare_Term Sheet - Provincial Support Agreement (2) - Term Sheet - Pro....pdf

Have a look and we can discuss shortly.

Thanks, Mike

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Sent: Monday, May 15, 2017 2:01 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>
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Cc: Peric, Christiane; Persaud, Donnie - Debt Capital Markets; Fullerton, Rick; Innes, Michael; Smith, Elliot; Maciel, Andrew; Adalja, Sunil; Alvi, Shariq; ''Benaiah, Ian' (ian.benaiah@rbccm.com)'; ''vickie.turnbull@rbccm.com' (vickie.turnbull@rbccm.com)'; ''david.dalbello@rbccm.com' (david.dalbello@rbccm.com)'; Milligan, Peter; 'Murray, Tim (tim.murray@rbccm.com)'; Khanna, Raj - Corporate Banking; 'Niehaus, Katrina'; 'Mullen, Max M.'; 'Collins, Patrick J (Patrick.Collins@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'
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Sent: Tuesday, April 25, 2017 6:34 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Innes, Michael <MInnes@osler.com>; Smith, Elliot <ESmith@osler.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Alvi, Shariq <Shariq.Alvi@cibc.com>; ''Benaiah, Ian' (ian.benaiah@rbccm.com)' <ian.benaiah@rbccm.com>; ''vickie.turnbull@rbccm.com' (vickie.turnbull@rbccm.com)' <vickie.turnbull@rbccm.com>; ''david.dalbello@rbccm.com' (david.dalbello@rbccm.com)' <david.dalbello@rbccm.com>; Milligan, Peter <PMilligan@osler.com>; 'Murray, Tim (tim.murray@rbccm.com)' <tim.murray@rbccm.com>; Khanna, Raj - Corporate Banking <Raj.Khanna@CIBC.ca>; 'Niehaus, Katrina' <Katrina.Niehaus@gs.com>; 'Mullen, Max M.' <Max.Mullen@gs.com>; 'Collins, Patrick J (Patrick.Collins@gs.com)' <Patrick.Collins@gs.com>; 'Delaney, Brian (Brian.Delaney@gs.com)' <Brian.Delaney@gs.com>
Cc: Peric, Christiane <Christiane.Peric@cibc.com>
Subject: FW: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust

Please see attached.

Donnie Persaud | Executive Director | Debt Capital Markets | CIBC Capital Markets | CIBC World Markets Inc.
161 Bay Street, 5th Floor, Toronto ON M5J 2S8 | Tel: 416-594-7511 | Fax: 416-594-7760 |
donnie.persaud@cibc.com

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John

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Provincial Support Agreement Term Sheet

Fair Hydro Plan Act, 2017

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Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") on behalf of itself and all other persons having debt or other claims against a Financing Entity secured under the Master Trust Indenture (collectively, the "**Beneficiaries**") including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee, the trustee of the Financing Entity if the Financing Entity is a trust, and any other administrator of the Financing Entity.
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[1] after all funding obligations (to be defined to include principal, interest, fees, hedge settlement and termination obligations and other related amounts) of all Financing Entities have been repaid.

[1] This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

Performance Guarantee:	Under the Master Sale and Servicing Agreement to be entered into by IESO and the Financing Entity, **[and OPG as Financial Services Manager]** ("**MSSA**"), IESO will have obligations both as a seller and as a servicer. Pursuant to a performance guarantee, the Guarantor will guarantee in favour of the Beneficiaries to perform, or cause the performance of (which may be by way of the appointment of a replacement servicer), the obligations of IESO as servicer under the MSSA and the Act including the obligations of any replacement servicer. The Guarantor will also guarantee the servicing obligations of the electricity vendors under the Act. The servicing obligations covered will include all obligations related to the collecting and remitting of clean energy adjustments and will protect the Beneficiaries from any risks arising from collections of clean energy adjustments being commingled with other amounts. In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the Beneficiaries for any losses that result.
Payment Guarantee Event:	A Payment Guarantee Event will occur if: (A) the Legislative Assembly of Ontario repeals the Act; or (B) the Legislative Assembly of Ontario amends the Act or a Regulation thereunder is amended in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest; or (C) a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable; or (D) funding obligations are due and payable at a time when a market disruption (a period of [six months or more] when capital markets term funding is not available to effect refinancings of funding obligations) is occurring and, in the case of long term funding obligations only, a moratorium or limitation on the imposition and collection of clean energy adjustments to repay such funding obligations is in effect under the Act.

Payment Guarantee:	Upon the occurrence of a Payment Guarantee Event under clauses (A), (B) or (C) of the above definition: (x) the Guarantor shall assume and pay when due (without acceleration) all funding obligations and all other obligations of the Financing Entities to the Beneficiaries by paying all regularly scheduled amounts in respect thereof during the term of each Financing Entity's contractual obligation to such Beneficiaries; and (y) Beneficiaries holding funding obligations consisting of bonds [with a remaining term to maturity of greater than one year] shall have the option to put the bonds to the Financing Entity for a put price equal to 101% of the principal amount thereof plus accrued and unpaid interest. In connection with any put under this clause (y), the Guarantor shall guarantee payment of the put price and any related hedge breakage but shall not be responsible for any other default, penalty, prepayment or make whole amounts.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
Priority of Payments:	The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.
Subrogation:	Where the Guarantor has repaid all Beneficiaries in full, to the extent of such payments the Guarantor shall be subrogated in and to all the rights of recovery of the Beneficiaries in respect of their applicable indebtedness and obligations and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all indebtedness and obligations owing to the Beneficiaries, the Indenture Trustee will acknowledge and agree on behalf of the Beneficiaries that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiaries have or may exercise in respect of the repaid indebtedness and obligations, all in accordance with the terms of the Master Trust Indenture. Prior to the repayment in full of the indebtedness and obligations owed to the Beneficiaries, the Guarantor shall have no rights of subrogation.
Notice Requirements:	The Indenture Trustee will be required to provide notice to the Guarantor of a Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.

Closing:	Date to be determined but no later than **[**■, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
Conditions Precedent to Closing:	Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.[2]
Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.
Governing Law:	Province of Ontario

[2] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

Provincial Support Agreement Term Sheet~~—~~

Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") is provided exclusively to the parties listed herein in connection with the draft Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Defined terms used herein have the meanings ascribed to them in the Act. The provincial support agreement (the "**Provincial Support Agreement**") will contain the terms and conditions set out in this Term Sheet in addition to such other representations, warranties, indemnities, and other terms and conditions as the Guarantor and the Beneficiaries (each as defined below) may reasonably require.*

Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The ~~trust company acting as~~ indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") ~~acting for the benefit of~~on behalf of itself and all other persons ~~who may have contractual~~having debt or other claims against a Financing Entity secured under the Master Trust Indenture (collectively, the "**Beneficiaries**") ~~(~~including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee ~~and~~, the trustee of the Financing Entity[1]~~)~~ if the Financing Entity is a trust, and any other administrator of the Financing Entity.
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[2]1 after all ~~Funding Obligations~~funding obligations (to be defined to include principal, interest, fees, hedge settlement and termination obligations and other related amounts) of all Financing Entities have been repaid.
Performance Guarantee:	~~**[Upon the occurrence of a Performance Guarantee Event]**, the Indenture Trustee will be entitled to require the Guarantor to appoint a replacement servicer who will perform IESO's duties as servicer under~~Under the Master Sale and Servicing Agreement ~~between IESO, as seller and servicer,~~to be entered into by IESO and the Financing Entity~~, as purchaser~~, **[and OPG as Financial Services Manager]** ("**MSSA**")~~.~~, IESO will have obligations both

[1] ~~We have assumed that the initial Financing Entity will be a trust.~~

[2]1 This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

	as a seller and as a servicer. Pursuant to a performance guarantee, the Guarantor will guarantee in favour of the Beneficiaries to perform, or cause the performance of (which may be by way of the appointment of a replacement servicer), the obligations of IESO as servicer under the MSSA and the Act including the obligations of any replacement servicer. The Guarantor will also guarantee the servicing obligations of the electricity vendors under the Act. The servicing obligations covered will include all obligations related to the collecting and remitting of clean energy adjustments and will protect the Beneficiaries from any risks arising from collections of clean energy adjustments being commingled with other amounts. In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the ~~Indenture Trustee~~Beneficiaries for any losses that result.
~~**Performance Guarantee Event:**~~	~~A "Servicer Default" occurs under the MSSA[3]~~
~~**Payment Guarantee:**~~	~~**[Upon the occurrence of a Payment Guarantee Event and within [5/10] business days after receiving a demand from the Indenture Trustee]**, the Guarantor shall **[guarantee and indemnify the Indenture Trustee (for and on behalf of the Beneficiaries) by paying all regularly scheduled interest and principal payments during the term of a Financing Entity's contractual obligation to such Beneficiary]/[assume the contractual obligations of a Financing Entity to the Beneficiaries]**[4], which for greater certainty shall not include any default, penalty, prepayment, or make whole amounts.~~
Payment Guarantee Event:	A Payment Guarantee Event will occur if: (A) ~~if~~ the Legislative Assembly of Ontario repeals the Act; or (B) ~~if~~ the Legislative Assembly of Ontario amends the Act or a Regulation thereunder is amended in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest; or (C) ~~if~~ a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment

[3] ~~Each Servicer Default will include its own cure period before the event becomes a Servicer Default.~~
[4] ~~To confirm if Province will become the debtor under the applicable debt documentation or if the Financing Entity will continue to be the primary obligor with the Province acting as secondary obligor.~~

	interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable; or (D) funding obligations are due and payable at a time when a market disruption (a period of [six months or more] when capital markets term funding is not available to effect refinancings of funding obligations) is occurring and, in the case of long term funding obligations only, a moratorium or limitation on the imposition and collection of clean energy adjustments to repay such funding obligations is in effect under the Act.
Payment Guarantee:	Upon the occurrence of a Payment Guarantee Event under clauses (A), (B) or (C) of the above definition: (x) the Guarantor shall assume and pay when due (without acceleration) all funding obligations and all other obligations of the Financing Entities to the Beneficiaries by paying all regularly scheduled amounts in respect thereof during the term of each Financing Entity's contractual obligation to such Beneficiaries; and (y) Beneficiaries holding funding obligations consisting of bonds [with a remaining term to maturity of greater than **one year]** shall have the option to put the bonds to the Financing Entity for a put price equal to 101% of the principal amount thereof plus accrued and unpaid interest. In connection with any put under this clause (y), the Guarantor shall guarantee payment of the put price and any related hedge breakage but shall not be responsible for any other default, penalty, prepayment or make whole amounts.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
Priority of Payments:	The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.
Subrogation:	Where the Guarantor has repaid ~~a Beneficiary~~all Beneficiaries in full, to the extent of such ~~payment,~~payments the Guarantor ~~is~~shall be subrogated in and to all the rights of recovery of ~~such~~the Beneficiar~~y~~ies in respect of their applicable indebtedness and obligations and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all ~~amounts~~indebtedness and obligations owing to ~~a~~the Beneficiar~~y~~ies,

	the Indenture Trustee will acknowledge and agree on behalf of ~~such~~the Beneficiar~~y~~ies that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiar~~y~~ies ha~~s~~ve or may exercise in respect of the repaid indebtedness and obligations, all in accordance with the terms of the Master Trust Indenture. Prior to the repayment in full of the indebtedness and obligations owed to the Beneficiaries, the Guarantor shall have no rights of subrogation.
Notice Requirements:	The Indenture Trustee will be required to provide notice to the Guarantor of a ~~Performance Guarantee Event or~~ Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.
Closing:	Date to be determined but no later than **[**■, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
Conditions Precedent to Closing:	Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.~~5~~[2]
Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.
Governing Law:	Province of Ontario

~~5~~[2] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

From:	LEE John -TREASURY
To:	Mike Manning
Cc:	Scott Nelms (ENERGY); WONG Leslie -LAWDIV; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY
Subject:	FW: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Date:	Monday, May 15, 2017 2:00:40 PM
Attachments:	Term Sheet - Provincial Support Agreement - May 12.docx Compare_Term Sheet - Provincial Support Agreement (2) - Term Sheet - Pro....pdf

Mike:
Attached is the Dealers latest markup for the Provincial Support Agreement. Their changes center primarily with the Market Disruption.
We can arrange a call to discuss the dealer position.
John

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Friday, May 12, 2017 6:10 PM
To: WONG Leslie -LAWDIV; LEE John -TREASURY; RYFA Ken -TREASURY; Hill, Krista; Ramchandani, Rima; mfeldman@torys.com
Cc: Peric, Christiane; Persaud, Donnie - Debt Capital Markets; Fullerton, Rick; Innes, Michael; Smith, Elliot; Maciel, Andrew; Adalja, Sunil; Alvi, Shariq; "Benaiah, Ian' (ian.benaiah@rbccm.com)'; "vickie.turnbull@rbccm.com' (vickie.turnbull@rbccm.com)'; "david.dalbello@rbccm.com' (david.dalbello@rbccm.com)'; Milligan, Peter; 'Murray, Tim (tim.murray@rbccm.com)'; Khanna, Raj - Corporate Banking; 'Niehaus, Katrina'; 'Mullen, Max M.'; 'Collins, Patrick J (Patrick.Collins@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'
Subject: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
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Please find enclosed a revised draft of the Term Sheet for the Provincial Support Agreement.
Regards, Rocco

From: Persaud, Donnie - Debt Capital Markets [mailto:Donnie.Persaud@cibc.com]
Sent: Tuesday, April 25, 2017 6:34 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Innes, Michael <MInnes@osler.com>; Smith, Elliot <ESmith@osler.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Alvi, Shariq <Shariq.Alvi@cibc.com>; "Benaiah, Ian' (ian.benaiah@rbccm.com)' <ian.benaiah@rbccm.com>; "vickie.turnbull@rbccm.com' (vickie.turnbull@rbccm.com)' <vickie.turnbull@rbccm.com>; "david.dalbello@rbccm.com' (david.dalbello@rbccm.com)' <david.dalbello@rbccm.com>; Milligan, Peter <PMilligan@osler.com>; 'Murray, Tim (tim.murray@rbccm.com)' <tim.murray@rbccm.com>; Khanna, Raj - Corporate Banking <Raj.Khanna@CIBC.ca>; 'Niehaus, Katrina' <Katrina.Niehaus@gs.com>; 'Mullen, Max M.' <Max.Mullen@gs.com>; 'Collins, Patrick J (Patrick.Collins@gs.com)' <Patrick.Collins@gs.com>; 'Delaney, Brian (Brian.Delaney@gs.com)' <Brian.Delaney@gs.com>
Cc: Peric, Christiane <Christiane.Peric@cibc.com>
Subject: FW: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Please see attached.
Donnie Persaud | Executive Director | Debt Capital Markets | CIBC Capital Markets | CIBC World Markets Inc.
161 Bay Street, 5th Floor, Toronto ON M5J 2S8 | Tel: 416-594-7511 | Fax: 416-594-7760 | donnie.persaud@cibc.com

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Tuesday, April 25, 2017 4:54 PM

To: Persaud, Donnie - Debt Capital Markets
Cc: WONG Leslie -LAWDIV; PRESTON Stuart -TREASURY; RYFA Ken -TREASURY; LIU Sheen -TREASURY
Subject: FW: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust

Donnie:

Further to our discussion last week, please find attached the draft term sheet relating to the Provincial Support. In this draft the Province will assume the obligations of the debt under certain conditions. This draft document reflects the Province initial thoughts. Stu will coordinate this agreement from our end.

John

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[1] This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

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Payment Guarantee:	Upon the occurrence of a Payment Guarantee Event under clauses (A), (B) or (C) of the above definition: (x) the Guarantor shall assume and pay when due (without acceleration) all funding obligations and all other obligations of the Financing Entities to the Beneficiaries by paying all regularly scheduled amounts in respect thereof during the term of each Financing Entity's contractual obligation to such Beneficiaries; and (y) Beneficiaries holding funding obligations consisting of bonds [with a remaining term to maturity of greater than one year] shall have the option to put the bonds to the Financing Entity for a put price equal to 101% of the principal amount thereof plus accrued and unpaid interest. In connection with any put under this clause (y), the Guarantor shall guarantee payment of the put price and any related hedge breakage but shall not be responsible for any other default, penalty, prepayment or make whole amounts.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
Priority of Payments:	The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.
Subrogation:	Where the Guarantor has repaid all Beneficiaries in full, to the extent of such payments the Guarantor shall be subrogated in and to all the rights of recovery of the Beneficiaries in respect of their applicable indebtedness and obligations and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all indebtedness and obligations owing to the Beneficiaries, the Indenture Trustee will acknowledge and agree on behalf of the Beneficiaries that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiaries have or may exercise in respect of the repaid indebtedness and obligations, all in accordance with the terms of the Master Trust Indenture. Prior to the repayment in full of the indebtedness and obligations owed to the Beneficiaries, the Guarantor shall have no rights of subrogation.
Notice Requirements:	The Indenture Trustee will be required to provide notice to the Guarantor of a Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.

Closing:	Date to be determined but no later than **[**■, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
Conditions Precedent to Closing:	Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.[2]
Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.
Governing Law:	Province of Ontario

[2] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

Provincial Support Agreement Term Sheet~~—~~

Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") is provided exclusively to the parties listed herein in connection with the draft Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Defined terms used herein have the meanings ascribed to them in the Act. The provincial support agreement (the "**Provincial Support Agreement**") will contain the terms and conditions set out in this Term Sheet in addition to such other representations, warranties, indemnities, and other terms and conditions as the Guarantor and the Beneficiaries (each as defined below) may reasonably require.*

Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The ~~trust company acting as~~ indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") ~~acting for the benefit of~~on behalf of itself and all other persons ~~who may have contractual~~having debt or other claims against a Financing Entity secured under the Master Trust Indenture (collectively, the "**Beneficiaries**") ~~(~~including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee ~~and~~, the trustee of the Financing Entity[1]~~)~~ if the Financing Entity is a trust, and any other administrator of the Financing Entity.
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[2]1 after all ~~Funding Obligations~~funding obligations (to be defined to include principal, interest, fees, hedge settlement and termination obligations and other related amounts) of all Financing Entities have been repaid.
Performance Guarantee:	~~**[Upon the occurrence of a Performance Guarantee Event]**, the Indenture Trustee will be entitled to require the Guarantor to appoint a replacement servicer who will perform IESO's duties as servicer under~~Under the Master Sale and Servicing Agreement ~~between IESO, as seller and servicer,~~to be entered into by IESO and the Financing Entity~~, as purchaser~~, **[and OPG as Financial Services Manager]** ("**MSSA**")~~.~~, IESO will have obligations both

[1] ~~We have assumed that the initial Financing Entity will be a trust.~~

[2]1 This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

	as a seller and as a servicer. Pursuant to a performance guarantee, the Guarantor will guarantee in favour of the Beneficiaries to perform, or cause the performance of (which may be by way of the appointment of a replacement servicer), the obligations of IESO as servicer under the MSSA and the Act including the obligations of any replacement servicer. The Guarantor will also guarantee the servicing obligations of the electricity vendors under the Act. The servicing obligations covered will include all obligations related to the collecting and remitting of clean energy adjustments and will protect the Beneficiaries from any risks arising from collections of clean energy adjustments being commingled with other amounts. In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the ~~Indenture Trustee~~Beneficiaries for any losses that result.
~~**Performance Guarantee Event:**~~	~~A "Servicer Default" occurs under the MSSA[3]~~
~~**Payment Guarantee:**~~	~~**[Upon the occurrence of a Payment Guarantee Event and within [5/10] business days after receiving a demand from the Indenture Trustee]**, the Guarantor shall **[guarantee and indemnify the Indenture Trustee (for and on behalf of the Beneficiaries) by paying all regularly scheduled interest and principal payments during the term of a Financing Entity's contractual obligation to such Beneficiary]/[assume the contractual obligations of a Financing Entity to the Beneficiaries]**[4], which for greater certainty shall not include any default, penalty, prepayment, or make whole amounts.~~
Payment Guarantee Event:	A Payment Guarantee Event will occur if: (A) ~~if~~ the Legislative Assembly of Ontario repeals the Act; or (B) ~~if~~ the Legislative Assembly of Ontario amends the Act or a Regulation thereunder is amended in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest; or (C) ~~if~~ a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment

[3] ~~Each Servicer Default will include its own cure period before the event becomes a Servicer Default.~~
[4] ~~To confirm if Province will become the debtor under the applicable debt documentation or if the Financing Entity will continue to be the primary obligor with the Province acting as secondary obligor.~~

	interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable; or (D) funding obligations are due and payable at a time when a market disruption (a period of [six months or more] when capital markets term funding is not available to effect refinancings of funding obligations) is occurring and, in the case of long term funding obligations only, a moratorium or limitation on the imposition and collection of clean energy adjustments to repay such funding obligations is in effect under the Act.
Payment Guarantee:	Upon the occurrence of a Payment Guarantee Event under clauses (A), (B) or (C) of the above definition: (x) the Guarantor shall assume and pay when due (without acceleration) all funding obligations and all other obligations of the Financing Entities to the Beneficiaries by paying all regularly scheduled amounts in respect thereof during the term of each Financing Entity's contractual obligation to such Beneficiaries; and (y) Beneficiaries holding funding obligations consisting of bonds [with a remaining term to maturity of greater than **one year]** shall have the option to put the bonds to the Financing Entity for a put price equal to 101% of the principal amount thereof plus accrued and unpaid interest. In connection with any put under this clause (y), the Guarantor shall guarantee payment of the put price and any related hedge breakage but shall not be responsible for any other default, penalty, prepayment or make whole amounts.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
Priority of Payments:	The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.
Subrogation:	Where the Guarantor has repaid ~~a Beneficiary~~all Beneficiaries in full, to the extent of such ~~payment,~~payments the Guarantor ~~is~~shall be subrogated in and to all the rights of recovery of ~~such~~the Beneficiar~~y~~ies in respect of their applicable indebtedness and obligations and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all ~~amounts~~indebtedness and obligations owing to ~~a~~the Beneficiar~~y~~ies,

	the Indenture Trustee will acknowledge and agree on behalf of ~~such~~the Beneficiar~~y~~ies that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiar~~y~~ies ha~~s~~ve or may exercise in respect of the repaid indebtedness and obligations, all in accordance with the terms of the Master Trust Indenture. Prior to the repayment in full of the indebtedness and obligations owed to the Beneficiaries, the Guarantor shall have no rights of subrogation.
Notice Requirements:	The Indenture Trustee will be required to provide notice to the Guarantor of a ~~Performance Guarantee Event or~~ Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.
Closing:	Date to be determined but no later than **[**■, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
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Governing Law:	Province of Ontario

~~5~~[2] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

From:	LEE John -TREASURY
To:	Mike Manning
Cc:	Scott Nelms (ENERGY); WONG Leslie -LAWDIV; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY
Subject:	FW: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Date:	Monday, May 15, 2017 2:00:40 PM
Attachments:	Term Sheet - Provincial Support Agreement - May 12.docx Compare_Term Sheet - Provincial Support Agreement (2) - Term Sheet - Pro....pdf

Mike:
Attached is the Dealers latest markup for the Provincial Support Agreement. Their changes center primarily with the Market Disruption.
We can arrange a call to discuss the dealer position.
John

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Friday, May 12, 2017 6:10 PM
To: WONG Leslie -LAWDIV; LEE John -TREASURY; RYFA Ken -TREASURY; Hill, Krista; Ramchandani, Rima; mfeldman@torys.com
Cc: Peric, Christiane; Persaud, Donnie - Debt Capital Markets; Fullerton, Rick; Innes, Michael; Smith, Elliot; Maciel, Andrew; Adalja, Sunil; Alvi, Shariq; "Benaiah, Ian' (ian.benaiah@rbccm.com)'; "vickie.turnbull@rbccm.com' (vickie.turnbull@rbccm.com)'; "david.dalbello@rbccm.com' (david.dalbello@rbccm.com)'; Milligan, Peter; 'Murray, Tim (tim.murray@rbccm.com)'; Khanna, Raj - Corporate Banking; 'Niehaus, Katrina'; 'Mullen, Max M.'; 'Collins, Patrick J (Patrick.Collins@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'
Subject: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Please find enclosed a revised draft of the Term Sheet for the Provincial Support Agreement.
Regards, Rocco

From: Persaud, Donnie - Debt Capital Markets [mailto:Donnie.Persaud@cibc.com]
Sent: Tuesday, April 25, 2017 6:34 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Innes, Michael <MInnes@osler.com>; Smith, Elliot <ESmith@osler.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Alvi, Shariq <Shariq.Alvi@cibc.com>; "Benaiah, Ian' (ian.benaiah@rbccm.com)' <ian.benaiah@rbccm.com>; "vickie.turnbull@rbccm.com' (vickie.turnbull@rbccm.com)' <vickie.turnbull@rbccm.com>; "david.dalbello@rbccm.com' (david.dalbello@rbccm.com)' <david.dalbello@rbccm.com>; Milligan, Peter <PMilligan@osler.com>; 'Murray, Tim (tim.murray@rbccm.com)' <tim.murray@rbccm.com>; Khanna, Raj - Corporate Banking <Raj.Khanna@CIBC.ca>; 'Niehaus, Katrina' <Katrina.Niehaus@gs.com>; 'Mullen, Max M.' <Max.Mullen@gs.com>; 'Collins, Patrick J (Patrick.Collins@gs.com)' <Patrick.Collins@gs.com>; 'Delaney, Brian (Brian.Delaney@gs.com)' <Brian.Delaney@gs.com>
Cc: Peric, Christiane <Christiane.Peric@cibc.com>
Subject: FW: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Please see attached.
Donnie Persaud | Executive Director | Debt Capital Markets | CIBC Capital Markets | CIBC World Markets Inc.
161 Bay Street, 5th Floor, Toronto ON M5J 2S8 | Tel: 416-594-7511 | Fax: 416-594-7760 | donnie.persaud@cibc.com

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Tuesday, April 25, 2017 4:54 PM

To: Persaud, Donnie - Debt Capital Markets
Cc: WONG Leslie -LAWDIV; PRESTON Stuart -TREASURY; RYFA Ken -TREASURY; LIU Sheen -TREASURY
Subject: FW: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust

Donnie:

Further to our discussion last week, please find attached the draft term sheet relating to the Provincial Support. In this draft the Province will assume the obligations of the debt under certain conditions. This draft document reflects the Province initial thoughts. Stu will coordinate this agreement from our end.

John

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Provincial Support Agreement Term Sheet

Fair Hydro Plan Act, 2017

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Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") on behalf of itself and all other persons having debt or other claims against a Financing Entity secured under the Master Trust Indenture (collectively, the "**Beneficiaries**") including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee, the trustee of the Financing Entity if the Financing Entity is a trust, and any other administrator of the Financing Entity.
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[1] after all funding obligations (to be defined to include principal, interest, fees, hedge settlement and termination obligations and other related amounts) of all Financing Entities have been repaid.

[1] This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

Performance Guarantee:	Under the Master Sale and Servicing Agreement to be entered into by IESO and the Financing Entity, **[and OPG as Financial Services Manager]** ("**MSSA**"), IESO will have obligations both as a seller and as a servicer. Pursuant to a performance guarantee, the Guarantor will guarantee in favour of the Beneficiaries to perform, or cause the performance of (which may be by way of the appointment of a replacement servicer), the obligations of IESO as servicer under the MSSA and the Act including the obligations of any replacement servicer. The Guarantor will also guarantee the servicing obligations of the electricity vendors under the Act. The servicing obligations covered will include all obligations related to the collecting and remitting of clean energy adjustments and will protect the Beneficiaries from any risks arising from collections of clean energy adjustments being commingled with other amounts. In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the Beneficiaries for any losses that result.
Payment Guarantee Event:	A Payment Guarantee Event will occur if: (A) the Legislative Assembly of Ontario repeals the Act; or (B) the Legislative Assembly of Ontario amends the Act or a Regulation thereunder is amended in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest; or (C) a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable; or (D) funding obligations are due and payable at a time when a market disruption (a period of [six months or more] when capital markets term funding is not available to effect refinancings of funding obligations) is occurring and, in the case of long term funding obligations only, a moratorium or limitation on the imposition and collection of clean energy adjustments to repay such funding obligations is in effect under the Act.

Payment Guarantee:	Upon the occurrence of a Payment Guarantee Event under clauses (A), (B) or (C) of the above definition: (x) the Guarantor shall assume and pay when due (without acceleration) all funding obligations and all other obligations of the Financing Entities to the Beneficiaries by paying all regularly scheduled amounts in respect thereof during the term of each Financing Entity's contractual obligation to such Beneficiaries; and (y) Beneficiaries holding funding obligations consisting of bonds [with a remaining term to maturity of greater than one year] shall have the option to put the bonds to the Financing Entity for a put price equal to 101% of the principal amount thereof plus accrued and unpaid interest. In connection with any put under this clause (y), the Guarantor shall guarantee payment of the put price and any related hedge breakage but shall not be responsible for any other default, penalty, prepayment or make whole amounts.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
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Subrogation:	Where the Guarantor has repaid all Beneficiaries in full, to the extent of such payments the Guarantor shall be subrogated in and to all the rights of recovery of the Beneficiaries in respect of their applicable indebtedness and obligations and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all indebtedness and obligations owing to the Beneficiaries, the Indenture Trustee will acknowledge and agree on behalf of the Beneficiaries that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiaries have or may exercise in respect of the repaid indebtedness and obligations, all in accordance with the terms of the Master Trust Indenture. Prior to the repayment in full of the indebtedness and obligations owed to the Beneficiaries, the Guarantor shall have no rights of subrogation.
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Closing:	Date to be determined but no later than **[**■, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
Conditions Precedent to Closing:	Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.~~5~~[2]
Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.
Governing Law:	Province of Ontario

~~5~~[2] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

From:	Mike Manning
To:	"Thom, Trevor"
Subject:	FW: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Date:	Wednesday, May 17, 2017 10:27:40 AM
Attachments:	Term Sheet - Provincial Support Agreement - May 12.docx Compare_Term Sheet - Provincial Support Agreement (2) - Term Sheet - Pro....pdf

Hi Trevor:
As discussed. Hopefully we can chat on this next Tuesday.

Cheers, Mike

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Monday, May 15, 2017 2:01 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>
Subject: FW: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust

Mike:
Attached is the Dealers latest markup for the Provincial Support Agreement. Their changes center primarily with the Market Disruption.
We can arrange a call to discuss the dealer position.
John

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Friday, May 12, 2017 6:10 PM
To: WONG Leslie -LAWDIV; LEE John -TREASURY; RYFA Ken -TREASURY; Hill, Krista; Ramchandani, Rima; mfeldman@torys.com
Cc: Peric, Christiane; Persaud, Donnie - Debt Capital Markets; Fullerton, Rick; Innes, Michael; Smith, Elliot; Maciel, Andrew; Adalja, Sunil; Alvi, Shariq; "Benaiah, Ian' (ian.benaiah@rbccm.com)'; "vickie.turnbull@rbccm.com' (vickie.turnbull@rbccm.com)'; "david.dalbello@rbccm.com' (david.dalbello@rbccm.com)'; Milligan, Peter; 'Murray, Tim (tim.murray@rbccm.com)'; Khanna, Raj - Corporate Banking; 'Niehaus, Katrina'; 'Mullen, Max M.'; 'Collins, Patrick J (Patrick.Collins@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'
Subject: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Please find enclosed a revised draft of the Term Sheet for the Provincial Support Agreement.
Regards, Rocco

From: Persaud, Donnie - Debt Capital Markets [mailto:Donnie.Persaud@cibc.com]
Sent: Tuesday, April 25, 2017 6:34 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Innes, Michael <MInnes@osler.com>; Smith, Elliot <ESmith@osler.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Alvi, Shariq

<Shariq.Alvi@cibc.com>; "Benaiah, Ian' (ian.benaiah@rbccm.com)' <ian.benaiah@rbccm.com>; "vickie.turnbull@rbccm.com' (vickie.turnbull@rbccm.com)' <vickie.turnbull@rbccm.com>; "david.dalbello@rbccm.com' (david.dalbello@rbccm.com)' <david.dalbello@rbccm.com>; Milligan, Peter <PMilligan@osler.com>; 'Murray, Tim (tim.murray@rbccm.com)' <tim.murray@rbccm.com>; Khanna, Raj - Corporate Banking <Raj.Khanna@CIBC.ca>; 'Niehaus, Katrina' <Katrina.Niehaus@gs.com>; 'Mullen, Max M.' <Max.Mullen@gs.com>; 'Collins, Patrick J (Patrick.Collins@gs.com)' <Patrick.Collins@gs.com>; 'Delaney, Brian (Brian.Delaney@gs.com)' <Brian.Delaney@gs.com>
Cc: Peric, Christiane <Christiane.Peric@cibc.com>
Subject: FW: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Please see attached.
Donnie Persaud | Executive Director | Debt Capital Markets | CIBC Capital Markets | CIBC World Markets Inc.
161 Bay Street, 5th Floor, Toronto ON M5J 2S8 | Tel: 416-594-7511 | Fax: 416-594-7760 | donnie.persaud@cibc.com

---

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Tuesday, April 25, 2017 4:54 PM
To: Persaud, Donnie - Debt Capital Markets
Cc: WONG Leslie -LAWDIV; PRESTON Stuart -TREASURY; RYFA Ken -TREASURY; LIU Sheen -TREASURY
Subject: FW: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Donnie:
Further to our discussion last week, please find attached the draft term sheet relating to the Provincial Support. In this draft the Province will assume the obligations of the debt under certain conditions. This draft document reflects the Province initial thoughts. Stu will coordinate this agreement from our end.
John

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Provincial Support Agreement Term Sheet

Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") is provided exclusively to the parties listed herein in connection with the draft Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Defined terms used herein have the meanings ascribed to them in the Act. The provincial support agreement (the "**Provincial Support Agreement**") will contain the terms and conditions set out in this Term Sheet in addition to such other representations, warranties, indemnities, and other terms and conditions as the Guarantor and the Beneficiaries (each as defined below) may reasonably require.*

Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") on behalf of itself and all other persons having debt or other claims against a Financing Entity secured under the Master Trust Indenture (collectively, the "**Beneficiaries**") including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee, the trustee of the Financing Entity if the Financing Entity is a trust, and any other administrator of the Financing Entity.
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[1] after all funding obligations (to be defined to include principal, interest, fees, hedge settlement and termination obligations and other related amounts) of all Financing Entities have been repaid.

[1] This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

Performance Guarantee:	Under the Master Sale and Servicing Agreement to be entered into by IESO and the Financing Entity, **[and OPG as Financial Services Manager]** ("**MSSA**"), IESO will have obligations both as a seller and as a servicer. Pursuant to a performance guarantee, the Guarantor will guarantee in favour of the Beneficiaries to perform, or cause the performance of (which may be by way of the appointment of a replacement servicer), the obligations of IESO as servicer under the MSSA and the Act including the obligations of any replacement servicer. The Guarantor will also guarantee the servicing obligations of the electricity vendors under the Act. The servicing obligations covered will include all obligations related to the collecting and remitting of clean energy adjustments and will protect the Beneficiaries from any risks arising from collections of clean energy adjustments being commingled with other amounts. In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the Beneficiaries for any losses that result.
Payment Guarantee Event:	A Payment Guarantee Event will occur if: (A) the Legislative Assembly of Ontario repeals the Act; or (B) the Legislative Assembly of Ontario amends the Act or a Regulation thereunder is amended in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest; or (C) a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable; or (D) funding obligations are due and payable at a time when a market disruption (a period of [six months or more] when capital markets term funding is not available to effect refinancings of funding obligations) is occurring and, in the case of long term funding obligations only, a moratorium or limitation on the imposition and collection of clean energy adjustments to repay such funding obligations is in effect under the Act.

Payment Guarantee:	Upon the occurrence of a Payment Guarantee Event under clauses (A), (B) or (C) of the above definition: (x) the Guarantor shall assume and pay when due (without acceleration) all funding obligations and all other obligations of the Financing Entities to the Beneficiaries by paying all regularly scheduled amounts in respect thereof during the term of each Financing Entity's contractual obligation to such Beneficiaries; and (y) Beneficiaries holding funding obligations consisting of bonds [with a remaining term to maturity of greater than one year] shall have the option to put the bonds to the Financing Entity for a put price equal to 101% of the principal amount thereof plus accrued and unpaid interest. In connection with any put under this clause (y), the Guarantor shall guarantee payment of the put price and any related hedge breakage but shall not be responsible for any other default, penalty, prepayment or make whole amounts.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
Priority of Payments:	The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.
Subrogation:	Where the Guarantor has repaid all Beneficiaries in full, to the extent of such payments the Guarantor shall be subrogated in and to all the rights of recovery of the Beneficiaries in respect of their applicable indebtedness and obligations and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all indebtedness and obligations owing to the Beneficiaries, the Indenture Trustee will acknowledge and agree on behalf of the Beneficiaries that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiaries have or may exercise in respect of the repaid indebtedness and obligations, all in accordance with the terms of the Master Trust Indenture. Prior to the repayment in full of the indebtedness and obligations owed to the Beneficiaries, the Guarantor shall have no rights of subrogation.
Notice Requirements:	The Indenture Trustee will be required to provide notice to the Guarantor of a Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.

Closing:	Date to be determined but no later than **[**■, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
Conditions Precedent to Closing:	Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.[2]
Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.
Governing Law:	Province of Ontario

[2] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

Provincial Support Agreement Term Sheet~~—~~

Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") is provided exclusively to the parties listed herein in connection with the draft Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Defined terms used herein have the meanings ascribed to them in the Act. The provincial support agreement (the "**Provincial Support Agreement**") will contain the terms and conditions set out in this Term Sheet in addition to such other representations, warranties, indemnities, and other terms and conditions as the Guarantor and the Beneficiaries (each as defined below) may reasonably require.*

Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The ~~trust company acting as~~ indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") ~~acting for the benefit of~~on behalf of itself and all other persons ~~who may have contractual~~having debt or other claims against a Financing Entity secured under the Master Trust Indenture (collectively, the "**Beneficiaries**") ~~(~~including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee ~~and~~, the trustee of the Financing Entity[1]~~)~~ if the Financing Entity is a trust, and any other administrator of the Financing Entity.
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[2]1 after all ~~Funding Obligations~~funding obligations (to be defined to include principal, interest, fees, hedge settlement and termination obligations and other related amounts) of all Financing Entities have been repaid.
Performance Guarantee:	~~**[Upon the occurrence of a Performance Guarantee Event]**, the Indenture Trustee will be entitled to require the Guarantor to appoint a replacement servicer who will perform IESO's duties as servicer under~~Under the Master Sale and Servicing Agreement ~~between IESO, as seller and servicer,~~to be entered into by IESO and the Financing Entity~~, as purchaser~~, **[and OPG as Financial Services Manager]** ("**MSSA**")~~.~~, IESO will have obligations both

[1] ~~We have assumed that the initial Financing Entity will be a trust.~~

[2]1 This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

	as a seller and as a servicer. Pursuant to a performance guarantee, the Guarantor will guarantee in favour of the Beneficiaries to perform, or cause the performance of (which may be by way of the appointment of a replacement servicer), the obligations of IESO as servicer under the MSSA and the Act including the obligations of any replacement servicer. The Guarantor will also guarantee the servicing obligations of the electricity vendors under the Act. The servicing obligations covered will include all obligations related to the collecting and remitting of clean energy adjustments and will protect the Beneficiaries from any risks arising from collections of clean energy adjustments being commingled with other amounts. In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the ~~Indenture Trustee~~Beneficiaries for any losses that result.
~~**Performance Guarantee Event:**~~	~~A "Servicer Default" occurs under the MSSA[3]~~
~~**Payment Guarantee:**~~	~~**[Upon the occurrence of a Payment Guarantee Event and within [5/10] business days after receiving a demand from the Indenture Trustee]**, the Guarantor shall **[guarantee and indemnify the Indenture Trustee (for and on behalf of the Beneficiaries) by paying all regularly scheduled interest and principal payments during the term of a Financing Entity's contractual obligation to such Beneficiary]/[assume the contractual obligations of a Financing Entity to the Beneficiaries]**[4], which for greater certainty shall not include any default, penalty, prepayment, or make whole amounts.~~
Payment Guarantee Event:	A Payment Guarantee Event will occur if: (A) ~~if~~ the Legislative Assembly of Ontario repeals the Act; or (B) ~~if~~ the Legislative Assembly of Ontario amends the Act or a Regulation thereunder is amended in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest; or (C) ~~if~~ a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment

[3] ~~Each Servicer Default will include its own cure period before the event becomes a Servicer Default.~~
[4] ~~To confirm if Province will become the debtor under the applicable debt documentation or if the Financing Entity will continue to be the primary obligor with the Province acting as secondary obligor.~~

	interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable; or (D) funding obligations are due and payable at a time when a market disruption (a period of [six months or more] when capital markets term funding is not available to effect refinancings of funding obligations) is occurring and, in the case of long term funding obligations only, a moratorium or limitation on the imposition and collection of clean energy adjustments to repay such funding obligations is in effect under the Act.
Payment Guarantee:	Upon the occurrence of a Payment Guarantee Event under clauses (A), (B) or (C) of the above definition: (x) the Guarantor shall assume and pay when due (without acceleration) all funding obligations and all other obligations of the Financing Entities to the Beneficiaries by paying all regularly scheduled amounts in respect thereof during the term of each Financing Entity's contractual obligation to such Beneficiaries; and (y) Beneficiaries holding funding obligations consisting of bonds [with a remaining term to maturity of greater than **one year]** shall have the option to put the bonds to the Financing Entity for a put price equal to 101% of the principal amount thereof plus accrued and unpaid interest. In connection with any put under this clause (y), the Guarantor shall guarantee payment of the put price and any related hedge breakage but shall not be responsible for any other default, penalty, prepayment or make whole amounts.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
Priority of Payments:	The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.
Subrogation:	Where the Guarantor has repaid ~~a Beneficiary~~all Beneficiaries in full, to the extent of such ~~payment,~~payments the Guarantor ~~is~~shall be subrogated in and to all the rights of recovery of ~~such~~the Beneficiar~~y~~ies in respect of their applicable indebtedness and obligations and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all ~~amounts~~indebtedness and obligations owing to ~~a~~the Beneficiar~~y~~ies,

	the Indenture Trustee will acknowledge and agree on behalf of ~~such~~the Beneficiar~~y~~ies that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiar~~y~~ies ha~~s~~ve or may exercise in respect of the repaid indebtedness and obligations, all in accordance with the terms of the Master Trust Indenture. Prior to the repayment in full of the indebtedness and obligations owed to the Beneficiaries, the Guarantor shall have no rights of subrogation.
Notice Requirements:	The Indenture Trustee will be required to provide notice to the Guarantor of a ~~Performance Guarantee Event or~~ Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.
Closing:	Date to be determined but no later than **[**■, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
Conditions Precedent to Closing:	Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.~~5~~[2]
Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.
Governing Law:	Province of Ontario

~~5~~[2] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

From:	Carlos Yep
To:	Mike Manning; James Devine; John Kim; Bruno Amara; Ken Kandeepan; John Psinas
Subject:	FW: Equity Injection Term Sheet
Date:	Tuesday, May 30, 2017 8:30:28 AM

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Tuesday, May 30, 2017 8:23 AM

To: Carlos Yep

Cc: Tobias P. Whitfield (MOF)

Subject: RE: Equity Injection Term Sheet

Thanks Carlos.

In the previous H1 related loans, the Minister of Energy signed the share purchase agreement and the Minister of Finance signed the loan agreement under the authority of an OIC. OFA staff act on behalf of the Minister of Finance in taking certain actions related to the loan. I am not sure that the Minister of Energy can delegate authority under the share purchase agreement for this equity injection (i.e. to make a decision to purchase shares) in the same way that OFA staff would deal with actions under a loan agreement. It may be that if there needs to be some quick turn-around in relation to funding OPG via the equity injection that maybe there might be a services agreement between the OFA and the Ministry of Energy. Perhaps, this only refers to how the money is being flowed and is more of a back-office function, and someone at the Ministry of Energy directs the OFA to take the action.

We will take a look at this term sheet too and provide some comments and questions.

Thanks.

Malle

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: May 30, 2017 7:58 AM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF)
Subject: FW: Equity Injection Term Sheet

fyi

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]

Sent: Monday, May 29, 2017 1:56 PM

To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>

Cc: Thomas Leung (MEDTE/MRI) <Thomas.Leung@ontario.ca>

Subject: Equity Injection Term Sheet

Hey John, Carlos,

Attached is a term sheet from OPG that would form the basis of the Equity Injection Agreement. I think this would be an agreement between ENE/OPG and OFA. While it currently says 5 business days in this document Clara flagged that the IESO may be looking for it to be settled in as quickly as 1 day. Given how quick this needs to happen I've included a line about ENE delegating authority to the OFA to manage this monthly process. I think ENE would want to be kept in the loop but I don't think they would need to sign off each month. That being said I haven't run this up the chain at ENE yet or discussed with ENE controllership.

Id defer to you guys for short term mechanics for the most part as you have the experience on the borrowing side. If you could take a look and mark-up where desired then maybe we can chat?

Let me know if you have any questions.

Kaitlin

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From: Carlos Yep
To: Mike Manning
Cc: Anis Hirani
Subject: FW: FHP Issues
Date: Wednesday, July 05, 2017 3:35:22 PM
Attachments: FHP Issues.ics

From:	Hresa Gavaris
To:	Gadi Mayman; Ronald Kwan; James Devine; Carlos Yep; John Psinas; John Kim; Anna Strathy; Cindy Veinot; "Hosick, Sarah (TBS)"; Scott Nelms (ENERGY); Ken Kandeepan
Subject:	FHP Issues
Start:	Wednesday, July 05, 2017 4:00:00 PM
End:	Wednesday, July 05, 2017 5:00:00 PM
Location:	Executive Boardroom, 14th Floor, 1 Dundas Street West

---

Teleconference Number 416-212-8011 Conference ID: 4717656

From:	Gadi Mayman
To:	Bonnie Lemcke; Mike Manning; Carlos Yep
Cc:	Anna Strathy
Subject:	FW: FHT - Rating Presentation
Date:	Thursday, July 06, 2017 12:53:55 PM
Attachments:	Rating Agency Presentation July_5 r1.pptx

From: Nelms, Scott (MOF) [mailto:Scott.Nelms@ontario.ca]
Sent: Thursday, July 06, 2017 12:51 PM
To: Gadi Mayman ; Ken Kandeepan ; Ronald Kwan
Subject: FW: FHT - Rating Presentation

Fyi – I have shared with Energy as well.

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: July 5, 2017 7:26 PM
To: Nelms, Scott (MOF)
Cc: HARTWICK Ken -FINANCE; CROZZOLI Carlo -CBUSDEV&STRT; RYFA Ken -TREASURY
Subject: FHT - Rating Presentation

Scott:

As requested attached is the Rating presentation which we intend to use to solicit "soft" feedback from each Rating agency. A fulsome deck will be provided once they have been formally engaged. Our first meeting will be with DBRS tomorrow afternoon.

Please forward to both Andrew and Serge who I believe had expressed some interest in seeing the package.

John

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Fair Hydro Plan Financing Program

Rating Agency Presentation

July 6, 2017

ONTARIO POWER GENERATION

CIBC | Goldman Sachs | RBC | RBC Capital Markets

Table of Contents

I. Ontario Electricity Market
II. Fair Hydro Plan
III. Financing Strategy
IV. Transaction Structure

Executive Summary

Purpose

- To provide high-level overview of what is being contemplated by Ontario's Fair Hydro Plan and related financing
- This presentation is based on the legislation and regulations in place and anticipated contractual arrangements
- To explore both securitization and traditional structured corporate bond ratings
  - Various financing alternatives are being explored, most of which have potential rating agency involvement
- To set expectations for timing and process

Brief Overview

- On March 2, 2017 Ontario announced its Fair Hydro Plan which proposes to lower the average residential electricity bill by 25%
  - 25% reduction includes the 8% rebate introduced in January 2017 as part of the Ontario Rebate for Electricity Consumers Act, 2016
  - The 25% reduction is expected to be in effect until 2021 (approximately 4 years) although bills may be allowed to increase by the rate of inflation
- The 17% incremental reduction as part of the Fair Hydro Plan will be recorded as a regulatory deferred asset for future recovery
  - The recovery period depends on the final fair allocation but is expected to begin in 2027 with a hard stop in 2047
- The exact quantum and duration of the program is still being developed, but the deferral is expected to amount to ~C$2.5bn / year
  - It is expected that 50+% of the financing will be derived from the capital markets
- Legislation to effect the recovery right was enacted in early June, and the regulations were largely completed at the end of June
  - Legislation and regulations were designed with capital market financing objectives in mind
  - Careful consideration given to possible structural enhancements with respect to creating the regulatory asset, assignability, achieving a true-sale opinion, being non-bypassable and including a true up mechanism to ensure repayment

Ratings Objectives

- Initially we are reaching-out to better understand what methodologies you will apply to this program / structure
- Ultimately, we will be pursuing some combination of ABCP conduit rating confirmation, and/or explicit long-term ratings for the credit facility, term debt and sub-debt

Transaction Parties

Issuer	Fair Hydro Trust (“FHT”)	
Advisors	CIBC, Goldman Sachs, RBC	
Financial Services Manager	Ontario Power Generation (“OPG”) is 100% owned by the Province of Ontario (the “Province”)	A low (DBRS), BBB+ (S&P)
Servicer	Independent Electricity System Operator (“IESO”)	A high (DBRS), Aa2 (Moody’s)
Provincial Rate Authority	Ontario Energy Board (“OEB”)	
Guarantor	Province of Ontario (the “Province”)	AA low (DBRS), AA- (Fitch), Aa2 (Moody’s), A+ (S&P)
Issuer’s Counsel	Torys LLP (Canada), Hunton & Williams LLP (U.S.)	
Advisor’s Counsel	Osler, Hoskin & Harcourt LLP (Canada, U.S.)	

Timeline

- Deferral started in June 2017
- Warehouse financing to begin as soon as possible
- Currently educating agencies and seeking to better understand applicable criteria / methodologies

Key Dates

- Select Rating Agencies
- Complete Ratings Process

Market Holidays

- Canadian
- U.S.

July 2017

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August 2017

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Ontario Electricity Market

SECTION I

Overview of the Electricity Market in Ontario

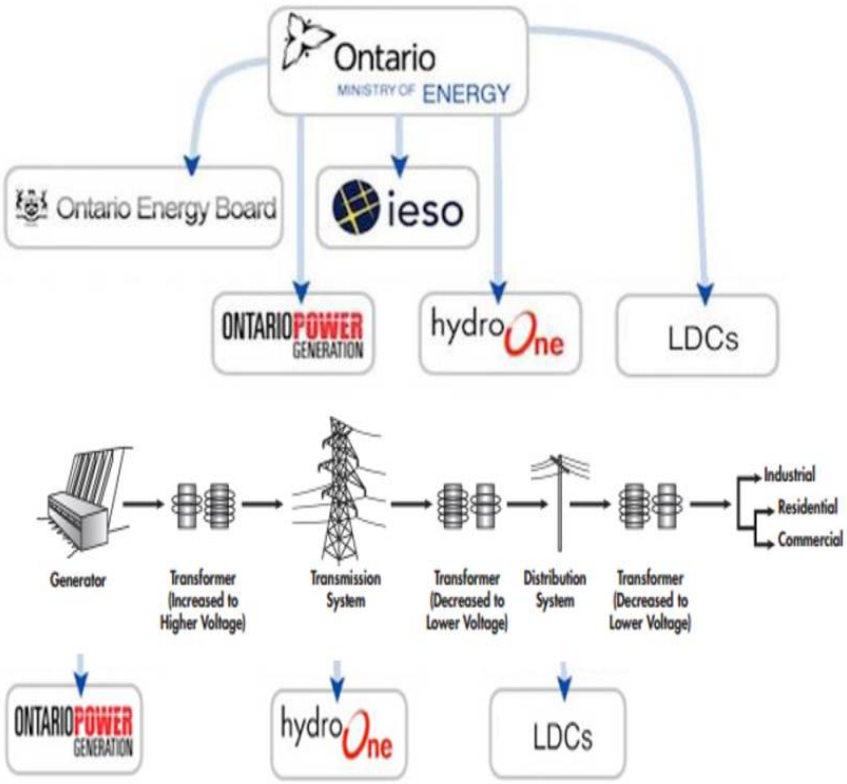
The Ontario electricity market is highly regulated

- Transmission rates, Distribution rates, and OPG's Generation are set by the Ontario Energy Board
- Rates for the majority of the remaining generation are set by direct contracts with the IESO (e.g. Bruce, Wind / Solar Power)

Key Entities

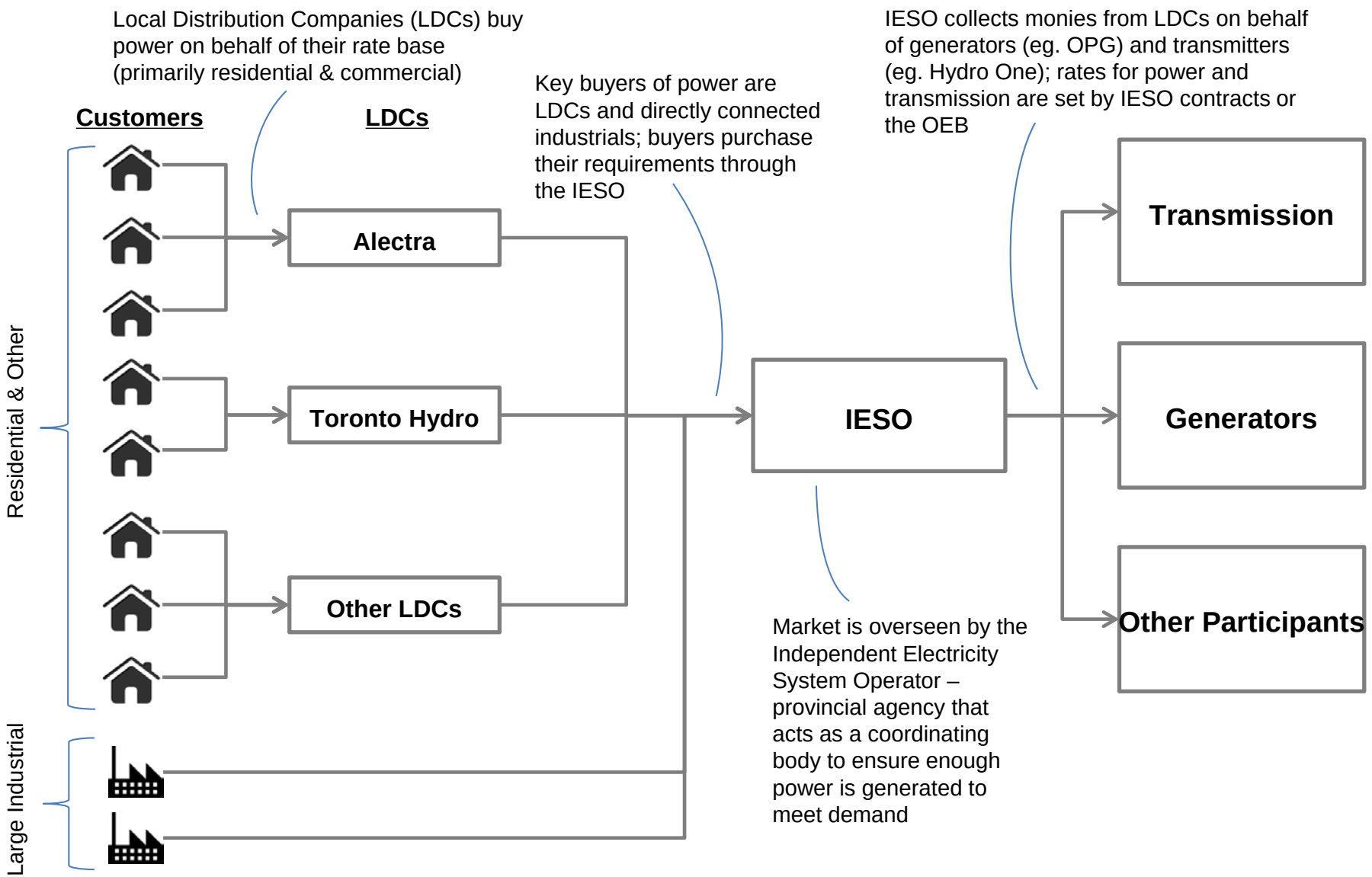
Ontario Ministry of Energy	▪ Sets policy for the electricity system
Ontario Energy Board	▪ Ontario Energy Board is Ontario's independent energy regulator that evaluates rates paid to regulated energy providers ▪ The Ontario Energy Board has a statutory obligation to set the regulated electricity price for Regulated Price Plan (RPP) consumers
IESO	▪ The Independent Electricity System Operator manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market
OPG	▪ Ontario Power Generation is Ontario's largest electricity generator, producing approximately half of Ontario's electricity – Wholly owned by the Province of Ontario
Hydro One	▪ Owns and administers transmission in the province
LDC's	▪ Local Distribution Companies (LDC's) provide power to end-users (residential / commercial / industrial) ▪ There are 60+ LDC's operating in the IESO market; the 3 largest LDCs(1) account for ~60% of Ontario's 5.1 million customers

The Ontario electricity market has $22B in annual cash flows



(1) Hydro One, Toronto Hydro, and Alectra

Flow of Funds Through Key Market Participants



The IESO

Key Credit Strengths

- The IESO is at the center of the market, as buyers purchase power from the IESO and sellers of power are paid by the IESO
- IESO is effectively a clearing house and establishes the terms by which buyers are able to purchase power
- IESO Market Rules - Chapter 2 of the Market Rules outlines the parameters for Participation or “the procedures pursuant to which persons may apply to the IESO for the authorization to participate in the IESO-administered markets or to cause or permit electricity to be conveyed into, through or out of the IESO-controlled grid”
- The credit conditions are outlined in Chapter 2 and involves the “prudential support” provided by the LDC
- Based on public credit ratings or credit payment history, a buyer of power may be required to post collateral to support their projected exposure; LDCs, given their strong credit structure are awarded higher unsecured purchase limits
- The Prudential Rules are reviewed every few years and maintain a conservative stance regarding collateral

Strong Credit History

- Approximately $22 billion in costs flow through the Ontario electricity system each year (60% goes to generators)
- Since the beginning of the IESO open market in 2002, there have been 20 defaults
- Only three defaults could not be fully covered by the collateral posted by the defaulters
- Of the three defaults that resulted in “default levies” to the market participants, the total the levies were under $1 million
- Default levies are allocated 50% to Buyers of Power and 50% to the Sellers of Power, based on their usage/generation

LDCs

Key Credit Strengths

- The majority of power purchased in Ontario is by LDCs on behalf of residential and commercial customers; LDCs make up approximately 80% of the market
- The typical customer bill includes charges for the power itself (which goes to the generators), transmission (e.g. Hydro One), to the LDC itself (for local distribution), and for other market charges (e.g. IESO costs)
- LDC rates are governed by the OEB rate setting process; LDCs under the OEB's Retail Settlement and Distribution System Code may obtain a security deposit or letter of credit from their customers to mitigate risk of payment default
- LDCs are able to include an amount for accounts receivable write-offs within operating expenses for rate setting purposes. They can also apply for any extra-ordinary write-offs as a variance account adjustment to be considered by the OEB
- Approximately 10 LDC's have credit ratings through DBRS or S&P; the ratings are generally A, based on very low industry risk of regulated utilities and supportive regulatory framework;
- The OEB deems the capital structure of a LDC to include 40% equity and sets an allowed rate of return

Strong Credit History

- Given the strong credit mitigation measures available to the LDCs, a review of 8 LDCs (varied in size and geographic region), indicated a similar and very low loss rate
- LDC data was based on the financial statements of Toronto Hydro, North Bay Hydro, Horizon Utilities, Enersource, Collus PowerStream, Energy Plus, PowerStream, and Hydro One

	Average	Last 5 Years Average
AFDA / AR	3.40%	3.70%
AFDA / Sales	0.42%	0.44%
Write-Off / Sales	0.29%	0.28%

AFDA: Allowance for doubtful accounts

Fair Hydro Plan

SECTION II

Background

On March 2nd the Ontario Government Announced its Fair Hydro Plan

- The plan proposes to lower the average residential electricity bill by 25 percent
- In part by reallocating the charges paid by ratepayers for generation contracts and conservation programs over an extended period to match the expected life of the assets and the benefits of these initiatives
- In order to reallocate the payments, an OPG managed Financing Entity will use debt to purchase Regulatory Assets from the IESO and amortize them over a longer period
- This will lead to a near-term reduction in electricity bills followed by an increase in electricity bills over the long-term as interest and principal is repaid
- The government has further committed to capping the increase on the average residential bill at the rate of inflation for three years following the initial year

Financing Entity Overview

- OPG has the mandate to create and oversee a Trust separate from regular operations, that will finance costs related to the Fair Hydro Plan and spread the recovery through 2047
- The OEB will set the Regulated Price Plan to meet the requirements of the Fair Hydro Plan
- The IESO will create a regulatory asset approximately equal to the difference between collections from ratepayers and payment obligations to generators and conservation
- The Trust will have the right, but not the obligation, to purchase these regulatory assets / investment interests to support the debt required
  - Upon purchase by the trust, the regulatory asset becomes investment interest for the trust
- The Trust will enter the capital markets 1-3 times per year to secure long-term investment interests

Given the province's commitment to reduce electricity bills, there is a requirement to establish a financing entity, the "Trust", that will finance the shortfall in revenues not received from the market

Regulatory Asset / Investment Asset

Regulatory Asset

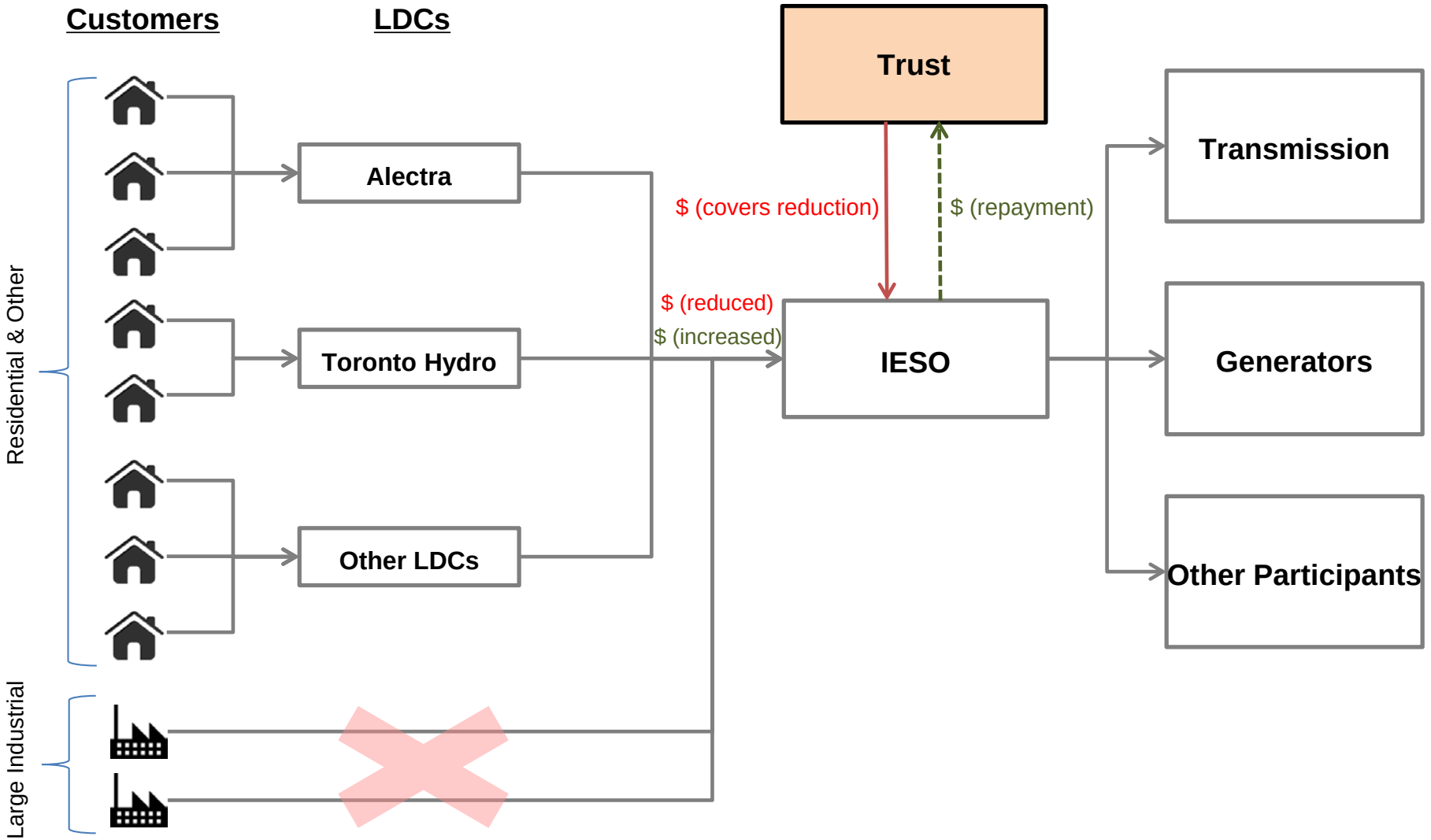
- IESO has authority under the Act to create a variance account to track the regulatory asset and is able to recover the balance in the variance account from consumers
- The OEB will set rates in accordance with regulation to recover the variance account balance through the clean energy adjustment but the OEB cannot change the amount of the clean energy adjustment to be recovered
- IESO is not able to recover the variance account balance prior to May 1, 2021
- IESO can transfer a portion of the variance account / regulatory asset to a financing entity
- A transfer of the variance account / regulatory asset is treated as an absolute sale of the IESO's right to recover the balance [and is not simply a security interest]

Investment Asset

- Transfer of the regulatory asset to a financing entity becomes an investment asset in the financing entity
- The investment asset constitutes an irrevocable property right and interest consisting of all rights of the IESO with respect to the variance account including the right to determine, impose, invoice, and collect the clean energy adjustment
- Investment interest owner can grant a security interest in order to secure a funding obligation

Addition of the Trust

In order to facilitate a ratepayer discount, the Trust is introduced to pay the difference to the IESO



Financial Services Manager - OPG

The Fair Hydro legislation names OPG, as the Financial Services Manager

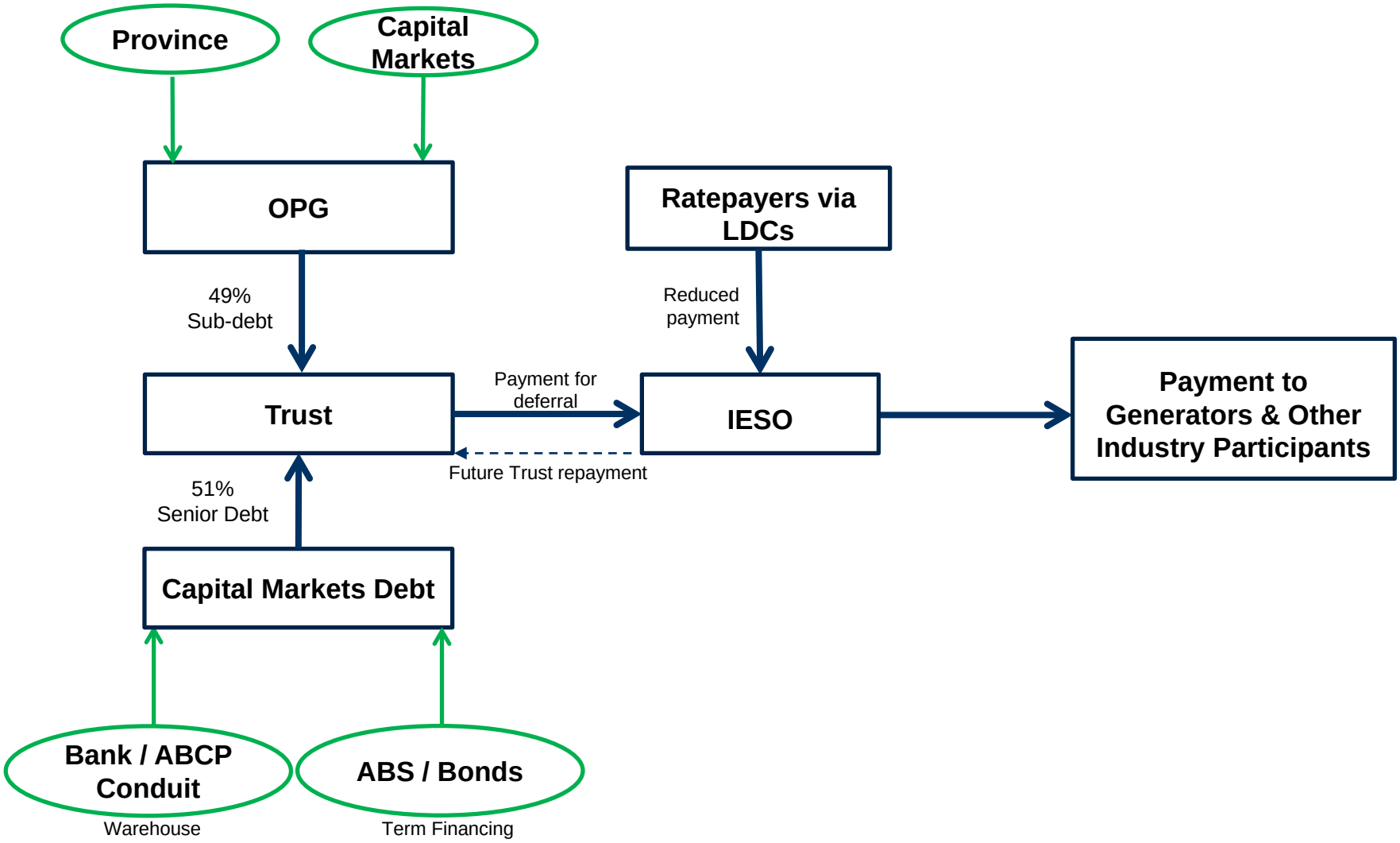
Why OPG

- One of the most experienced and largest generating companies in Canada, OPG has a broad set of relationships and capabilities that make it a valuable resource to the Province of Ontario
- Experienced in successful complex financing arrangements of large capital projects (such as OPG's recently completed Lower Mattagami project)

OPG's Role as Financial Services Manager

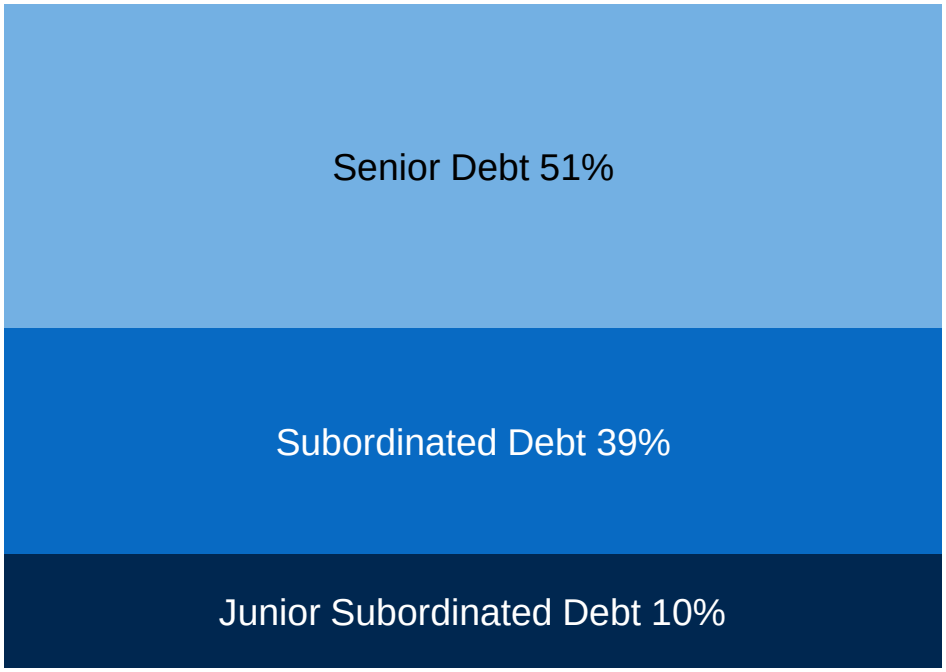
- Prepare a Financing Plan to evaluate whether potential funding obligations should be incurred for the purposes of acquiring an investment asset
- Administer the investment asset on behalf of the financing entities
- Ensure that funding obligations are incurred in a manner that is consistent with the Financing Plan
- Establish and charge fees for Financial Management Services
- Shall not provide for funding obligations to be incurred with any recourse to any assets of an electricity vendor, OPG, the OEB, the Province or the Lieutenant Governor in Council

Flow of Money between Trust and IESO



Simplified Trust Structure

- The Fair Hydro Trust will fund regulatory asset purchases through the issuance of senior and subordinated secured debt
  - Senior debt (51%) will be sourced monthly from committed warehouse facilities (bank and / or ABCP), and the periodic issuance of term debt
  - Subordinated debt (49%) will be provided by OPG; 44% of which will be obtained from an OEFC equity injection and 5% from OPG via external markets
  - Senior and subordinated principal will be scheduled to amortize to maintain the original proportions, shortfalls to be allocated first to the subordinated debt



<u>Senior Debt (Public Markets)</u>
Accessed from:
1) Canadian Securitization Program
2) U.S. Market Program

<u>Subordinated Debt</u>
- Provided to Trust by OPG via Ontario government

<u>Junior Subordinated Debt</u>
- OPG Injection (5%)
- Province to Trust by OPG via Ontario government (5%)

Financing Strategy

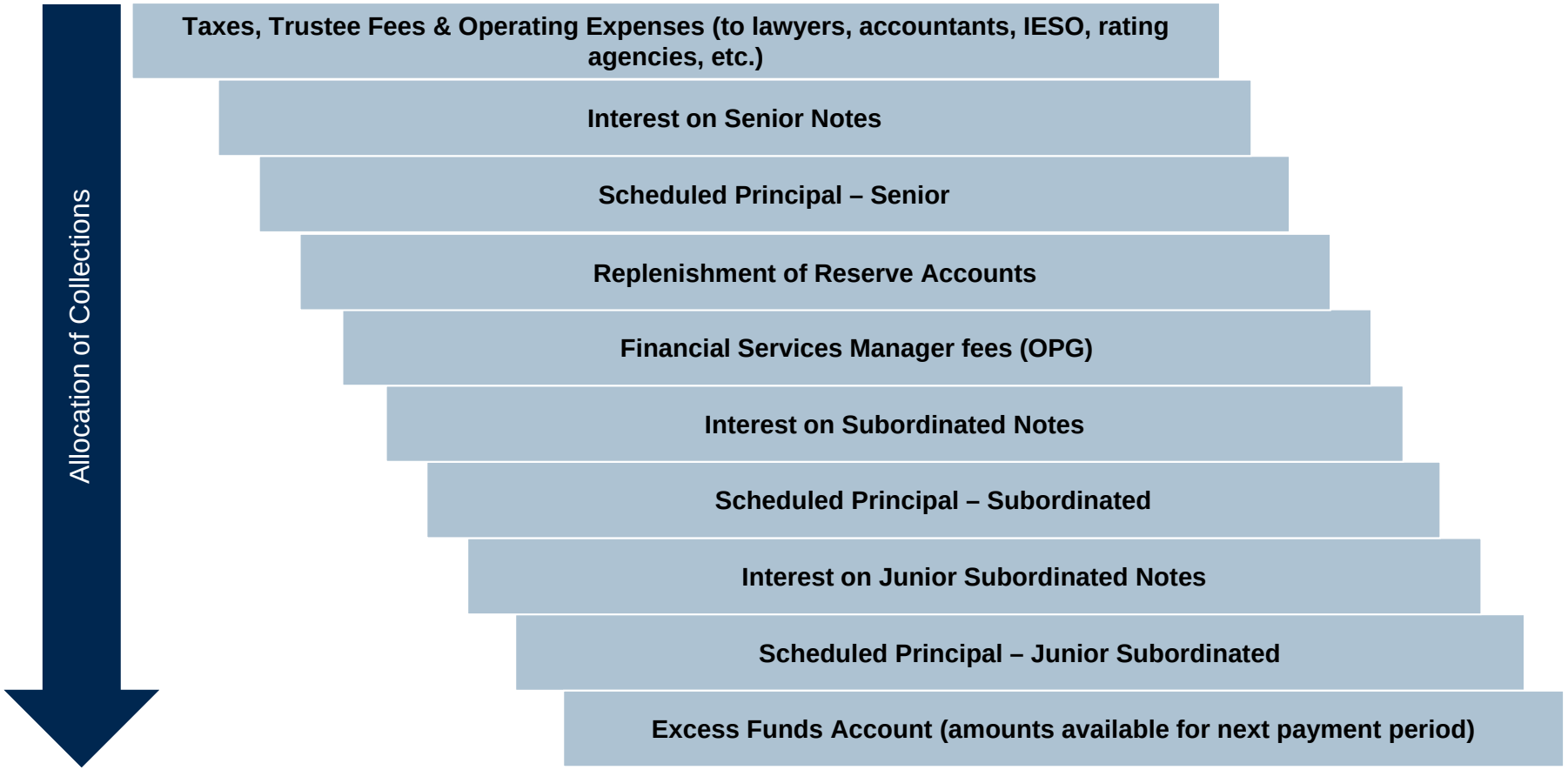
SECTION III

Financing Strategy – Funding Alternatives

- There are several potential funding sources that OPG can consider to structure the overall financing program, including securitization (issued in Canada or the U.S.), bonds, bank financing, and subordinated debt
- Warehouse financing (ABCP or bank debt) and OPG sub-debt will be used to fund monthly investment asset purchases from the IESO (monthly IESO funding shortfalls anticipated to be ~$200 million)
  - Fair Hydro Trust will periodically refinance the warehouse facility through the issuance of term debt
- It is anticipated that the first term debt takeout will be completed in the fall of 2017
  - Aggregate financing for the first offering could be ~$400 - $600 million, with senior-debt of about $200 - $300 million
- Both Canadian and U.S. term debt markets will be considered but decision on which markets to access will be determined on a deal by-deal-basis
- Term debt can take the form of bullet bonds or could be issued as amortizing bonds

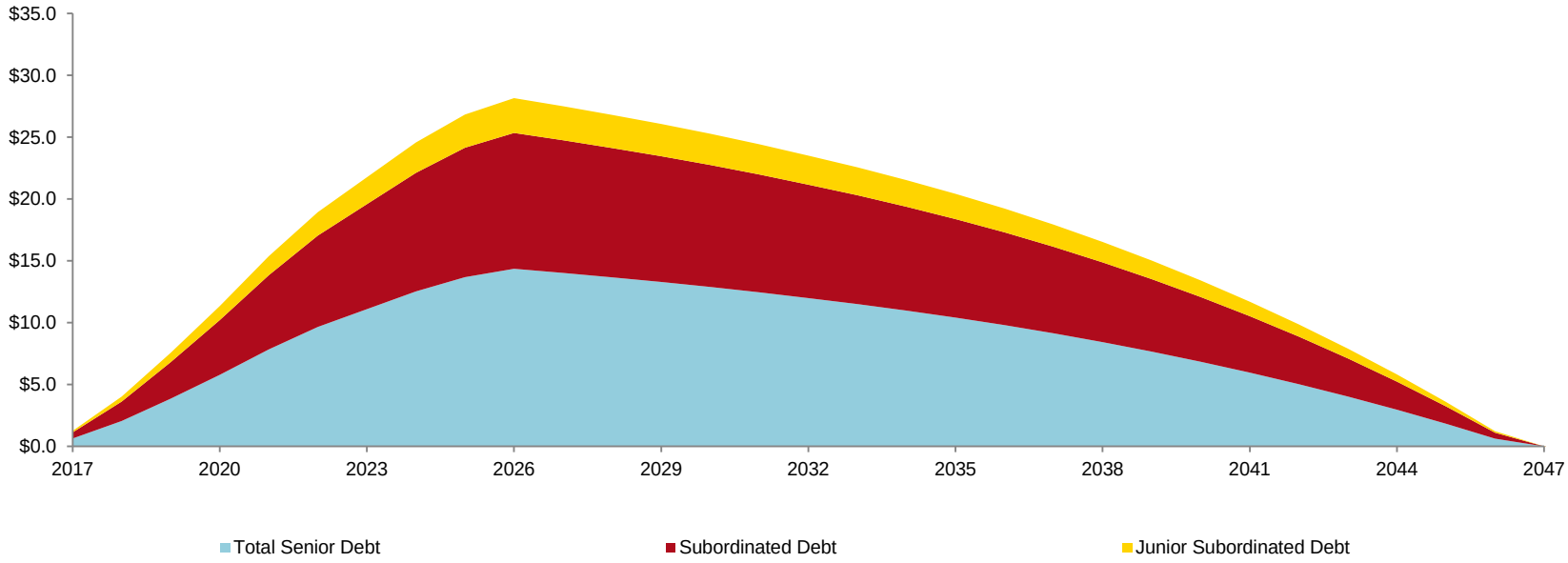
ABCP Conduit	▪ R-1(high) rating confirmation will be required from DBRS pre-closing ▪ Used to fund monthly regulatory asset purchases from the IESO
Bank	▪ Two explicit long-term ratings will be required ▪ Used to fund monthly regulatory asset purchases from the IESO
Canadian Term ABS / Bond	▪ Two explicit long-term ratings required; AAA rating will be targeted
US Term Debt (ABS / Bonds)	▪ Two explicit long-term ratings required; AAA rating will be targeted ▪ Requires cross-currency swaps
Subordinated Debt	▪ Subordinated notes will provide credit enhancement for senior debt (ranks behind senior debt in cash flow waterfall) ▪ Two explicit long-term ratings required

Indicative Waterfall



Illustrative Trust Debt Balance: Borrowing and Repayment

Illustrative Total Debt Summary - Funding / Repayment (Annual)



Transaction Structure

SECTION IV

Structural Comparison

	Precedent Utility Charge Securitizations	Proposed Fair Hydro Structure
Legislation	Legislation creates regulatory basis for implementation and servicing of the charge	
Details of Financing	Outlined in irrevocable Financing Order	Outlined in Regulations supported by province guarantee
Collateral	The right to impose and collect a charge from electric utility customers as well as transaction reserve accounts	
Government Support	State pledge not to permit any action that would impair the value of the Collateral	Province guarantee of repayment if any action taken that would impair the value of the Collateral
Non-Bypassability	Charge to be paid by all existing and future electric customers in included customer classes	
Impacted Customers	The majority of customers in service territory (including residential, commercial and industrial)	The majority of customers are residential and light commercial
Recovery Charge	Relatively low, <5% of total bill	Approximately 10% of total bill
Issuer	Varies, but generally a newly formed special purpose vehicle (“SPV”) that is a subsidiary of Investor Owned Utility	Newly formed special purpose vehicle (“SPV”) would be consolidated into Ontario Power Generation (“OPG”) financial statements
Servicer	Varies, but generally Investor Owned Utility	Independent Electricity System Operator (“IESO”)
Third Party Billing	Varies depending on State	Yes, via Local Distribution Companies (“LDC”)
Nonpayment & Partial Payment by Customers	To the extent that any electric utility customer makes a partial payment of a bill containing the charge, the charge collection will be a pro-rata portion of the payment	
Amortization	Fully amortizing with principal payments beginning at first issuance	Bullet or amortizing bonds with principal payments deferred for a number of years following issuance
Establishment of First Charge	Generally within 1 year of issuance	Delayed start
Credit Enhancement	True-up mechanism, reserve accounts	True-up mechanism, reserve accounts, and subordinated debt
Hedging	Historically limited to interest rates	May include interest rate and currency hedging
Trust Structure	Discrete (single issue) trust	Master trust with multiple series issued over a 10 year period
Legal Opinions	Standard opinions regarding Validity, Enforceability and Regulatory Issues (Constitutionality opinion not applicable for Canadian transactions)	

Transaction Includes Same Key Elements as 'AAA' Investor-Owned Utility Securitizations

- Based on the existing Ontario Electricity market infrastructure no credit losses are anticipated
- Fair Hydro Trust true-up mechanism will ensure timely and full collectability of all debt
- OPG subordinated debt will provide incremental credit enhancement for the senior debt
- Provincial guarantee protects investors from an adverse change in law or inability to fund in capital markets
- The Province of Ontario has very low credit risk and is considered to be stable
  - High likelihood of Government of Canada (Aaa, stable) actions to prevent provincial default
  - Ontario is the largest economy of Canadian provinces: 40% of national economic output, 38% of national population, strong destination for immigration, lower than national unemployment rate

✓	**Experienced Operating Agent**	▪ OPG, IESO, and LDC are experienced operators
✓	**Strong Service Territory**	▪ Stable customer base with diversified service territory
✓	**Enhanced True-up**	▪ Mandatory semi-annual true-ups to correct for any over or under collections ▪ Optional interim adjustments permitted as necessary
✓	**Irrevocable & Nonbypassable Charge**	▪ Final and effective upon issuance of Bonds ▪ Applies to all residential and small commercial consumers receiving power through T&D system
✓	**No "Cap" on Collection of Charge**	▪ No limits on collection of charge that may be imposed on all customers after moratorium period
✓	**Province Guarantee**	▪ Strong government support through guarantee of bond legal and regulatory framework
✓	**Full Cross-Collateralization**	▪ Any collection shortfall is allocated among all specified consumers
✓	**No Industrial Risk**	▪ No single large customer or industry exposure

Legislative and Regulatory Overview

Authorizes Use of Securitization and Establishes Servicing Relationship between OPG, IESO and LDCs

General Powers and Authority of Legislation

- Creation of mechanism for deferral of costs by the IESO and establishment of the Regulatory Asset
- Creation of mechanism for absolute sale of Regulatory Asset to Financing Entity
- Definition of impacted customers (“specified consumers”)
- Establishment of right to bill and collect a non-bypassable clean energy adjustment from future specified consumers
- Establishes principles of the Financing Plan
- Statement of non-impairment by the Crown and provision for a Provincial Guarantee
- Allowance for the establishment of a bankruptcy-remote issuer
- Allowance for true-up mechanism

Fair Hydro Regulations

- Details on calculation of the fair allocation amount
- Details on eligible financeable amounts
- Additional details on clean energy adjustment assessment methodology (true-up mechanism):
  - Timing (mandatory semi-annual + more frequent as needed)
  - Calculation (accounts for expected charge-offs, billing delays and usage as well as any under / over collection in previous period)
- Additional details around servicing / billing mechanics (e.g., LDCs and IESO)

Responsibilities Under New Structure

OPG

- OPG to act as Financial Services Manager including the development and implementation of the Financing Plan
- Calculates the clean energy adjustment including semi-annual true-up

IESO

- Establishment of IESO as Servicer
- Aggregation of collections by LDCs and remittance to Trustee

LDCs

- Manage the billing and remittance of the non-by-passable charge
- Includes charge as a separate line-item on customer bills

Ontario Energy Board

- Must accept clean energy adjustment, and converts to customer charge
- Allow for the charge to go into effect
- Review / approve ongoing Financial Services Manager fees and expenses

Objective of the Legislative, Regulatory and Contractual Structure

- Due to the number of related parties participating in the transaction an overarching theme of the structure is to establish the transaction on a commercial basis
- OPG expects to consolidate the results of the Trust in its financial statements based on the commercial relationship between OPG and the Trust
- The commercial basis is established by a number of elements which work together
  - Trust has the right but not the obligation to purchase a Regulatory Asset
  - Regulatory Asset purchased by the Trust provides the right to bill and collect a charge from future consumers
  - Transactions in the Trust to finance the asset purchase to be on an arm's length basis
  - Amount collected from consumers includes costs of financing the asset purchase, costs to manage the financing, costs to operate the Trust and repayment of principal
  - OEB role established to support recognition of asset and customer charge
  - Debt of the Trust structured to balance risk and cost with objective to achieve highest rating possible
  - Subordinated debt issued by the Trust will be rated and will price off of the senior debt based on a survey of banks
  - Subordinated debt will absorb uncertainties of the senior debt to support highest rating of the senior debt
  - OPG will manage the activities of the Trust for a fee comparable to fees charged by 3rd party managers. OEB role will be limited to reviewing the application of the fee methodology
- Notwithstanding consolidation of the Trust into OPG the Trust will be structured to be bankruptcy remote from OPG

Bill 132 Fair Hydro Plan Act, 2017 Legislation

The Act establishes a framework under which the costs and benefits associated with the “clean energy initiative” are to be allocated among present and future consumers of electricity

Rate Reduction Time Period

- From July 1, 2017 until April 30, 2019, electricity rates payable by a “regulated rate consumer” will be the rate that would result in a representative regulated rate consumer who meets the prescribed criteria being charged an invoice amount that is 25% less than the regulated rate that would otherwise have been determined by the OEB
  - For the 12 month period beginning May 1, 2018 the invoice amount established previously would increase by the rate of inflation in Ontario
  - Subsequent rate reductions beyond April 30, 2019 will be established by regulation

Regulatory Asset

- Each month, the IESO will determine the shortfall resulting from the rate reduction and record in a variance account. IESO has the right to recover the balance recorded in the variance account from specified consumers and this right will be a “regulatory asset” under the Act. IESO will not be entitled to collect the balance recorded in the variance account from specified consumers before May 1, 2021

Investment Asset

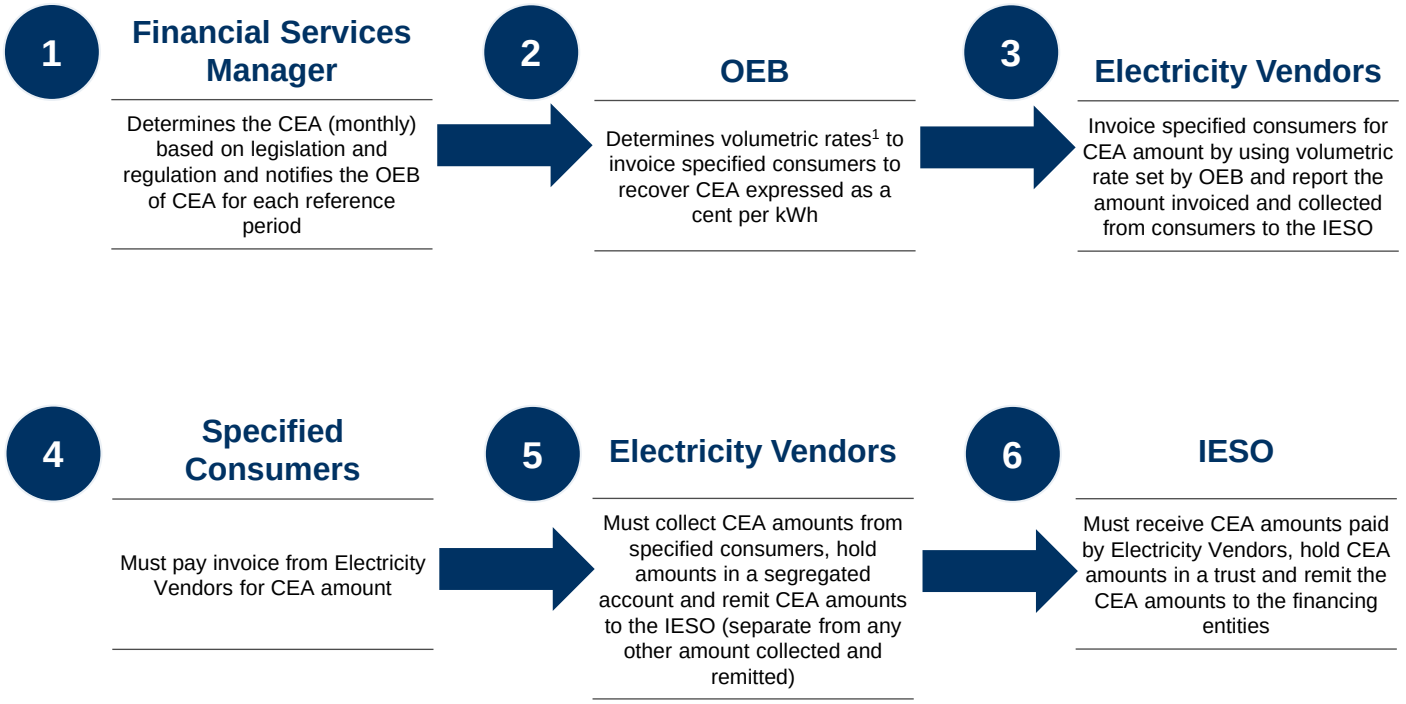
- IESO may transfer (sell) a specified portion of the regulatory asset to the financing entity established by OPG. The Trust is not obligated to purchase the asset. Upon the transfer, the financing entity acquires an interest in the investment asset that is a current and irrevocable property right consisting of the right to impose, invoice, collect, receive and recover the clean energy adjustment from specified consumers or electricity vendors

Components of the legislation and accompanying agreements that are of interest to investors

- Investment assets created by the IESO represents a claim on the rate-payers that is a current and irrevocable property right consisting of the right to impose, invoice, collect, receive and recover from the market
- The trust is not obligated to purchase the regulatory asset from the IESO
- The various investment assets are pari passu
- **The province is providing a guarantee to the trust; backstopping its obligations, either if there are changes in future legislation or if there are market disruption (liquidity) issues**

Clean Energy Adjustment – Proposed Billing and Collection Process

- Clean Energy Adjustment amounts for billing and collection purposes will be managed outside of the IESO's current settlement processes set out in the Market Rules for electricity invoice amounts
  - As such, CEA amounts will not benefit from the rights the IESO currently has under the Market Rules – ability to charge interest, draw down on prudential amounts, and borrow to cover shortfalls
  - Collections risk for CEA amounts are dealt with through statutory rights in the Act, the collection obligations of the IESO under the Master Sales and Services Agreement (to be finalized) and the ability to include amounts into the true up mechanism



[1] The rates will be determined by dividing the CEA amount by the forecasted energy consumption in the reference period by specified consumers

Indicative Allocation of Servicing Role and Responsibilities

	OPG / Financing Entity	IESO	LDC
Management of Ongoing Issuance	✔		
Meter Reading			✔
Billing			✔
Collections			✔
Cash Management		✔	
Remittance of Charge to Trustee	✔	✔	
(Responding to inquiries by customers if practicable, or forwarding such inquiries to OPG)	✔		✔
Ongoing Filings for Trustee and Rating Agencies	✔		
True-Up Calculation	✔	✔	

From:	Carlos Yep
To:	Ken Kandeepan; John Psinas; John Kim; Adam Prokop; Bruno Amara; "Kaitlin.Montgomery@ontario.ca"
Cc:	Gadi Mayman; Anna Strathy; Mike Manning
Subject:	FW: Fair Hydro Plan - Provincial Support Agreement - Term Sheet <comments from TD>
Date:	Friday, April 28, 2017 11:11:43 AM
Attachments:	Performance Servicing Guarantee Sample.pdf Servicing Obligations Summary.pdf Term Sheet - Provincial Support AgreementApr26 (2).docx

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Fyi

From: Thompson, Susan [mailto:Susan.Thompson@tdsecurities.com]
Sent: Friday, April 28, 2017 10:40 AM
To: Mike Manning ; James Devine ; Carlos Yep
Cc: Thom, Trevor ; Holloway, Harold ; Wolff, Michael ; Purkis, Brad ; Hilloowala, Maharukh
Subject: Fair Hydro Plan - Provincial Support Agreement - Term Sheet

Mike, Jim, Carlos

Please see below for our comments on the draft term sheet for the Provincial Support Agreement. Let us know when you would like to discuss further. Also, please note that we have not sent the comments or the term sheet to Steve Ashbourne at Blakes. Please let us know if you would like us to do so.

Attached is a sample servicing guarantee for a general securitization transaction to provide examples of common features. Note that the sample guarantee is formatted for a corporate transaction and would have to be adjusted accordingly. Also attached is a brief description of the servicing obligations typically covered by a servicing guarantee.

In reviewing the term sheet, we believe that the Servicing Guarantee is narrow in scope.

- Not a conventional servicing guarantee for securitization transactions
- It may not be acceptable for the rating agencies, particularly if monthly remittances of collections from the LCDs are necessary.

As drafted, it solely allows for the appointment of a replacement servicer by the Guarantor upon the occurrence of a Servicer Default (due to breach of servicing performance).

- It does not cover any losses arising from a breach of the electricity vendors' servicing obligations (typical servicing obligations described in attachment)
- It would preclude the monthly remittance of collections by the LDS to IESO for deposit into the Trust's collection account.

Other Items of Consideration:

- Not typical for the Indenture Trustee to be obligated to provide any reporting to the Guarantor
- Confidentiality would be difficult to maintain for a public issuance. The guarantee is a material component of the transaction and will have to be disclosed in detail in the IM, and possibly posted as a material contract
- Consistent with other "AAA" transactions, performance under the guarantee is expected to occur promptly, typically within 2 business days for payment obligations
- Guarantee does not cover a market disruption and the inability to refinance existing due and maturing issuances (including ABCP)

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SERVICER GUARANTEE

This Agreement is made as of ▪ **[],** 2017, between

ABC, a corporation incorporated under the laws of the Ontario ("**Guarantor**")

and

GHI TRUST
by its trustee
XYZ LIMITED, a trust company incorporated under the laws of Canada (the "**Trust**")

RECITALS

A. The Trust and GHI ("**GHI**"), have entered into a master purchase agreement (the "**MPA**" made as of the date hereof pursuant to which GHI has agreed to sell and the Trust has agreed to purchase from GHI certain assets and the related rights given in respect thereof on a fully serviced basis.

B. Pursuant to the [MPA/Servicing Agreement] GHI has been appointed and has agreed to act as Servicer under, and in accordance with the [MPA/Servicing Agreement depending on the documentation].

C. The Guarantor has agreed to guarantee for the benefit of the Trust the performance and payment by GHI of GHI's covenants, agreements, liabilities and obligations under the [MPA/Servicing Agreement] in its capacity as Servicer on the terms set forth herein.

FOR VALUE RECEIVED, the parties agree as follows:

SECTION 1 – INTERPRETATION

1.1 Definitions. Unless otherwise defined herein, terms used in this Guarantee and not defined herein, shall have the respective meanings ascribed to them in the [MPA/Servicing Agreement].

SECTION 2

2.1 Guarantee. The Guarantor unconditionally and irrevocably guarantees to the Trust, as a primary obligor and not merely as a surety, the due and prompt performance, payment and observance of all of the terms, conditions, covenants, agreements, liabilities, indemnities and obligations of any kind whatsoever which GHI has incurred, may incur or be under to the Trust in GHI's capacity as Servicer under the [MPA/Servicing Agreement] ("**Obligations**") strictly in accordance with the terms hereof and thereof, excluding, for greater certainty, any of GHI's covenants, agreements, liabilities and obligations under the MPA in its capacity as Seller under the MPA or in any capacity other than as Servicer. If for any reason whatsoever GHI shall fail to perform, pay or observe any of the Obligations, the Guarantor shall duly and punctually perform, pay and observe such Obligations. All amounts payable by the Guarantor hereunder shall be paid to the Trust by way of deposit by the Guarantor to the applicable Collection Account forthwith following a claim therefor by or on behalf of the Trust.

Nothing contained herein shall be deemed to constitute credit recourse to the Guarantor for payment of losses arising from losses attributable to any [specified consumer's] failure to discharge its payment obligations under any obligation/pay the invoice amount.

2.2 Guarantee Unconditional. The obligations of the Guarantor under this Guarantee are continuing, unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged, diminished, limited, impaired or otherwise affected by (and the Guarantor hereby waives, to the fullest extent permitted by applicable law):

(1) any extension, other indulgence, renewal, settlement, discharge, compromise, waiver, subordination or release in respect of any obligation, security, person or otherwise;

(2) any modification or amendment of or supplement to the Obligations made in accordance with the MPA or other related documents, including, without limitation, any increase or decrease in any amount payable thereunder;

(3) any release, non-perfection or invalidity of any direct, indirect or collateral security for any Obligation;

(4) any change in the existence, structure, constitution, name, objects, powers, business, control or ownership of GHI or any other person, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting GHI or any other person or its assets, or amalgamation of GHI with any other corporation and the term GHI shall include each corporation resulting from any such amalgamation or subsequent amalgamation;

(5) the existence of any unrelated claim, set-off or other rights which the Guarantor may have at any time against GHI, the Trust, or any other person, whether in connection herewith or any unrelated transactions;

(6) any invalidity, illegality or unenforceability relating to or against GHI or any provision of applicable law or regulation purporting to prohibit the payment by GHI of the principal or interest under the Obligations;

(7) any limitation, postponement, prohibition, subordination or other restriction on the rights of the Trust to payment of the obligations;

(8) any release, substitution or addition of any co-signer, endorser or other guarantor of the Obligations;

(9) any defence arising by reason of any failure of the Trust to make any presentment, demand for performance, notice of non-performance, protest and any other notice, including notice of all of the following: acceptance of this Guarantee, partial payment or non-payment of all or any part of the Obligations and the existence, creation or incurring of new or additional Obligations;

(10) any defence arising by reason of any failure of the Trust to proceed against GHI or any other person, to proceed against, apply or exhaust any security held from GHI or any other person for the Obligations, to proceed against, apply or exhaust any security held from the Guarantor or any other person for this Guarantee or to pursue any other remedy in the power of the Trust whatsoever;

(11) any law which provides that the obligation of a guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal obligation or which reduces a guarantor's obligation in proportion to the principal obligation;

(12) any defence arising by reason of any incapacity, lack of authority or other defence of GHI or any other person, or by reason of any limitation, postponement, prohibition on the Trust's right to payment of the obligations or any part thereof, or by reason of the cessation from any cause whatsoever of the liability of GHI or any other person with respect to all or any part of the obligations, or by reason of any act or omission of the Trust or others which directly or indirectly results in the discharge or release of GHI or any other person or all or any part of the obligations or any security or guarantee therefor, whether by contract, operation of law or otherwise;

(13) any defence arising by reason of any failure by the Trust to obtain, perfect or maintain a perfected or prior (or any) security interest in or lien or encumbrance upon any property of GHI or any other person, or by reason of any interest of the Trust in any property, whether as owner thereof or the holder of a security interest therein or lien or encumbrance thereon, being invalidated, voided, declared fraudulent or preferential or otherwise set aside, or by reason of any impairment by the Trust of any right to recourse or collateral;

(14) any defence arising by reason of the failure of the Trust to marshall any assets;

(15) any defence based upon any failure of the Trust to give to GHI or the Guarantor notice of any sale or other disposition of any property securing any or all of the Obligations or any guarantee thereof, or any defect in any notice that may be given in connection with any sale or other disposition of any such property, or any failure of the Trust to comply with any provision of applicable law in enforcing any security interest in or lien upon any such property, including any failure by the Trust to dispose of any such property in a commercially reasonable manner; or

(16) any defence based upon or arising out of any bankruptcy, insolvency, reorganization, moratorium, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against GHI or any other person, including any discharge of, or bar against collecting, any of the obligations, in or as a result of any such proceeding.

2.3 Recourse Against GHI. The Trust shall not be required to exhaust its recourse against GHI or any other person or under any other security or guarantee before being entitled to performance by the Guarantor under this Guarantee; provided, however, that where the Trust seeks performance under this Guarantee, the Trust shall not proceed against the Guarantor under this Guarantee (and the Guarantor shall have no obligations in respect thereof) prior to the expiration of any applicable cure period explicitly set out in the [MPA/Servicing Agreement].

2.4 No Subrogation. Until all of the Obligations have been paid or performed in full, the Guarantor shall have no right of subrogation to, and waives, to the fullest extent permitted by law, any right to enforce any remedy which the Trust now has or may hereafter have against GHI in respect of the Obligations and the Guarantor waives any benefit of, and any right to participate in, any security now or hereafter held by the Trust for the Obligations.

2.5 Settlement of Accounts. Any account settled or stated between the Trust and GHI shall be accepted by the Guarantor as prima facie evidence that the amount thereby appearing due by GHI to the Trust is so due.

2.6 Reinstatement. If, at any time, all or any part of any payment previously applied by the Trust to any Obligation is or must be rescinded or returned by the Trust for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of GHI), such Obligation shall, for purposes of this Guarantee, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Trust, and this Guarantee shall continue to be effective or be reinstated, as the case may be, as to such Obligation, all as though such application by the Trust had not been made.

SECTION 3 – REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties. The Guarantor represents and warrants to the Trust as follows:

(1) the Guarantor is a corporation validly existing under the laws of its jurisdiction of incorporation, has full corporate power and authority to own its properties and assets and to carry on its businesses, as presently owned and carried on by it, in every jurisdiction in which it is currently carrying on business where the failure to be so qualified would have a material adverse effect on the ability of Guarantor to perform its obligations under this Guarantee;

(2) the Guarantor has full corporate power and capacity to execute and deliver this Guarantee and to perform all of its obligations hereunder;

(3) the Guarantor has taken all necessary action to authorize the execution and delivery of this Guarantee and the performance of its obligations hereunder;

(4) this Guarantee has been duly executed and delivered by the Guarantor;

(5) this Guarantee is a legal, valid and binding obligation of the Guarantor and is enforceable against the Guarantor by the Trust in accordance with its terms, subject to bankruptcy, insolvency, reorganization, winding-up, moratorium and other laws affecting the rights of creditors generally and the fact that specific performance and injunction are equitable remedies available only in the discretion of a court;

(6) the execution and delivery by the Guarantor of this Guarantee and the performance by the Guarantor of its obligations hereunder and of the transactions contemplated hereby, does not and will not contravene, breach, constitute a default under, violate or conflict with, as the case may be:

(a) the Guarantor's constating documents or by-laws or any resolution passed by the board of directors or shareholders of the Guarantor;

(b) any law, rule or regulation applicable to or binding on the Guarantor or any of its property and assets; or

(c) any order, writ, judgment, award, injunction or decree binding on the Guarantor or affecting its property or assets,

and does not and will not result in or require the creation of any encumbrance upon any of the property and assets of the Guarantor;

(7) the execution and delivery by the Guarantor of this Guarantee and the performance of its obligations hereunder and of the transactions contemplated hereby, does not and will not contravene, breach, constitute a default under, violate or conflict with, as the case may be, any material indenture, loan or credit agreement, lease, mortgage or, security agreement, to which the Guarantor is a party or by which it, or its property and assets, are bound;

(8) no authorization, approval or other action by, and no notice to or filing with, any Governmental Authority, agency or any other person is necessary in connection with the execution and delivery by the Guarantor of this Guarantee or the performance of its obligations hereunder or of the transactions contemplated hereby, or to give legal effect to the same other than such as have been obtained or made except to the extent the failure to do so would not have a material adverse effect on the ability of the Guarantor to perform its obligations under this Guarantee;

(9) there are no actions, suits or proceedings pending or, to the knowledge of the Guarantor, threatened against or affecting the Guarantor or any of its undertakings, property and assets, at law or in equity or before any arbitrator or before or by any Governmental Authority, governmental department body, agency, commission, board, bureau, or instrumentality having jurisdiction in the premises in respect of which there is a reasonable possibility of a determination adverse to the Guarantor which could, if determined adversely, materially and adversely affect the ability of the Guarantor to perform any of its obligations hereunder.

SECTION 4- COVENANTS

4.1 Covenants of the Guarantor. The Guarantor covenants with the Trust that, during the currency of this Guarantee, it shall:

(1) comply in all material respects with all laws, rules, regulations and orders applicable to it and all or any of its businesses and properties;

(2) preserve and maintain its corporate existence;

(3) furnish to the Trust a statement of the details of any Servicer Termination Event in respect of MPA/Servicing Guarantee applicable to it within a reasonable period of time after the occurrence thereof and the Guarantor's proposed response;

(4) so long as GHI is the Servicer in respect of the [MPA/Servicing Agreement], as applicable, make all payments and perform all obligations required to be made or performed by the Servicer in accordance with the [MPA/Servicing Agreement], within 2 Business Days of the date the payment or action was to be performed or the end of the applicable cure period, if any; and

(5) continue to directly or indirectly hold shares of GHI sufficient to control GHI.

SECTION 5 – GENERAL

5.1 Termination. This Guarantee shall terminate on the Final Remittance Date [to mirror the requirement in the Regulations under the Act not to wind-up, dissolve or liquidate a Financing Entity until at least one year after all of its funding obligations have been paid], at which time the rights hereby granted shall cease and become null and void and the Trust shall, at the request and expense of the Guarantor, execute and deliver to the Guarantor such instruments as shall be reasonably required to release and discharge the Guarantor from its covenants, agreements, liabilities and obligations under Guarantee.

5.2 Further Assurances. The Guarantor shall, from time to time, do and perform any and all acts and execute any and all further instruments which may be required or which may be reasonably requested by the Trust more fully to effect the purpose of this Guarantee.

5.3 Payments. All payments to be made by the Guarantor under this Guarantee shall be made in full, without set-off or counterclaim and without deduction for any taxes, levies, duties, fees, deductions, withholdings, restrictions or conditions of any nature whatsoever. If at any time, or from time to time, any applicable law, regulation or international agreement requires the Guarantor to make any such deduction or withholding from any such payment, the sums due from the Guarantor with respect to such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Trust receives a net sum equal to the sum which it would have received had no deduction or withholding been required, and the Guarantor shall indemnify the Trust on an after tax basis with respect to any such deduction or withholding, including with respect to any taxes payable by the Trust on any increased amounts payable under this Section 5.3.

5.4 Cost and Expense. The Guarantor shall pay all reasonable out-of-pocket costs and expenses of the Trust (including the fees and disbursements of counsel) in connection with the enforcement of the obligations of the Guarantor under this Servicing Guarantee. The Guarantor agrees to indemnify and hold harmless the Trust from and against any and all liability incurred by the Trust or the Financial Services Agent hereunder in connection herewith (including the enforcement of the obligations of the Guarantor under this Guarantee), other than any liabilities attributable to the gross negligence or willful misconduct of the Trust, the Financial Services or any of their respective officers, employees or agents.

5.5 Governing Law. This Guarantee shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

5.6 Financial Condition of Guaranteed Parties: The Guarantor is fully aware of the financial condition of the Guaranteed Parties.

5.7 No Waiver, Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Trust, any right, remedy, power or privilege hereunder, shall operate as a waiver hereof nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exhaustive of any rights, remedies, powers and privileges provided by law.

5.8 Amendments. Any provision of this Guarantee may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Guarantor and the Trust, and satisfies the Rating Agency Condition [that is the action will not result in the rating agencies downgrading the rated securities].

5.9 Notices. All notices or other communications authorized or required to be given pursuant to this Guarantee, or pursuant to which any rights or obligations may arise hereunder, shall be in writing (including telecopied communication and such other method of recorded or recordable electronic communications as to which the parties may hereafter agree) and shall be either personally delivered or sent by telecopier as follows:

[]

5.10 Successors and Assigns. This Guarantee shall be binding upon the Guarantor and shall inure to the benefit of the Trust and its successors and permitted assigns. The Guarantor may not assign any of its obligations under this Guarantee without the prior written consent of the Trust and satisfies the Rating Agency Condition.

5.11 Consent to Jurisdiction, Waiver of Immunities. The Guarantor hereby irrevocably submits to the non-exclusive jurisdiction of any court sitting in the Province of Ontario in any action or proceeding arising out of or relating to this Guarantee and the Guarantor irrevocably agrees that all claims in respect of any such action or proceeding may be heard and determined in such Ontario court. The Guarantor hereby irrevocably waives, to the extent permitted by law, the forum non conveniens defence to the maintenance of any such action or proceeding. The Guarantor agrees that a final judgment in any action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by

law. Nothing in this Section [] shall affect the right of the Trust to serve legal process in any other manner permitted by law or affect its right to bring any action or proceeding against the Guarantor or its property and assets in the courts of any other jurisdiction.

5.12 Entire Agreement. This Guarantee contains the entire agreement between the parties relating to the subject matter hereof and supersedes all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth herein.

5.13 Survival. All covenants, representations and warranties of the Guarantor hereunder shall survive the execution hereof. The obligations of the Guarantor to the Trust under this Guarantee shall not be affected by reason of any invalidity, illegality or irregularity of the obligations.

5.14 Severability. Any provision of this Guarantee which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Guarantee, all without affecting the remaining provisions of this Guarantee or affecting the validity or enforceability of such provision in any other jurisdiction.

5.15 Additional Security. This Guarantee is in addition, and without prejudice, to any security of any kind (including other guarantees) now or hereafter held by the Trust and any other rights or remedies that may be available to the Trust.

5.16 Headings. The headings of the Sections herein are for convenience of reference only and shall not the interpretation of any of the terms or provisions hereof.

IN WITNESS WHEREOF the Guarantor has executed this Guarantee as of the date first above written.

Servicing Obligations Covered by a Servicing Guarantee

The Servicing Guarantee covers the performance and payment of any party's (Electricity Vendor) covenants, agreement, liabilities, indemnities and obligations in connection to its servicing duties pursuant to the master purchase agreement/servicing agreement.

We expect that IESO as agent to the investment interest owners would perform the servicing duties. As such the Servicer would include the IESO and each other electricity vendor (which is typically a sub-servicer retained/appointed by the Servicer as each sub-servicer is not likely to be a party to the master purchase agreement/servicing agreement). IESO (Servicer) will remain liable for the performance of the duties and obligations so subcontracted and all other duties and obligations of the Servicer as outlined in the master purchase agreement/servicing agreement.

The Servicer's covenants, agreement, liabilities and obligations pursuant to the master purchase agreement/servicing agreement covered by the Servicing Guarantor generally include:

- Servicing of the investment assets, generally includes:
    - Invoicing and collecting the invoice amounts;
    - Recording and holding the assets in a secure manner, available for examination if requested;
    - Maintaining prudent and reasonable administrative and operating procedures;
    - Requiring its auditors to report on the status of the investment assets;
    - Effecting all filings and recordings;
    - Using reasonable efforts in accordance with the regulation to collect the investment assets;
    - Comply with the regulations in connection with the investment assets,

    all in accordance with the regulations and established credit and collection policies; and

    - Not make material changes to its credit and collection policies unless Rating Agency Condition is satisfied
    - Prepare and deliver a monthly report to the investment interest owners.
- Amounts held in trust by the electricity vendor until remitted and deposited into an trust account
    - Collections will be remitted monthly into a trust account unless the Guarantor fails to maintain an acceptable rating, in which case amounts will be deposited within 2 business days of receipt. Losses arising from the commingling of funds, due to such events as bankruptcy/insolvency of the electricity vendor, would be covered by the Servicing Guarantee.
- Losses arising from amounts invested in permitted investments in trust accounts at the direction of the Servicer
- Amounts to be received from the seller/servicer in connection with deemed collections where either a valid lien is asserted against any part of the investment asset or the investment asset is reduced cancelled as a result of a set-off in respect of any claim by the specified against the Servicer/Electricity Vendor

Provincial Support Agreement Term Sheet –

Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") is provided exclusively to the parties listed herein in connection with the draft Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Defined terms used herein have the meanings ascribed to them in the Act. The provincial support agreement (the "**Provincial Support Agreement**") will contain the terms and conditions set out in this Term Sheet in addition to such other representations, warranties, indemnities, and other terms and conditions as the Guarantor and the Beneficiaries (each as defined below) may reasonably require.*

Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The trust company acting as indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") acting for the benefit of all persons who may have contractual claims against a Financing Entity (collectively, the "**Beneficiaries**") (including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee and the trustee of the Financing Entity[1]).
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[2] after all Funding Obligations of all Financing Entities have been repaid.
Performance Guarantee:	**[Upon the occurrence of a Performance Guarantee Event]**, the Indenture Trustee will be entitled to require the Guarantor to appoint a replacement servicer who will perform IESO's duties as servicer under the Master Sale and Servicing Agreement between IESO, as seller and servicer, and the Financing Entity, as purchaser, **[and OPG as Financial Services Manager]** ("**MSSA**"). In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the Indenture Trustee.

[1] We have assumed that the initial Financing Entity will be a trust.

[2] This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

Performance Guarantee Event:	A "Servicer Default" occurs under the MSSA[3]
Payment Guarantee:	**[Upon the occurrence of a Payment Guarantee Event and within [5/10] business days after receiving a demand from the Indenture Trustee]**, the Guarantor shall **[guarantee and indemnify the Indenture Trustee (for and on behalf of the Beneficiaries) by paying all regularly scheduled interest and principal payments during the term of a Financing Entity's contractual obligation to such Beneficiary]/[assume the contractual obligations of a Financing Entity to the Beneficiaries]**[4], which for greater certainty shall not include any default, penalty, prepayment, or make whole amounts.
Payment Guarantee Event:	(A) if the Legislative Assembly of Ontario repeals the Act; or (B) if the Legislative Assembly of Ontario amends the Act or Regulation thereunder in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all obligations incurred by such Financing Entity in respect of such investment interest; or (C) if a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
Priority of Payments:	The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.

[3] Each Servicer Default will include its own cure period before the event becomes a Servicer Default.

[4] To confirm if Province will become the debtor under the applicable debt documentation or if the Financing Entity will continue to be the primary obligor with the Province acting as secondary obligor.

Subrogation:	Where the Guarantor has repaid a Beneficiary, to the extent of such payment, the Guarantor is subrogated in and to all the rights of recovery of such Beneficiary in respect of the applicable indebtedness and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all amounts owing to a Beneficiary, the Indenture Trustee will acknowledge and agree on behalf of such Beneficiary that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiary has or may exercise in respect of the repaid indebtedness, all in accordance with the terms of the Master Trust Indenture.
Notice Requirements:	The Indenture Trustee will be required to provide notice to the Guarantor of a Performance Guarantee Event or Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.
Closing:	Date to be determined but no later than **[**■, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
Conditions Precedent to Closing:	Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.[5]
Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.

[5] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

Governing Law:	Province of Ontario

From:	Carlos Yep
To:	Ken Kandeepan; John Psinas; John Kim; Adam Prokop; Bruno Amara; "Kaitlin.Montgomery@ontario.ca"
Cc:	Gadi Mayman; Anna Strathy; Mike Manning
Subject:	FW: Fair Hydro Plan - Provincial Support Agreement - Term Sheet <comments from TD>
Date:	Friday, April 28, 2017 11:11:43 AM
Attachments:	Performance Servicing Guarantee Sample.pdf Servicing Obligations Summary.pdf Term Sheet - Provincial Support AgreementApr26 (2).docx

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Fyi

From: Thompson, Susan [mailto:Susan.Thompson@tdsecurities.com]
Sent: Friday, April 28, 2017 10:40 AM
To: Mike Manning ; James Devine ; Carlos Yep
Cc: Thom, Trevor ; Holloway, Harold ; Wolff, Michael ; Purkis, Brad ; Hilloowala, Maharukh
Subject: Fair Hydro Plan - Provincial Support Agreement - Term Sheet

Mike, Jim, Carlos

Please see below for our comments on the draft term sheet for the Provincial Support Agreement. Let us know when you would like to discuss further. Also, please note that we have not sent the comments or the term sheet to Steve Ashbourne at Blakes. Please let us know if you would like us to do so.

Attached is a sample servicing guarantee for a general securitization transaction to provide examples of common features. Note that the sample guarantee is formatted for a corporate transaction and would have to be adjusted accordingly. Also attached is a brief description of the servicing obligations typically covered by a servicing guarantee.

In reviewing the term sheet, we believe that the Servicing Guarantee is narrow in scope.

- Not a conventional servicing guarantee for securitization transactions
- It may not be acceptable for the rating agencies, particularly if monthly remittances of collections from the LCDs are necessary.

As drafted, it solely allows for the appointment of a replacement servicer by the Guarantor upon the occurrence of a Servicer Default (due to breach of servicing performance).

- It does not cover any losses arising from a breach of the electricity vendors' servicing obligations (typical servicing obligations described in attachment)
- It would preclude the monthly remittance of collections by the LDS to IESO for deposit into the Trust's collection account.

Other Items of Consideration:

- Not typical for the Indenture Trustee to be obligated to provide any reporting to the Guarantor
- Confidentiality would be difficult to maintain for a public issuance. The guarantee is a material component of the transaction and will have to be disclosed in detail in the IM, and possibly posted as a material contract
- Consistent with other "AAA" transactions, performance under the guarantee is expected to occur promptly, typically within 2 business days for payment obligations
- Guarantee does not cover a market disruption and the inability to refinance existing due and maturing issuances (including ABCP)

Susan Thompson, MBA | Director | Government Finance | **TD Securities**
222 Bay Street, 7th Floor, Toronto, Ontario, M5K 1A2
T: 416 982 6587 | C: 416 436 2533 | Susan.Thompson@tdsecurities.com

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SERVICER GUARANTEE

This Agreement is made as of ▪ **[],** 2017, between

ABC, a corporation incorporated under the laws of the Ontario ("**Guarantor**")

and

GHI TRUST
by its trustee
XYZ LIMITED, a trust company incorporated under the laws of Canada (the "**Trust**")

RECITALS

A. The Trust and GHI ("**GHI**"), have entered into a master purchase agreement (the "**MPA**" made as of the date hereof pursuant to which GHI has agreed to sell and the Trust has agreed to purchase from GHI certain assets and the related rights given in respect thereof on a fully serviced basis.

B. Pursuant to the [MPA/Servicing Agreement] GHI has been appointed and has agreed to act as Servicer under, and in accordance with the [MPA/Servicing Agreement depending on the documentation].

C. The Guarantor has agreed to guarantee for the benefit of the Trust the performance and payment by GHI of GHI's covenants, agreements, liabilities and obligations under the [MPA/Servicing Agreement] in its capacity as Servicer on the terms set forth herein.

FOR VALUE RECEIVED, the parties agree as follows:

SECTION 1 – INTERPRETATION

1.1 Definitions. Unless otherwise defined herein, terms used in this Guarantee and not defined herein, shall have the respective meanings ascribed to them in the [MPA/Servicing Agreement].

SECTION 2

2.1 Guarantee. The Guarantor unconditionally and irrevocably guarantees to the Trust, as a primary obligor and not merely as a surety, the due and prompt performance, payment and observance of all of the terms, conditions, covenants, agreements, liabilities, indemnities and obligations of any kind whatsoever which GHI has incurred, may incur or be under to the Trust in GHI's capacity as Servicer under the [MPA/Servicing Agreement] ("**Obligations**") strictly in accordance with the terms hereof and thereof, excluding, for greater certainty, any of GHI's covenants, agreements, liabilities and obligations under the MPA in its capacity as Seller under the MPA or in any capacity other than as Servicer. If for any reason whatsoever GHI shall fail to perform, pay or observe any of the Obligations, the Guarantor shall duly and punctually perform, pay and observe such Obligations. All amounts payable by the Guarantor hereunder shall be paid to the Trust by way of deposit by the Guarantor to the applicable Collection Account forthwith following a claim therefor by or on behalf of the Trust.

Nothing contained herein shall be deemed to constitute credit recourse to the Guarantor for payment of losses arising from losses attributable to any [specified consumer's] failure to discharge its payment obligations under any obligation/pay the invoice amount.

2.2 Guarantee Unconditional. The obligations of the Guarantor under this Guarantee are continuing, unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged, diminished, limited, impaired or otherwise affected by (and the Guarantor hereby waives, to the fullest extent permitted by applicable law):

(1) any extension, other indulgence, renewal, settlement, discharge, compromise, waiver, subordination or release in respect of any obligation, security, person or otherwise;

(2) any modification or amendment of or supplement to the Obligations made in accordance with the MPA or other related documents, including, without limitation, any increase or decrease in any amount payable thereunder;

(3) any release, non-perfection or invalidity of any direct, indirect or collateral security for any Obligation;

(4) any change in the existence, structure, constitution, name, objects, powers, business, control or ownership of GHI or any other person, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting GHI or any other person or its assets, or amalgamation of GHI with any other corporation and the term GHI shall include each corporation resulting from any such amalgamation or subsequent amalgamation;

(5) the existence of any unrelated claim, set-off or other rights which the Guarantor may have at any time against GHI, the Trust, or any other person, whether in connection herewith or any unrelated transactions;

(6) any invalidity, illegality or unenforceability relating to or against GHI or any provision of applicable law or regulation purporting to prohibit the payment by GHI of the principal or interest under the Obligations;

(7) any limitation, postponement, prohibition, subordination or other restriction on the rights of the Trust to payment of the obligations;

(8) any release, substitution or addition of any co-signer, endorser or other guarantor of the Obligations;

(9) any defence arising by reason of any failure of the Trust to make any presentment, demand for performance, notice of non-performance, protest and any other notice, including notice of all of the following: acceptance of this Guarantee, partial payment or non-payment of all or any part of the Obligations and the existence, creation or incurring of new or additional Obligations;

(10) any defence arising by reason of any failure of the Trust to proceed against GHI or any other person, to proceed against, apply or exhaust any security held from GHI or any other person for the Obligations, to proceed against, apply or exhaust any security held from the Guarantor or any other person for this Guarantee or to pursue any other remedy in the power of the Trust whatsoever;

(11) any law which provides that the obligation of a guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal obligation or which reduces a guarantor's obligation in proportion to the principal obligation;

(12) any defence arising by reason of any incapacity, lack of authority or other defence of GHI or any other person, or by reason of any limitation, postponement, prohibition on the Trust's right to payment of the obligations or any part thereof, or by reason of the cessation from any cause whatsoever of the liability of GHI or any other person with respect to all or any part of the obligations, or by reason of any act or omission of the Trust or others which directly or indirectly results in the discharge or release of GHI or any other person or all or any part of the obligations or any security or guarantee therefor, whether by contract, operation of law or otherwise;

(13) any defence arising by reason of any failure by the Trust to obtain, perfect or maintain a perfected or prior (or any) security interest in or lien or encumbrance upon any property of GHI or any other person, or by reason of any interest of the Trust in any property, whether as owner thereof or the holder of a security interest therein or lien or encumbrance thereon, being invalidated, voided, declared fraudulent or preferential or otherwise set aside, or by reason of any impairment by the Trust of any right to recourse or collateral;

(14) any defence arising by reason of the failure of the Trust to marshall any assets;

(15) any defence based upon any failure of the Trust to give to GHI or the Guarantor notice of any sale or other disposition of any property securing any or all of the Obligations or any guarantee thereof, or any defect in any notice that may be given in connection with any sale or other disposition of any such property, or any failure of the Trust to comply with any provision of applicable law in enforcing any security interest in or lien upon any such property, including any failure by the Trust to dispose of any such property in a commercially reasonable manner; or

(16) any defence based upon or arising out of any bankruptcy, insolvency, reorganization, moratorium, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against GHI or any other person, including any discharge of, or bar against collecting, any of the obligations, in or as a result of any such proceeding.

2.3 Recourse Against GHI. The Trust shall not be required to exhaust its recourse against GHI or any other person or under any other security or guarantee before being entitled to performance by the Guarantor under this Guarantee; provided, however, that where the Trust seeks performance under this Guarantee, the Trust shall not proceed against the Guarantor under this Guarantee (and the Guarantor shall have no obligations in respect thereof) prior to the expiration of any applicable cure period explicitly set out in the [MPA/Servicing Agreement].

2.4 No Subrogation. Until all of the Obligations have been paid or performed in full, the Guarantor shall have no right of subrogation to, and waives, to the fullest extent permitted by law, any right to enforce any remedy which the Trust now has or may hereafter have against GHI in respect of the Obligations and the Guarantor waives any benefit of, and any right to participate in, any security now or hereafter held by the Trust for the Obligations.

2.5 Settlement of Accounts. Any account settled or stated between the Trust and GHI shall be accepted by the Guarantor as prima facie evidence that the amount thereby appearing due by GHI to the Trust is so due.

2.6 Reinstatement. If, at any time, all or any part of any payment previously applied by the Trust to any Obligation is or must be rescinded or returned by the Trust for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of GHI), such Obligation shall, for purposes of this Guarantee, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Trust, and this Guarantee shall continue to be effective or be reinstated, as the case may be, as to such Obligation, all as though such application by the Trust had not been made.

SECTION 3 – REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties. The Guarantor represents and warrants to the Trust as follows:

(1) the Guarantor is a corporation validly existing under the laws of its jurisdiction of incorporation, has full corporate power and authority to own its properties and assets and to carry on its businesses, as presently owned and carried on by it, in every jurisdiction in which it is currently carrying on business where the failure to be so qualified would have a material adverse effect on the ability of Guarantor to perform its obligations under this Guarantee;

(2) the Guarantor has full corporate power and capacity to execute and deliver this Guarantee and to perform all of its obligations hereunder;

(3) the Guarantor has taken all necessary action to authorize the execution and delivery of this Guarantee and the performance of its obligations hereunder;

(4) this Guarantee has been duly executed and delivered by the Guarantor;

(5) this Guarantee is a legal, valid and binding obligation of the Guarantor and is enforceable against the Guarantor by the Trust in accordance with its terms, subject to bankruptcy, insolvency, reorganization, winding-up, moratorium and other laws affecting the rights of creditors generally and the fact that specific performance and injunction are equitable remedies available only in the discretion of a court;

(6) the execution and delivery by the Guarantor of this Guarantee and the performance by the Guarantor of its obligations hereunder and of the transactions contemplated hereby, does not and will not contravene, breach, constitute a default under, violate or conflict with, as the case may be:

(a) the Guarantor's constating documents or by-laws or any resolution passed by the board of directors or shareholders of the Guarantor;

(b) any law, rule or regulation applicable to or binding on the Guarantor or any of its property and assets; or

(c) any order, writ, judgment, award, injunction or decree binding on the Guarantor or affecting its property or assets,

and does not and will not result in or require the creation of any encumbrance upon any of the property and assets of the Guarantor;

(7) the execution and delivery by the Guarantor of this Guarantee and the performance of its obligations hereunder and of the transactions contemplated hereby, does not and will not contravene, breach, constitute a default under, violate or conflict with, as the case may be, any material indenture, loan or credit agreement, lease, mortgage or, security agreement, to which the Guarantor is a party or by which it, or its property and assets, are bound;

(8) no authorization, approval or other action by, and no notice to or filing with, any Governmental Authority, agency or any other person is necessary in connection with the execution and delivery by the Guarantor of this Guarantee or the performance of its obligations hereunder or of the transactions contemplated hereby, or to give legal effect to the same other than such as have been obtained or made except to the extent the failure to do so would not have a material adverse effect on the ability of the Guarantor to perform its obligations under this Guarantee;

(9) there are no actions, suits or proceedings pending or, to the knowledge of the Guarantor, threatened against or affecting the Guarantor or any of its undertakings, property and assets, at law or in equity or before any arbitrator or before or by any Governmental Authority, governmental department body, agency, commission, board, bureau, or instrumentality having jurisdiction in the premises in respect of which there is a reasonable possibility of a determination adverse to the Guarantor which could, if determined adversely, materially and adversely affect the ability of the Guarantor to perform any of its obligations hereunder.

SECTION 4- COVENANTS

4.1 Covenants of the Guarantor. The Guarantor covenants with the Trust that, during the currency of this Guarantee, it shall:

(1) comply in all material respects with all laws, rules, regulations and orders applicable to it and all or any of its businesses and properties;

(2) preserve and maintain its corporate existence;

(3) furnish to the Trust a statement of the details of any Servicer Termination Event in respect of MPA/Servicing Guarantee applicable to it within a reasonable period of time after the occurrence thereof and the Guarantor's proposed response;

(4) so long as GHI is the Servicer in respect of the [MPA/Servicing Agreement], as applicable, make all payments and perform all obligations required to be made or performed by the Servicer in accordance with the [MPA/Servicing Agreement], within 2 Business Days of the date the payment or action was to be performed or the end of the applicable cure period, if any; and

(5) continue to directly or indirectly hold shares of GHI sufficient to control GHI.

SECTION 5 – GENERAL

5.1 Termination. This Guarantee shall terminate on the Final Remittance Date [to mirror the requirement in the Regulations under the Act not to wind-up, dissolve or liquidate a Financing Entity until at least one year after all of its funding obligations have been paid], at which time the rights hereby granted shall cease and become null and void and the Trust shall, at the request and expense of the Guarantor, execute and deliver to the Guarantor such instruments as shall be reasonably required to release and discharge the Guarantor from its covenants, agreements, liabilities and obligations under Guarantee.

5.2 Further Assurances. The Guarantor shall, from time to time, do and perform any and all acts and execute any and all further instruments which may be required or which may be reasonably requested by the Trust more fully to effect the purpose of this Guarantee.

5.3 Payments. All payments to be made by the Guarantor under this Guarantee shall be made in full, without set-off or counterclaim and without deduction for any taxes, levies, duties, fees, deductions, withholdings, restrictions or conditions of any nature whatsoever. If at any time, or from time to time, any applicable law, regulation or international agreement requires the Guarantor to make any such deduction or withholding from any such payment, the sums due from the Guarantor with respect to such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Trust receives a net sum equal to the sum which it would have received had no deduction or withholding been required, and the Guarantor shall indemnify the Trust on an after tax basis with respect to any such deduction or withholding, including with respect to any taxes payable by the Trust on any increased amounts payable under this Section 5.3.

5.4 Cost and Expense. The Guarantor shall pay all reasonable out-of-pocket costs and expenses of the Trust (including the fees and disbursements of counsel) in connection with the enforcement of the obligations of the Guarantor under this Servicing Guarantee. The Guarantor agrees to indemnify and hold harmless the Trust from and against any and all liability incurred by the Trust or the Financial Services Agent hereunder in connection herewith (including the enforcement of the obligations of the Guarantor under this Guarantee), other than any liabilities attributable to the gross negligence or willful misconduct of the Trust, the Financial Services or any of their respective officers, employees or agents.

5.5 Governing Law. This Guarantee shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

5.6 Financial Condition of Guaranteed Parties: The Guarantor is fully aware of the financial condition of the Guaranteed Parties.

5.7 No Waiver, Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Trust, any right, remedy, power or privilege hereunder, shall operate as a waiver hereof nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exhaustive of any rights, remedies, powers and privileges provided by law.

5.8 Amendments. Any provision of this Guarantee may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Guarantor and the Trust, and satisfies the Rating Agency Condition [that is the action will not result in the rating agencies downgrading the rated securities].

5.9 Notices. All notices or other communications authorized or required to be given pursuant to this Guarantee, or pursuant to which any rights or obligations may arise hereunder, shall be in writing (including telecopied communication and such other method of recorded or recordable electronic communications as to which the parties may hereafter agree) and shall be either personally delivered or sent by telecopier as follows:

[]

5.10 Successors and Assigns. This Guarantee shall be binding upon the Guarantor and shall inure to the benefit of the Trust and its successors and permitted assigns. The Guarantor may not assign any of its obligations under this Guarantee without the prior written consent of the Trust and satisfies the Rating Agency Condition.

5.11 Consent to Jurisdiction, Waiver of Immunities. The Guarantor hereby irrevocably submits to the non-exclusive jurisdiction of any court sitting in the Province of Ontario in any action or proceeding arising out of or relating to this Guarantee and the Guarantor irrevocably agrees that all claims in respect of any such action or proceeding may be heard and determined in such Ontario court. The Guarantor hereby irrevocably waives, to the extent permitted by law, the forum non conveniens defence to the maintenance of any such action or proceeding. The Guarantor agrees that a final judgment in any action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by

law. Nothing in this Section [] shall affect the right of the Trust to serve legal process in any other manner permitted by law or affect its right to bring any action or proceeding against the Guarantor or its property and assets in the courts of any other jurisdiction.

5.12 Entire Agreement. This Guarantee contains the entire agreement between the parties relating to the subject matter hereof and supersedes all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth herein.

5.13 Survival. All covenants, representations and warranties of the Guarantor hereunder shall survive the execution hereof. The obligations of the Guarantor to the Trust under this Guarantee shall not be affected by reason of any invalidity, illegality or irregularity of the obligations.

5.14 Severability. Any provision of this Guarantee which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Guarantee, all without affecting the remaining provisions of this Guarantee or affecting the validity or enforceability of such provision in any other jurisdiction.

5.15 Additional Security. This Guarantee is in addition, and without prejudice, to any security of any kind (including other guarantees) now or hereafter held by the Trust and any other rights or remedies that may be available to the Trust.

5.16 Headings. The headings of the Sections herein are for convenience of reference only and shall not the interpretation of any of the terms or provisions hereof.

IN WITNESS WHEREOF the Guarantor has executed this Guarantee as of the date first above written.

Servicing Obligations Covered by a Servicing Guarantee

The Servicing Guarantee covers the performance and payment of any party's (Electricity Vendor) covenants, agreement, liabilities, indemnities and obligations in connection to its servicing duties pursuant to the master purchase agreement/servicing agreement.

We expect that IESO as agent to the investment interest owners would perform the servicing duties. As such the Servicer would include the IESO and each other electricity vendor (which is typically a sub-servicer retained/appointed by the Servicer as each sub-servicer is not likely to be a party to the master purchase agreement/servicing agreement). IESO (Servicer) will remain liable for the performance of the duties and obligations so subcontracted and all other duties and obligations of the Servicer as outlined in the master purchase agreement/servicing agreement.

The Servicer's covenants, agreement, liabilities and obligations pursuant to the master purchase agreement/servicing agreement covered by the Servicing Guarantor generally include:

- Servicing of the investment assets, generally includes:
    - Invoicing and collecting the invoice amounts;
    - Recording and holding the assets in a secure manner, available for examination if requested;
    - Maintaining prudent and reasonable administrative and operating procedures;
    - Requiring its auditors to report on the status of the investment assets;
    - Effecting all filings and recordings;
    - Using reasonable efforts in accordance with the regulation to collect the investment assets;
    - Comply with the regulations in connection with the investment assets,

    all in accordance with the regulations and established credit and collection policies; and

    - Not make material changes to its credit and collection policies unless Rating Agency Condition is satisfied
    - Prepare and deliver a monthly report to the investment interest owners.
- Amounts held in trust by the electricity vendor until remitted and deposited into an trust account
    - Collections will be remitted monthly into a trust account unless the Guarantor fails to maintain an acceptable rating, in which case amounts will be deposited within 2 business days of receipt. Losses arising from the commingling of funds, due to such events as bankruptcy/insolvency of the electricity vendor, would be covered by the Servicing Guarantee.
- Losses arising from amounts invested in permitted investments in trust accounts at the direction of the Servicer
- Amounts to be received from the seller/servicer in connection with deemed collections where either a valid lien is asserted against any part of the investment asset or the investment asset is reduced cancelled as a result of a set-off in respect of any claim by the specified against the Servicer/Electricity Vendor

Provincial Support Agreement Term Sheet –

Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") is provided exclusively to the parties listed herein in connection with the draft Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Defined terms used herein have the meanings ascribed to them in the Act. The provincial support agreement (the "**Provincial Support Agreement**") will contain the terms and conditions set out in this Term Sheet in addition to such other representations, warranties, indemnities, and other terms and conditions as the Guarantor and the Beneficiaries (each as defined below) may reasonably require.*

Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The trust company acting as indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") acting for the benefit of all persons who may have contractual claims against a Financing Entity (collectively, the "**Beneficiaries**") (including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee and the trustee of the Financing Entity[1]).
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[2] after all Funding Obligations of all Financing Entities have been repaid.
Performance Guarantee:	**[Upon the occurrence of a Performance Guarantee Event]**, the Indenture Trustee will be entitled to require the Guarantor to appoint a replacement servicer who will perform IESO's duties as servicer under the Master Sale and Servicing Agreement between IESO, as seller and servicer, and the Financing Entity, as purchaser, **[and OPG as Financial Services Manager]** ("**MSSA**"). In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the Indenture Trustee.

[1] We have assumed that the initial Financing Entity will be a trust.

[2] This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

Performance Guarantee Event:	A "Servicer Default" occurs under the MSSA[3]
Payment Guarantee:	**[Upon the occurrence of a Payment Guarantee Event and within [5/10] business days after receiving a demand from the Indenture Trustee]**, the Guarantor shall **[guarantee and indemnify the Indenture Trustee (for and on behalf of the Beneficiaries) by paying all regularly scheduled interest and principal payments during the term of a Financing Entity's contractual obligation to such Beneficiary]/[assume the contractual obligations of a Financing Entity to the Beneficiaries]**[4], which for greater certainty shall not include any default, penalty, prepayment, or make whole amounts.
Payment Guarantee Event:	(A) if the Legislative Assembly of Ontario repeals the Act; or (B) if the Legislative Assembly of Ontario amends the Act or Regulation thereunder in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all obligations incurred by such Financing Entity in respect of such investment interest; or (C) if a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
Priority of Payments:	The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.

[3] Each Servicer Default will include its own cure period before the event becomes a Servicer Default.

[4] To confirm if Province will become the debtor under the applicable debt documentation or if the Financing Entity will continue to be the primary obligor with the Province acting as secondary obligor.

Subrogation:	Where the Guarantor has repaid a Beneficiary, to the extent of such payment, the Guarantor is subrogated in and to all the rights of recovery of such Beneficiary in respect of the applicable indebtedness and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all amounts owing to a Beneficiary, the Indenture Trustee will acknowledge and agree on behalf of such Beneficiary that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiary has or may exercise in respect of the repaid indebtedness, all in accordance with the terms of the Master Trust Indenture.
Notice Requirements:	The Indenture Trustee will be required to provide notice to the Guarantor of a Performance Guarantee Event or Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.
Closing:	Date to be determined but no later than **[**■, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
Conditions Precedent to Closing:	Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.[5]
Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.

[5] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

Governing Law:	Province of Ontario

From:	James Devine
To:	Mike Manning
Subject:	FW: For Fact Check- OFHP Regs (Batch 2) Draft CBN
Date:	Wednesday, June 21, 2017 8:14:14 AM

From: James Devine
Sent: Wednesday, June 21, 2017 8:13 AM
To: Anna Strathy
Cc: Carlos Yep ; Ken Kandeepan
Subject: RE: For Fact Check- OFHP Regs (Batch 2) Draft CBN

One last comment.
In the diagram they show the guarantee going to the investors.
In reality the line should more than likely go to the OPG financing entity. (this could change)

From: Anna Strathy
Sent: Wednesday, June 21, 2017 8:03 AM
To: James Devine <James.Devine@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: For Fact Check- OFHP Regs (Batch 2) Draft CBN

Thanks for this, Jim. I'll pass along your comments to the DMO for transmittal to CO.

From: James Devine
Sent: Wednesday, June 21, 2017 7:44 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: For Fact Check- OFHP Regs (Batch 2) Draft CBN

I have a lot of problems with it but there is no way they would ever accept any of my suggestions.
The diagram shows Ontario Providing a performance guarantee. We are likely to be providing a much more robust guarantee. Small comment.
I am not too sure if it is required but they may want to make clear at the beginning that the OIC for the $2B loan from the Province to The OFA is intended to be used for the IESO $2B loan facility. They may also want to insert " up to $2B" as the actual amount may vary widely.

From: Anna Strathy
Sent: Tuesday, June 20, 2017 4:18 PM
To: James Devine <James.Devine@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: FW: For Fact Check- OFHP Regs (Batch 2) Draft CBN

Jim, sending this to you as well.
Not sure whether it was Mike or Ken that was providing input to the IESO Credit Facility (Ken?), but either way, probably good for both of you to have a look at the attached.

From: Anna Strathy
Sent: Tuesday, June 20, 2017 4:00 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: FW: For Fact Check- OFHP Regs (Batch 2) Draft CBN

FYI

From: McLean, David (MOF) [mailto:David.McLean@ontario.ca]

Sent: Tuesday, June 20, 2017 3:53 PM
To: Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Vivienne Skoberne (MOHLTC) <Vivienne.Skoberne@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Gwendolynne Young (ENE) <Gwendolynne.Young@ontario.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>
Subject: For Fact Check- OFHP Regs (Batch 2) Draft CBN

Hi Scott, Gadi and Ron,

Energy is bringing another batch of regs direct to Cabinet next week for the OFHP. Can you please have teams fact check the attached note and provide any comments by 12:00pm tomorrow?

The note is being simultaneously fact checked by Energy,

Thanks,

Dave

From: Anna Strathy
To: Gadi Mayman
Cc: Ronald Kwan; Mike Manning
Subject: FW: For Review and Comment: TB/MBC Submission on Provincial Guarantee
Date: Wednesday, August 30, 2017 5:04:28 PM

Hi Gadi,
CQSD is asking for a justification as to why we're pressuring to proceed with the Sept, 26 TB/MBC meeting.
Apparently a Minister to Minister reach out is required and as there are multiple submissions scheduled for that date Anthony says he'll need a rational to make sure it stays on the agenda. If it doesn't make the Sept 26 meeting it would be bumped to October 17th, which is the next board meeting.
I'm not entirely sure what rational to give him. Could we make the case that the financing entity will need to go to market this calendar year, which essentially means November, making an October 17th meeting fairly late?
Thanks,
Matt

From: Reiss, Anthony (MOF) [mailto:Anthony.Reiss@ontario.ca]
Sent: Wednesday, August 30, 2017 3:08 PM
To: Anna Strathy
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Hi Matt,
Who is the legal lead on it ? Need that info as well.
Also what is the rush to proceed to the Sept. 26 TB/MBC meeting ?
A MO to MO reach out is required and I need to support that with a rational.
Thanks,
Anthony

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: August 30, 2017 1:49 PM
To: Reiss, Anthony (MOF) <Anthony.Reiss@ontario.ca>
Cc: Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Thanks for the review Anthony,
In response to your questions:
TB/MBC should "Authorize", maybe it's not "Approve"

- Good point I will make the change.

Are we taking out the term guarantee throughout the document?

- No not everywhere. I'm trying to be consistent with a deck recently presented to the energy Minister on this topic (see attached). Essentially, We're referring to the agreement as a "support agreement" which *guarantees* the debt under certain conditions. However, I did update it ina few locations compared to the version I'd sent you earlier, so pelase refer to the file attached.

How does this request relate to MOE's previous submission(s) on Fair Hydro Plan ? Is it consistent ? What is MOE saying ?

- Hoping energy can follow up on this, maybe in the next round.

Where is the contingent liability going to reside ? Which Ministry ? Interest on debt…MOF ? What process will be used to report it ? How often ?

- Ultimately a question for OPCD, again still waiting on feedback.

Has it been determined that MOE Minister will sign the submission ? If so by when ? It will impact when our DM and Minister would sign.

- Not entirely sure, can follow up with energy on this.

I still have the same questions as earlier i.e. showing a diagram explaining the process, chart showing term of loan principal + interest. etc.

- In regards to the diagram, there is one in the attached power point presentation, will this be sufficient?
- Regarding the chart showing loan principal and interest, some staff on our end are having a look at that.

When would the numbers from Energy be finalized ? OPCD review as well ?

- Still waiting on this information.

Still need the answer of the 5 questions I sent last week by my Director.

- I've passed them along, but can follow up regarding status.

I'd like to send this version around to the broader group if you think that would be appropriate. I understand your point that senior staff on our end should review first, but most of them are still away on vacation (Gadi, Ron, Ken) and it might be a good idea to keep the ball rolling in the meantime, since as you said we need to keep moving forward to the Sep 26th date.
Let me know what you think.
Thanks,
Matt Breadner on behalf of Anna Strathy

From: Reiss, Anthony (MOF) [mailto:Anthony.Reiss@ontario.ca]
Sent: Tuesday, August 29, 2017 9:14 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Hi Matt,
Here are my questions on the submission.
TB/MBC should "Authorize", maybe its not "Approve"
Are we taking out the term guarantee throughout the document ?
How does this request relate to MOE's previous submission(s) on Fair Hydro Plan ? Is it consistent ? What is MOE saying ?
Where is the contingent liability going to reside ? Which Ministry ? Interest on debt…MOF ? What process will be used to report it ? How often ?
Has it been determined that MOE Minister will sign the submission ? If so by when ? It will impact when our DM and Minister would sign.
I still have the same questions as earlier ie. showing a diagram explaining the process, chart showing term of loan principal + interest. etc.
When would the numbers from Energy be finalized ? OPCD review as well ?
Still need the answer of the 5 questions I sent last week by my Director.
We would need to share a copy soon with TBS as there is a large number of submissions moving forward for Sept. 26 TB/MBC date.

I pretty much agree with Legal points.
Thanks,
Anthony

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: August 28, 2017 2:59 PM
To: Reiss, Anthony (MOF) <Anthony.Reiss@ontario.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Sounds good, thanks Anthony.

From: Reiss, Anthony (MOF) [mailto:Anthony.Reiss@ontario.ca]
Sent: Monday, August 28, 2017 2:53 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Tibando, Lindsay (MOF) <Lindsay.Tibando@ontario.ca>
Cc: Matthew Breadner <Matthew.Breadner@ofina.on.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Hi Matt,
I'm going to review tomorrow morning and will provide feedback then.
You may want your Senior Management and Legal review one more time before sending out to a broader audience.
Thanks,
Anthony

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: August 28, 2017 2:43 PM
To: Tibando, Lindsay (MOF) <Lindsay.Tibando@ontario.ca>; Reiss, Anthony (MOF) <Anthony.Reiss@ontario.ca>
Cc: Matthew Breadner <Matthew.Breadner@ofina.on.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Hi Anthony and Lindsay,
Please find attached the latest draft of the TB submission, note we are now calling it a "Provincial Support Agreement" as opposed to "Provincial guarantee" as MOF legal advised this is not a true guarantee as the agreement would be contingent on certain events (whereas a guarantee would not).
This version incorporates line edits made on our end, as well as by MOF legal. However it still contains several comments in the margins pertaining to issues that have not been resolved as of yet (hopefully on the next iteration). Lindsay, as you mentioned if you send something high level for now perhaps we can circle back later?
Anthony, Anna mentioned that you might want to provide thoughts on any new version before I distribute to the broader group, so I was wondering if you had any comments/concerns on this draft before we send something out for a second round?
Thanks,
Matt Breadner on behalf of Anna Strathy

From: Tibando, Lindsay (MOF) [mailto:Lindsay.Tibando@ontario.ca]
Sent: Monday, August 28, 2017 2:26 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>
Cc: Matthew Breadner <Matthew.Breadner@ofina.on.ca>

Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Okay great, I will wait for an updated version then.

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: August-28-17 2:21 PM
To: Tibando, Lindsay (MOF); Reiss, Anthony (MOF)
Cc: Matthew Breadner
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Hopefully within the hour.

Matt

From: Tibando, Lindsay (MOF) [mailto:Lindsay.Tibando@ontario.ca]

Sent: Monday, August 28, 2017 2:21 PM

To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>

Cc: Matthew Breadner <Matthew.Breadner@ofina.on.ca>

Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Thanks Matt. Do you have an approximate ETA on when you will have the new version? Perhaps I should wait and see what the input from MOF legal and OFA is before moving forward.

Thanks

Lindsay

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: August-28-17 2:15 PM
To: Reiss, Anthony (MOF); Tibando, Lindsay (MOF)
Cc: Matthew Breadner
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Hi Lindsay and Anthony,

I'll have another draft ready soon that incorporates some feedback from MOF legal and the OFA, I plan on sharing it with the both of you for feedback before distributing again to the wider group. We have reached out to energy for feedback as well, I understand they're working on it, but in the meantime I plan on proceeding with sending out an updated version before that. And as Anthony stated, yes it is still very much in a draft form.

Thanks,

Matt Breadner on behalf of Anna Strathy

From: Reiss, Anthony (MOF) [mailto:Anthony.Reiss@ontario.ca]

Sent: Monday, August 28, 2017 2:01 PM

To: Tibando, Lindsay (MOF) <Lindsay.Tibando@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>

Cc: Matthew Breadner <Matthew.Breadner@ofina.on.ca>

Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Thanks Lindsay. You make some great points. Energy should be made aware of this, but I don't have any contact info at this time.

Materials are still very much draft. I would keep the approach high level for now, as we receive more info. then things will be updated.

Anthony

From: Tibando, Lindsay (MOF)

Sent: August 28, 2017 1:56 PM

To: Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>

Cc: Reiss, Anthony (MOF) <Anthony.Reiss@ontario.ca>; Matthew Breadner

<Matthew.Breadner@ofina.on.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee
Hi all,
Couple questions on this. I'm working on a tailored comms snapshot that will focus on messaging and strategic approach. As you mentioned this is still an early draft, can we expect to see another draft of this come through later? Also is the expectation that MO or CO will be looking at this? I ask because I would like to avoid sending comms materials through approvals more than once. If this is still being developed I can send you something high-level for now and then we can circle back later. Also wondering if anyone from Energy is looking at this. They will have some KMs around the Fair Hydro Plan/issues mitigation that I would like to draw from so we don't mix messages. Let me know if you have been working with someone at Energy or if I should reach out.
I am still aiming to have something by the 31st but we are short-staffed right now so it may be a day or two later.
Thanks!
Lindsay

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: August-18-17 4:12 PM
To: Tibando, Lindsay (MOF)
Cc: Reiss, Anthony (MOF); Matthew Breadner
Subject: FW: For Review and Comment: TB/MBC Submission on Provincial Guarantee
Hi Lindsay,
Based on the recommendation of Anthony in our Corporate shop (copied), I'm sharing this early draft of a TB Submission for your review. You'll see from the attached email chain that the submission would create a contingent liability that would be disclosed to the public (but not booked/no fiscal impact) in Public Accounts. Anthony suggested that we include a communications strategy in the attached submission, given that the contingent liability will be made public. Could I ask for you expertise in crafting some messaging/strategy?
Thanks, Anna

From: Anna Strathy
Sent: Thursday, August 17, 2017 12:52 PM
To: 'Cindy.Veinot@ontario.ca' <Cindy.Veinot@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Vivienne Skoberne (MOHLTC) <Vivienne.Skoberne@ontario.ca>; 'stephanie.m.smith@ontario.ca' <stephanie.m.smith@ontario.ca>; Deena Padamadan <Deena.Padamadan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca>; Matthew Breadner <Matthew.Breadner@ofina.on.ca>
Subject: For Review and Comment: TB/MBC Submission on Provincial Guarantee
Hi Cindy, Steen, Kelly (for Scott), and Malle,
Attached, for your review and comment, is a draft TB submission for the Provincial Guarantee. This submission is somewhat premature, as there continue to be discussions about which Ministry might bring this forward (for instance, the Provincial Guarantee piece could be incorporated into a

broader report back by the Ministry of Energy) and when this might go to TB/MBC (mid to late September); however, Gadi is on vacation for two weeks starting Monday, so we wanted to get a head start on something that could be moved forward in his absence.

I apologize for the tight timelines, but **we are hoping to have your comments (even preliminary comments) by noon tomorrow**. I expect that subsequent iterations of this submission and/or the TB Assessment Note will be circulated again for your input.

Please don't hesitate to contact me should you have any questions.

Anna

Anna Strathy
Special Policy Advisor to CEO
Ontario Financing Authority
1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca

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From: Anna Strathy
To: "cindy.veinot@ontario.ca"
Cc: Gadi Mayman; Mike Manning; Ken Kandeepan
Subject: FW: Guarantee language
Date: Thursday, April 27, 2017 11:50:47 AM
Attachments: image001.png
Term Sheet - Provincial Support AgreementApr26 (2).docx

Good morning,

Sending on behalf of Gadi, the draft guarantee language that Mike shared with TD yesterday.

Anna

Anna Strathy
Special Policy Advisor to CEO
Ontario Financing Authority
1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca

From: Gadi Mayman
Sent: Thursday, April 27, 2017 11:41 AM
To: Anna Strathy ; Mike Manning ; Ken Kandeepan
Subject: Fw: Guarantee language

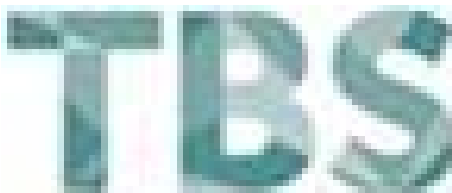
From: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>
Sent: Thursday, April 27, 2017 11:36 AM
To: Gadi Mayman
Subject: Guarantee language

Just a quick reminder – could you ask Mike Manning to send through the draft language sent to TD re: the guarantee?

Thanks,

Cindy Veinot
Provincial Controller and Assistant Deputy Minister, Office of the Provincial Controller
Treasury Board Secretariat
Frost Building South
7 Queen's Park Crescent East
Toronto, Ontario M7A 1Y7
T: 416-325-8017
E: cindy.veinot@ontario.ca

TBS


TBS

Provincial Support Agreement Term Sheet –

Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") is provided exclusively to the parties listed herein in connection with the draft Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Defined terms used herein have the meanings ascribed to them in the Act. The provincial support agreement (the "**Provincial Support Agreement**") will contain the terms and conditions set out in this Term Sheet in addition to such other representations, warranties, indemnities, and other terms and conditions as the Guarantor and the Beneficiaries (each as defined below) may reasonably require.*

Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The trust company acting as indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") acting for the benefit of all persons who may have contractual claims against a Financing Entity (collectively, the "**Beneficiaries**") (including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee and the trustee of the Financing Entity[1]).
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[2] after all Funding Obligations of all Financing Entities have been repaid.
Performance Guarantee:	**[Upon the occurrence of a Performance Guarantee Event]**, the Indenture Trustee will be entitled to require the Guarantor to appoint a replacement servicer who will perform IESO's duties as servicer under the Master Sale and Servicing Agreement between IESO, as seller and servicer, and the Financing Entity, as purchaser, **[and OPG as Financial Services Manager]** ("**MSSA**"). In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the Indenture Trustee.

[1] We have assumed that the initial Financing Entity will be a trust.

[2] This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

Performance Guarantee Event:	A "Servicer Default" occurs under the MSSA[3]
Payment Guarantee:	**[Upon the occurrence of a Payment Guarantee Event and within [5/10] business days after receiving a demand from the Indenture Trustee]**, the Guarantor shall **[guarantee and indemnify the Indenture Trustee (for and on behalf of the Beneficiaries) by paying all regularly scheduled interest and principal payments during the term of a Financing Entity's contractual obligation to such Beneficiary]/[assume the contractual obligations of a Financing Entity to the Beneficiaries]**[4], which for greater certainty shall not include any default, penalty, prepayment, or make whole amounts.
Payment Guarantee Event:	(A) if the Legislative Assembly of Ontario repeals the Act; or (B) if the Legislative Assembly of Ontario amends the Act or Regulation thereunder in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all obligations incurred by such Financing Entity in respect of such investment interest; or (C) if a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
Priority of Payments:	The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.

[3] Each Servicer Default will include its own cure period before the event becomes a Servicer Default.

[4] To confirm if Province will become the debtor under the applicable debt documentation or if the Financing Entity will continue to be the primary obligor with the Province acting as secondary obligor.

Subrogation:	Where the Guarantor has repaid a Beneficiary, to the extent of such payment, the Guarantor is subrogated in and to all the rights of recovery of such Beneficiary in respect of the applicable indebtedness and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all amounts owing to a Beneficiary, the Indenture Trustee will acknowledge and agree on behalf of such Beneficiary that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiary has or may exercise in respect of the repaid indebtedness, all in accordance with the terms of the Master Trust Indenture.
Notice Requirements:	The Indenture Trustee will be required to provide notice to the Guarantor of a Performance Guarantee Event or Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.
Closing:	Date to be determined but no later than **[**■, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
Conditions Precedent to Closing:	Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.[5]
Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.

[5] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

Governing Law:	Province of Ontario

From: Anna Strathy
To: "cindy.veinot@ontario.ca"
Cc: Gadi Mayman; Mike Manning; Ken Kandeepan
Subject: FW: Guarantee language
Date: Thursday, April 27, 2017 11:50:47 AM
Attachments: image001.png
Term Sheet - Provincial Support AgreementApr26 (2).docx

Good morning,

Sending on behalf of Gadi, the draft guarantee language that Mike shared with TD yesterday.

Anna

Anna Strathy
Special Policy Advisor to CEO
Ontario Financing Authority
1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca

From: Gadi Mayman
Sent: Thursday, April 27, 2017 11:41 AM
To: Anna Strathy ; Mike Manning ; Ken Kandeepan
Subject: Fw: Guarantee language

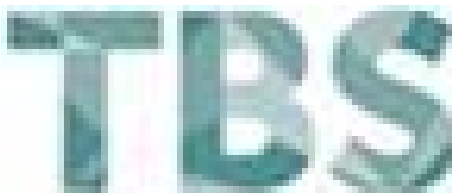
From: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>
Sent: Thursday, April 27, 2017 11:36 AM
To: Gadi Mayman
Subject: Guarantee language

Just a quick reminder – could you ask Mike Manning to send through the draft language sent to TD re: the guarantee?

Thanks,

Cindy Veinot
Provincial Controller and Assistant Deputy Minister, Office of the Provincial Controller
Treasury Board Secretariat
Frost Building South
7 Queen's Park Crescent East
Toronto, Ontario M7A 1Y7
T: 416-325-8017
E: cindy.veinot@ontario.ca

TBS


TBS

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Fair Hydro Plan Act, 2017

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[1] We have assumed that the initial Financing Entity will be a trust.

[2] This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

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Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
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Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.

[5] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

Governing Law:	Province of Ontario

From:	Hanslep, Malle (MOF)
To:	Ken Kandeepan; Gadi Mayman; Anna Strathy; Ronald Kwan; Mike Manning
Cc:	Michael Waterston (MOF); Tobias P. Whitfield (MOF)
Subject:	FW: Guarantee
Date:	Tuesday, April 25, 2017 10:02:10 AM

FYI

From: Whitfield, Tobias P. (MOF)
Sent: April 24, 2017 4:36 PM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI); Hanslep, Malle (MOF); Rehob, James (ENERGY)
Cc: Johnson, Paul (ENERGY/MEDEI/MRI); Waterston, Michael (MOF)
Subject: RE: Guarantee

We recently received a draft term sheet for the guarantee, and wanted to make sure you have seen it as well in order to move this discussion forward. Please let me know if you haven't seen it.
Also, we have been discussing section "5xx.", the Protection and assurance provision of the draft legislation. We wonder if CLOC has been consulted on these provisions, particularly the reference to adversely affecting an investment asset in clause 5(1)(c). We were wondering if there is a risk that this provision is so broad as to inadvertently fetter the Crown in developing tax policy (e.g. could it prohibit a new general tax on the proceeds from investments), or to undermine new general securities regulatory activity that the Crown might legislate or the OSC might carry out.
Best,
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: April 24, 2017 11:55 AM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI); Hanslep, Malle (MOF); Rehob, James (ENERGY)
Cc: Johnson, Paul (ENERGY/MEDEI/MRI); Waterston, Michael (MOF)
Subject: RE: Guarantee

We just wanted to touch base on this and see if you have had a chance to review or wanted to discuss further.
Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Sent: April 21, 2017 5:24 PM
To: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); Rehob, James (ENERGY)
Cc: Johnson, Paul (ENERGY/MEDEI/MRI); Waterston, Michael (MOF)
Subject: FW: Guarantee

Thanks for getting back to us, Toby. I have added James as he is also discussing this provision with CLOC.

I have asked Blakes for a form of performance guarantee and will share what I receive.

From: Whitfield, Tobias P. (MOF)
Sent: April-21-17 5:20 PM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI); Hanslep, Malle (MOF); Waterston, Michael (MOF)
Cc: Johnson, Paul (ENERGY/MEDEI/MRI)
Subject: RE: Guarantee

We have discussed this with the OFA, and we have endeavoured to provide a provision that we think should allow the financial guarantee being contemplated. Please let us know if you think it provides the necessary scope for what would be required to meet the Province's needs. We deleted the existing provision, although if you think that more general contractual authority is needed, something else could be considered. However, we don't think that it is appropriate to have a statutory appropriation for such general indemnity and guarantee provisions.

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Best

Toby

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From: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Sent: April 21, 2017 2:37 PM
To: Hanslep, Malle (MOF); Waterston, Michael (MOF)
Cc: Johnson, Paul (ENERGY/MEDEI/MRI); Whitfield, Tobias P. (MOF)
Subject: RE: Guarantee

Malle & Toby – thanks for speaking to us about the Ontario Fair Hydro Plan proposal. I have attached information that we have about the US arrangements. Here is a link to the Florida statute (Duke): : http://www.leg.state.fl.us/Statutes/index.cfm?App_mode=Display_Statute&Search_String=&URL=0300-0399/0366/Sections/0366.95.html[leg.state.fl.us] .

I will share any more information about the guarantee that I see. I also attach the current version of the legislation just in case you received something different.

Carolyn

From: Hanslep, Malle (MOF)
Sent: April-21-17 12:26 PM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI); Waterston, Michael (MOF)
Cc: Johnson, Paul (ENERGY/MEDEI/MRI); Whitfield, Tobias P. (MOF)

Subject: RE: Guarantee

Hi Carolyn,

Thanks for your email. Would it be possible to arrange a conference call today with yourself or your counsel most knowledgeable on this proposed securitization and transaction so that we can get an understanding of it and how it fits into any proposed authorizing legislation. Unfortunately we are not familiar with the proposed transaction although we have seen some general background information about the proposal. What role would a guarantee of investment dealers have in the transaction? We do have a copy of the legislation that we got via our clients at OFA and they were more engaged in the issue of a future proposed equity injection, but the most recent version that we have seen does not mention guarantees although there seems to be a very general contract authorization section. Of course, we have to generally think about s. 28 as well.

A call today to over the main elements of the proposed transaction and the legislation would be very helpful so that we can get back to Gadi.

Malle

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Sent: April 20, 2017 2:33 PM
To: Waterston, Michael (MOF)
Cc: Hanslep, Malle (MOF); Johnson, Paul (ENERGY/MEDEI/MRI)
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Hi Michael & Malle – we will be sending you draft legislation to take a look at. Actual guarantees will follow later.

This relates to the government's Fair Hydro Plan and the promise to reduce rates by 25% by July. We are doing a sort of securitization, for which the legislation will provide a framework. We are contemplating provisions that allow "the Minister" to enter into agreements with respect to transactions contemplated by the legislation. Gadi and DM Angus are of the view that Minister should be MOF, as the agreements are likely to be guarantees to investment dealers. Indemnities for the boards of OPG and IESO will also be required, although we didn't talk about who would sign those.

Happy to answer your questions or walk you through the proposed bill.

Carolyn

From: Waterston, Michael (MOF)
Sent: April-20-17 2:25 PM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Cc: Hanslep, Malle (MOF)
Subject: Guarantee

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Gadi Mayman gave us a heads up that you might be giving us a call about a proposed guarantee that the Minister of Finance may be required to sign in relation to the changes to the global adjustment.

We're happy to discuss this. This afternoon is busy but tomorrow afternoon may work.

Thanks!

Michael

Michael Waterston
Legal Director
Ontario Ministry of the Attorney General

Legal Services Branch, Ministry of Finance
416-326-7918

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From:	Hanslep, Malle (MOF)
To:	Ken Kandeepan; Gadi Mayman; Anna Strathy; Ronald Kwan; Mike Manning
Cc:	Michael Waterston (MOF); Tobias P. Whitfield (MOF)
Subject:	FW: Guarantee
Date:	Tuesday, April 25, 2017 10:02:10 AM

FYI

From: Whitfield, Tobias P. (MOF)
Sent: April 24, 2017 4:36 PM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI); Hanslep, Malle (MOF); Rehob, James (ENERGY)
Cc: Johnson, Paul (ENERGY/MEDEI/MRI); Waterston, Michael (MOF)
Subject: RE: Guarantee

We recently received a draft term sheet for the guarantee, and wanted to make sure you have seen it as well in order to move this discussion forward. Please let me know if you haven't seen it.
Also, we have been discussing section "5xx.", the Protection and assurance provision of the draft legislation. We wonder if CLOC has been consulted on these provisions, particularly the reference to adversely affecting an investment asset in clause 5(1)(c). We were wondering if there is a risk that this provision is so broad as to inadvertently fetter the Crown in developing tax policy (e.g. could it prohibit a new general tax on the proceeds from investments), or to undermine new general securities regulatory activity that the Crown might legislate or the OSC might carry out.
Best,
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: April 24, 2017 11:55 AM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI); Hanslep, Malle (MOF); Rehob, James (ENERGY)
Cc: Johnson, Paul (ENERGY/MEDEI/MRI); Waterston, Michael (MOF)
Subject: RE: Guarantee

We just wanted to touch base on this and see if you have had a chance to review or wanted to discuss further.
Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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Michael

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Legal Director
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Legal Services Branch, Ministry of Finance
416-326-7918

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From:	Opal Kandelas
To:	Mike Manning
Subject:	FW: IESO Facility
Date:	Tuesday, April 25, 2017 11:35:52 AM
Attachments:	OPA IESO Amendment No 9 (Executed).pdf OFA-IESO-Minister Directive 2016 - signed.pdf

---

Hi Mike,

Please find attached the last amendment to the IESO credit facility and the Minister's directive.

Opal.

From: Kelly Listoe
Sent: Tuesday, April 25, 2017 11:29 AM
To: Opal Kandelas
Cc: Sarah Harris
Subject: IESO Facility

Hi Opal

Attached is the IESO Amendment from last November. I have also attached the Directive as it contains a brief synopsis. The main changes were that the maturity date was extended to Dec. 31, 2019 from 2016 and the length of time advances can be outstanding was lengthened.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

AMENDING AGREEMENT NO. 9

This Amending Agreement No. 9 (this "**Amending Agreement**") is made as of the 30 day of November, 2016

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**") (as Borrower)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

WHEREAS the Ontario Power Authority ("OPA") and the OFA entered into a Credit Agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amendding Agreement No. 7") and December 19, 2014 (titled, "Amending Agreement No. 8"), the parties amended the Original Agreement (as so amended, the "**Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "**Amalgamation**") with the name Independent Electricity Sytem Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation and the Parties wish to amend the Agreement to reflect the name of the amalgamated corporation;

AND WHEREAS the Parties now wish to further amend the Agreement pursuant to the terms of this Amending Agreement;

AND WHEREAS pursuant to Section 7.3 of the Agreement, the Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to the following amendments, effective as of the date first written above.

Except as expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined in this Amending Agreement have the respective meanings given to those terms in the Agreement.

1. The following definition is added to Section 1.1 of the Agreement:

   "IESO" means the Independent Electricity System Operator, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998.*

2. Section 1.6 is added to the Agreement as follows:

   "**Section 1.6 References to OPA**

   For the purposes of this Agreement, all references to the "Ontario Power Authority" or "OPA" in this Agreement shall be interpreted as referring to the IESO.

3. Section 2.4 of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the IESO shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Oustanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2019."

4. Section 3.1 of the Agreement is deleted in its entirety and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Operating Facility from time to time on any Business Day prior to November 30, 2019."

5. Section 3.2(1) of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Section 3.3(3), each Advance shall be made on two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice of an Advance (each, a "**Borrowing Notice**") shall be given substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2."

6. Section 3.3(1) of the Agreement is deleted in its entirety and replaced by the following:

   "The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of a minimum of 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2)."

7. Section 3.3(2) of the Agreement is deleted in its entirety and replaced by the following:

   "Each election to continue an Advance for a further period shall be made on one Business Day's prior notice, given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (each, an "**Election Notice**") shall be given substantially in the form of Schedule 2, shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 28 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date."

8. Section 5.1(b) of the Agreement is deleted in its entirety and replaced by the following:

"failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Oustanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2019;"

9. The address and contact information of the OPA provided in Section 7.1 of the Agreement is deleted and replaced by the following:

   If to the IESO, to it at:

   Independent Electricity System Operator
   120 Adelaide Street West, Suite 1600
   Toronto, ON M5H 1T1

   Attention: Chief Financial Officer
   Telephone: 416-969-6232
   Fascimile: 905-403-6913

10. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

11. Schedule 2 of the Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

12. Schedule 3 of the Agreement, IESO Grid Note, is deleted in its entirety and replaced by the IESO Grid Note attached hereto as Schedule 3.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the Parties.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authorit to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authorit to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 9

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is **$**_____;
(c) The Repayment Date of the Proposed Advance is _____. [no earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 9

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

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(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [no earlier than 28 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 9

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $975,000,000 Date: November 30, 2016

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____
Name: Bruce Campbell
Title: President & CEO

By: _____
Name: Kimberly Marshall
Title: VP, Corporate Services; CFO; Treasurer

ONTARIO FINANCING AUTHORITY
LINE OF CREDIT GRID NOTE

Borrower: Independent Electricity System Operator

Program: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Nov-2016

Loan Limit: $975,000,000.00

Loan Advanced to: 21-Nov-2016

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$64,793,065.20	0.7800%	21-Dec-2016	30	$41,538.57	$64,834,603.77	$64,793,065.20	$41,538.57	21-Dec-2016	30
21-Nov-2016	$15,431,729.40	0.7800%	21-Dec-2016	30	$9,893.22	$15,441,622.62	$15,431,729.40	$9,893.22	21-Dec-2016	30

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority

WHEREAS pursuant to directives dated December 22nd 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, and December 18th, 2013 (collectively, "the Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "Amalgamation") with the name Independent Electricity System Operator ("New IESO");

AND WHEREAS pursuant to the Prior Directives all amounts outstanding under the Loans are required to be repaid in full by December 31, 2016;

AND WHEREAS the terms of the Loans are set out in a Credit Agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 20015, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, and December 19, 2014 (as so amended, the "Loan Agreement");

AND WHEREAS pursuant to the Amalgamation the obligations of the OPA under the Loan Agreement became the obligations of the New IESO;

AND WHEREAS the Loan Agreement provides that the OFA may make advances to the IESO on any Business Day (as defined in the Loan Agreement) prior to November 30, 2016;

AND WHEREAS it is appropriate to extend the period during which the OFA may make advances to the IESO under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2019, and to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2019;

AND WHEREAS the Loan Agreement only permits advances to be outstanding for a period of one month, two months, or three months, at the option of the IESO;

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to permit advances to be outstanding, for a minimum of twenty-eight days up to a maximum of ninety-five (95) days, at the option of the IESO;

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to provide that the advances under the Loan Agreement be used by the IESO for liquidity purposes.

Therefore:

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993,* the OFA is directed to

- extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2019;

- extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2019; and,

- permit advances to be outstanding for a minimum of twenty-eight days up to a maximum of ninety-five (95) days, at the option of the IESO.

- provide that effective as of December 31, 2016 advances under the Loan Agreement may be used only for liquidity purposes.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: NOV 2 8 2016

Charles Sousa
Minister of Finance

From:	Opal Kandelas
To:	Mike Manning
Subject:	FW: IESO Facility
Date:	Tuesday, April 25, 2017 11:35:52 AM
Attachments:	OPA IESO Amendment No 9 (Executed).pdf OFA-IESO-Minister Directive 2016 - signed.pdf

---

Hi Mike,

Please find attached the last amendment to the IESO credit facility and the Minister's directive.

Opal.

From: Kelly Listoe
Sent: Tuesday, April 25, 2017 11:29 AM
To: Opal Kandelas
Cc: Sarah Harris
Subject: IESO Facility

Hi Opal

Attached is the IESO Amendment from last November. I have also attached the Directive as it contains a brief synopsis. The main changes were that the maturity date was extended to Dec. 31, 2019 from 2016 and the length of time advances can be outstanding was lengthened.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

AMENDING AGREEMENT NO. 9

This Amending Agreement No. 9 (this "**Amending Agreement**") is made as of the 30 day of November, 2016

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**") (as Borrower)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

WHEREAS the Ontario Power Authority ("OPA") and the OFA entered into a Credit Agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amendding Agreement No. 7") and December 19, 2014 (titled, "Amending Agreement No. 8"), the parties amended the Original Agreement (as so amended, the "**Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "**Amalgamation**") with the name Independent Electricity Sytem Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation and the Parties wish to amend the Agreement to reflect the name of the amalgamated corporation;

AND WHEREAS the Parties now wish to further amend the Agreement pursuant to the terms of this Amending Agreement;

AND WHEREAS pursuant to Section 7.3 of the Agreement, the Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to the following amendments, effective as of the date first written above.

Except as expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined in this Amending Agreement have the respective meanings given to those terms in the Agreement.

1. The following definition is added to Section 1.1 of the Agreement:

   "IESO" means the Independent Electricity System Operator, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998.*

2. Section 1.6 is added to the Agreement as follows:

   "**Section 1.6 References to OPA**

   For the purposes of this Agreement, all references to the "Ontario Power Authority" or "OPA" in this Agreement shall be interpreted as referring to the IESO.

3. Section 2.4 of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the IESO shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Oustanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2019."

4. Section 3.1 of the Agreement is deleted in its entirety and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Operating Facility from time to time on any Business Day prior to November 30, 2019."

5. Section 3.2(1) of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Section 3.3(3), each Advance shall be made on two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice of an Advance (each, a "**Borrowing Notice**") shall be given substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2."

6. Section 3.3(1) of the Agreement is deleted in its entirety and replaced by the following:

   "The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of a minimum of 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2)."

7. Section 3.3(2) of the Agreement is deleted in its entirety and replaced by the following:

   "Each election to continue an Advance for a further period shall be made on one Business Day's prior notice, given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (each, an "**Election Notice**") shall be given substantially in the form of Schedule 2, shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 28 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date."

8. Section 5.1(b) of the Agreement is deleted in its entirety and replaced by the following:

"failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Oustanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2019;"

9. The address and contact information of the OPA provided in Section 7.1 of the Agreement is deleted and replaced by the following:

   If to the IESO, to it at:

   Independent Electricity System Operator
   120 Adelaide Street West, Suite 1600
   Toronto, ON M5H 1T1

   Attention: Chief Financial Officer
   Telephone: 416-969-6232
   Fascimile: 905-403-6913

10. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

11. Schedule 2 of the Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

12. Schedule 3 of the Agreement, IESO Grid Note, is deleted in its entirety and replaced by the IESO Grid Note attached hereto as Schedule 3.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the Parties.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authorit to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authorit to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 9

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is **$**_____;
(c) The Repayment Date of the Proposed Advance is _____. [no earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 9

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [no earlier than 28 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 9

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $975,000,000 Date: November 30, 2016

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____
Name: Bruce Campbell
Title: President & CEO

By: _____
Name: Kimberly Marshall
Title: VP, Corporate Services; CFO; Treasurer

ONTARIO FINANCING AUTHORITY
LINE OF CREDIT GRID NOTE

Borrower: Independent Electricity System Operator

Program: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Nov-2016

Loan Limit: $975,000,000.00

Loan Advanced to: 21-Nov-2016

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$64,793,065.20	0.7800%	21-Dec-2016	30	$41,538.57	$64,834,603.77	$64,793,065.20	$41,538.57	21-Dec-2016	30
21-Nov-2016	$15,431,729.40	0.7800%	21-Dec-2016	30	$9,893.22	$15,441,622.62	$15,431,729.40	$9,893.22	21-Dec-2016	30

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority

WHEREAS pursuant to directives dated December 22nd 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, and December 18th, 2013 (collectively, "the Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "Amalgamation") with the name Independent Electricity System Operator ("New IESO");

AND WHEREAS pursuant to the Prior Directives all amounts outstanding under the Loans are required to be repaid in full by December 31, 2016;

AND WHEREAS the terms of the Loans are set out in a Credit Agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 20015, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, and December 19, 2014 (as so amended, the "Loan Agreement");

AND WHEREAS pursuant to the Amalgamation the obligations of the OPA under the Loan Agreement became the obligations of the New IESO;

AND WHEREAS the Loan Agreement provides that the OFA may make advances to the IESO on any Business Day (as defined in the Loan Agreement) prior to November 30, 2016;

AND WHEREAS it is appropriate to extend the period during which the OFA may make advances to the IESO under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2019, and to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2019;

AND WHEREAS the Loan Agreement only permits advances to be outstanding for a period of one month, two months, or three months, at the option of the IESO;

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to permit advances to be outstanding, for a minimum of twenty-eight days up to a maximum of ninety-five (95) days, at the option of the IESO;

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to provide that the advances under the Loan Agreement be used by the IESO for liquidity purposes.

Therefore:

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993,* the OFA is directed to

- extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2019;

- extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2019; and,

- permit advances to be outstanding for a minimum of twenty-eight days up to a maximum of ninety-five (95) days, at the option of the IESO.

- provide that effective as of December 31, 2016 advances under the Loan Agreement may be used only for liquidity purposes.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: NOV 2 8 2016

Charles Sousa
Minister of Finance

From:	Opal Kandelas
To:	Mike Manning
Subject:	FW: IESO Facility
Date:	Tuesday, April 25, 2017 11:35:52 AM
Attachments:	OPA IESO Amendment No 9 (Executed).pdf OFA-IESO-Minister Directive 2016 - signed.pdf

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Hi Mike,

Please find attached the last amendment to the IESO credit facility and the Minister's directive.

Opal.

From: Kelly Listoe
Sent: Tuesday, April 25, 2017 11:29 AM
To: Opal Kandelas
Cc: Sarah Harris
Subject: IESO Facility

Hi Opal

Attached is the IESO Amendment from last November. I have also attached the Directive as it contains a brief synopsis. The main changes were that the maturity date was extended to Dec. 31, 2019 from 2016 and the length of time advances can be outstanding was lengthened.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

AMENDING AGREEMENT NO. 9

This Amending Agreement No. 9 (this "**Amending Agreement**") is made as of the 30 day of November, 2016

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**") (as Borrower)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

WHEREAS the Ontario Power Authority ("OPA") and the OFA entered into a Credit Agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amendding Agreement No. 7") and December 19, 2014 (titled, "Amending Agreement No. 8"), the parties amended the Original Agreement (as so amended, the "**Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "**Amalgamation**") with the name Independent Electricity Sytem Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation and the Parties wish to amend the Agreement to reflect the name of the amalgamated corporation;

AND WHEREAS the Parties now wish to further amend the Agreement pursuant to the terms of this Amending Agreement;

AND WHEREAS pursuant to Section 7.3 of the Agreement, the Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to the following amendments, effective as of the date first written above.

Except as expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined in this Amending Agreement have the respective meanings given to those terms in the Agreement.

1. The following definition is added to Section 1.1 of the Agreement:

   "IESO" means the Independent Electricity System Operator, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998.*

2. Section 1.6 is added to the Agreement as follows:

   "**Section 1.6 References to OPA**

   For the purposes of this Agreement, all references to the "Ontario Power Authority" or "OPA" in this Agreement shall be interpreted as referring to the IESO.

3. Section 2.4 of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the IESO shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Oustanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2019."

4. Section 3.1 of the Agreement is deleted in its entirety and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Operating Facility from time to time on any Business Day prior to November 30, 2019."

5. Section 3.2(1) of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Section 3.3(3), each Advance shall be made on two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice of an Advance (each, a "**Borrowing Notice**") shall be given substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2."

6. Section 3.3(1) of the Agreement is deleted in its entirety and replaced by the following:

   "The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of a minimum of 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2)."

7. Section 3.3(2) of the Agreement is deleted in its entirety and replaced by the following:

   "Each election to continue an Advance for a further period shall be made on one Business Day's prior notice, given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (each, an "**Election Notice**") shall be given substantially in the form of Schedule 2, shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 28 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date."

8. Section 5.1(b) of the Agreement is deleted in its entirety and replaced by the following:

"failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Oustanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2019;"

9. The address and contact information of the OPA provided in Section 7.1 of the Agreement is deleted and replaced by the following:

   If to the IESO, to it at:

   Independent Electricity System Operator
   120 Adelaide Street West, Suite 1600
   Toronto, ON M5H 1T1

   Attention: Chief Financial Officer
   Telephone: 416-969-6232
   Fascimile: 905-403-6913

10. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

11. Schedule 2 of the Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

12. Schedule 3 of the Agreement, IESO Grid Note, is deleted in its entirety and replaced by the IESO Grid Note attached hereto as Schedule 3.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the Parties.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authorit to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authorit to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 9

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is **$**_____;
(c) The Repayment Date of the Proposed Advance is _____. [no earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 9

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [no earlier than 28 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 9

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $975,000,000 Date: November 30, 2016

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____
Name: Bruce Campbell
Title: President & CEO

By: _____
Name: Kimberly Marshall
Title: VP, Corporate Services; CFO; Treasurer

ONTARIO FINANCING AUTHORITY
LINE OF CREDIT GRID NOTE

Borrower: Independent Electricity System Operator

Program: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Nov-2016

Loan Limit: $975,000,000.00

Loan Advanced to: 21-Nov-2016

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$64,793,065.20	0.7800%	21-Dec-2016	30	$41,538.57	$64,834,603.77	$64,793,065.20	$41,538.57	21-Dec-2016	30
21-Nov-2016	$15,431,729.40	0.7800%	21-Dec-2016	30	$9,893.22	$15,441,622.62	$15,431,729.40	$9,893.22	21-Dec-2016	30

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority

WHEREAS pursuant to directives dated December 22nd 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, and December 18th, 2013 (collectively, "the Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "Amalgamation") with the name Independent Electricity System Operator ("New IESO");

AND WHEREAS pursuant to the Prior Directives all amounts outstanding under the Loans are required to be repaid in full by December 31, 2016;

AND WHEREAS the terms of the Loans are set out in a Credit Agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 20015, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, and December 19, 2014 (as so amended, the "Loan Agreement");

AND WHEREAS pursuant to the Amalgamation the obligations of the OPA under the Loan Agreement became the obligations of the New IESO;

AND WHEREAS the Loan Agreement provides that the OFA may make advances to the IESO on any Business Day (as defined in the Loan Agreement) prior to November 30, 2016;

AND WHEREAS it is appropriate to extend the period during which the OFA may make advances to the IESO under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2019, and to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2019;

AND WHEREAS the Loan Agreement only permits advances to be outstanding for a period of one month, two months, or three months, at the option of the IESO;

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to permit advances to be outstanding, for a minimum of twenty-eight days up to a maximum of ninety-five (95) days, at the option of the IESO;

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to provide that the advances under the Loan Agreement be used by the IESO for liquidity purposes.

Therefore:

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993,* the OFA is directed to

- extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2019;

- extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2019; and,

- permit advances to be outstanding for a minimum of twenty-eight days up to a maximum of ninety-five (95) days, at the option of the IESO.

- provide that effective as of December 31, 2016 advances under the Loan Agreement may be used only for liquidity purposes.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: NOV 2 8 2016

Charles Sousa
Minister of Finance

From: Parvez Daruwalla
To: Mike Manning
Subject: FW: IESO Treasury Policy - likely revising for June 2017
Date: Thursday, June 08, 2017 8:58:27 AM

FYI – Please note that Risk Control Policy agrees with increasing the limit to $500 million from $420 million.
Parvez

From: Alexander Kraas
Sent: Wednesday, June 07, 2017 4:52 PM
To: Parvez Daruwalla
Cc: David Peters ; Ken Kandeepan
Subject: RE: IESO Treasury Policy - likely revising for June 2017
Hello Parvez;
We agree with the two recommended changes.
Best regards
Alex

From: Parvez Daruwalla
Sent: Friday, June 02, 2017 3:55 PM
To: Alexander Kraas <Alexander.Kraas@ofina.on.ca>
Cc: David Peters <David.Peters@ofina.on.ca>
Subject: FW: IESO Treasury Policy - likely revising for June 2017
Hi Alex
Last time you worked with Shruti to determine the concentration limit. They are proposing a higher limit of $500 million as opposed to $420 million. Have a look.
Regards
Parvez

From: David Peters
Sent: Friday, June 02, 2017 1:54 PM
To: Parvez Daruwalla <Parvez.Daruwalla@ofina.on.ca>
Subject: FW: IESO Treasury Policy - likely revising for June 2017

From: Carlos Yep
Sent: Friday, June 02, 2017 1:19 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; David Peters <David.Peters@ofina.on.ca>
Subject: FW: IESO Treasury Policy - likely revising for June 2017

From: Salman Qadir
Sent: Friday, June 02, 2017 12:02 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: IESO Treasury Policy - likely revising for June 2017
Hi Ken/Mike/Carlos,
Hope your week is going well.
We received the attached request to review IESO's latest update to their treasury policy which will

require Minister of Finance's approval. As applicable, if your teams can review and provide comments, if any, we can consolidate and get back to IESO before they go to their Board in mid-June. We're hoping to get back to IESO early/mid next week.
Please let me know.
Thank you,
Salman

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, May 30, 2017 11:29 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: IESO Treasury Policy - likely revising for June 2017

Salman,
Attached is a preliminary draft of the Treasury Policy and Sch A for your review.
Two changes have been made:

1. Permitting Fair Hydro program borrowings – self explanatory rationale; and
2. Increase from $420 million to $500 million in Sch A's Cdn Banks max limit per counter party.

The key rationale for the requested increase from $420 million to $500 million per counterparty is as follows:

• The market price of electricity has increased between 2014 to 2016 by approximately 16%-19% which has continued to result in the IESO managing higher and higher cash-flows and therefore seeking risk appropriate investments in accordance with the Treasury Policy – a large limit will allow the IESO to have more flexibility while being efficient with its cash;
• Over the past few years and relevant today, the availability of short-term (generally 1 day to 7 days which is used a lot by the IESO, and including less than 30 days investment) products such as Treasury Bills, BAs and Term Deposits have been irregular and not reliable for the IESO to find. The IESO generally deals in large amounts (several hundreds of millions) and given the lack of short term products at the size the IESO needs, the Sch 1 banks have been generally offering Term Deposits for the IESO at very low interest rates because the Banks do not need the IESO monies. In fact, a few banks offer the IESO less than 10bps for Term Deposits – which is significantly lower than Bank of Canada overnight rate and BAs rates. Therefore, a Term Deposit with very low interest yield does not align with a resulting lower counterparty risk for the IESO; and
• The IESO's Transmission Rights balances have in general remained higher than $100 million on average over the last few years despite an IESO target of $20 million. This has resulted in the IESO managing higher cash-flows

- While the Fair Hydro program is likely to not impact the IESO's overall net cash balances (borrow / sell should generally align), the timing of these cash flows may be different at times and the IESO may hold more cash (short term basis) for a few days. The sales/service agreement with OPG Trust has not been completed, and I am just listing this as a contingency in case for some reason IESO holds larger cash balances before paying back the Fair Hydro loans.

Regards.

From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 23, 2017 3:11 PM
To: Anthony Martinello
Cc: John Kim; Bruno Amara; Shajee Kathirgamanathan
Subject: RE: IESO Treasury Policy - likely revising for June 2017

Thanks Anthony.

We are working on obtaining approvals to ensure the facility can be put in place. I assume we will follow the same process as for the $975m facility – I will touch base with our documentation team and get back to you – that being said, our priority at the moment is to secure certain approvals.
Regards,
Salman

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, May 22, 2017 2:32 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: IESO Treasury Policy - likely revising for June 2017

Will do – trying for this week.
Can you update me on whether the IESO's $2B Fair Hydro credit facility is a go or no go – and if OFA will prepare the legal docs to start the process?
Regards.

From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 18, 2017 3:09 PM
To: Anthony Martinello
Cc: John Kim; Bruno Amara; Shajee Kathirgamanathan
Subject: RE: IESO Treasury Policy - likely revising for June 2017

Hi Anthony,
I wanted to circle back with you on this email, particularly regarding possibly updating the IESO's Treasury Policy. Since it does require the Minister of Finance's approval, the OFA would be involved in obtaining that approval from the Minister. When you do have a markup, please do share it with us. Any details on what the changes would be accomplishing etc would also be helpful.
Regards,
Salman

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, May 15, 2017 3:13 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: IESO Treasury Policy - likely revising for June 2017

Salman,
As part of the Fair Hydro initiative, the IESO plans to ask government to permit FHP debt in an update to the O. Reg. 280/14.
In addition, IESO is likely to update its treasury policy (see attached – as approved by IESO Board and Min of Fin in 2015) to permit for the FHP draws/initiative.
I likely may also ask to increase the short term Cdn Sch I banks limits from $420million to $500million.
As part of the treasury policy update I wanted to give you/OFA a fyi and determine if you/OFA wish to comment back to me before I undertake the above changes.
Call me to discuss if easier.
Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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From:	Parvez Daruwalla
To:	"Anthony.Martinello@ieso.ca"
Cc:	David Peters
Subject:	FW: IESO Treasury Policy - likely revising for June 2017
Date:	Tuesday, June 06, 2017 11:10:41 AM
Attachments:	Item 8(iii) BLACKLINED Treasury Policy June 14 2017.docx Item 8(iv) BLACKLINED Schedule A - IESO Treasury Policy.docx

Hi Anthony

We received this e-mail from Salman Qadir and would like to have a chat with you sometime in the afternoon (around 2.00 p.m.) tomorrow, if you are available. Please let me know. Thanks.

Parvez Daruwalla
Manager, Pooled Investments
Ontario Financing Authority
416-325-2656

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Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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IESO Statement of Investment, Borrowing and Financial Management Policies and Procedures ("Treasury Policy")			
Office of Primary Responsibility	Treasury, Corporate Services	Policy #	**Treasury 01**
Subject.:	**IESO TREASURY POLICY**	Page:	1 of 4, and Schedule A
Approved by	Board of Directors	Effective	June 24, 2015
		Revised	June 14, 2017~~n / a~~

1. DEFINITIONS

CFO: means the IESO's Chief Financial Officer

IESO: means the Independent Electricity System Operator.

Treasury Policy: means this policy document, and means the Statement of Investment, Borrowing and Financial Management Policies and Procedures as referenced in Ontario Regulation 280 / 14.

2. PURPOSE:

The purpose of this Treasury Policy is as follows:

a) To adopt a policy for the sound and efficient management of the IESO's borrowing, investment, foreign exchange, financial affairs, and other treasury related activities;

b) To make investments when the investments are advisable for the sound and efficient management of the IESO's financial affairs;

c) To adhere to Ontario Regulation 280 / 14 made under the Electricity Act, 1998, as amended;

3. SCOPE

This Treasury Policy applies to all treasury related activities of the IESO (corporation) and the IESO's administered markets.

This Treasury Policy must be reviewed on an annual basis.

4. OUT OF SCOPE

This Treasury Policy does not apply to any activities pertaining to the IESO's pension plans[1].

Nothing in this Treasury Policy restricts the IESO's authority to enter into contracts referred to in section 25.32 or 25.35 of the Electricity Act.

5. RESPONSIBILITIES

5.01 **Manager, Treasury and Pension Operations (or equivalent)** is responsible for:

- Manage all day-to-day treasury activities and ensure adherence to this Treasury Policy;
- To establish documented treasury processes and procedures for internal control purposes;
- As necessary, recommend to the CFO any appropriate changes to Treasury Policy;
- Provide the CFO on a timely basis with any policy violations, concerns, or issues;
- To provide a report on the IESO's treasury activities to the CFO and IESO Board of Directors at least each quarter.

5.02 **Chief Financial Officer** is responsible for:

- Establish prudent and effective treasury and risk management practices;
- To manage the relationships between government and the IESO regarding all treasury matters;
- Reviewing any proposed changes to the Treasury Policy before submission to the IESO Board of Directors;

[1] Includes the IESO Registered Pension Plan and IESO Supplementary Employee Retirement Plan (SERP reserve).

5.03 **IESO Board of Directors** are responsible for:

- To adopt a Treasury Policy setting out policies for the IESO's borrowing, investment, foreign exchange, financial affairs, and other treasury related activities;
- To ensure any proposed change to the Treasury Policy is sent to the Minister of Finance for approval

6. PERMITTED ACTIVITIES

6.1 Permitted Borrowings:

a) All new borrowing facilities must be approved by the IESO Board of Directors.

b) The CFO will renew the annual SERP's letter of credit posted with the SERP trustee.

c) All borrowing facilities must be denominated in Canadian dollars.

d) The IESO shall establish bank accounts' overdraft capacity and services with its bank(s).

e) The IESO may only borrow from the following list of lenders:
   i. Government of Canada, Canadian provincial governments or any of their agencies; and
   ii. Canadian Schedule I or Schedule II or Schedule III financial institutions;

f) As determined by the CFO, the IESO may obtain a credit rating(s) to assist the IESO with establishing the IESO's creditworthiness to prospective lenders or counterparties.

g) Borrowing facilities shall only be utilized for the following purposes:
   i. To ensure the IESO corporation's operating liquidity and for purchases of IESO corporation's capital assets;
   ii. To ensure liquidity to complete the IESO's mandate for the Ontario electricity markets' settlements including the settlements for any Ontario government programs that the IESO is a service provider;
   iii. To ensure funding of any amounts, including variance accounts and timing differences, as prescribed by the Ontario Electricity Act and any Ontario regulation;
   ~~iii.~~iv. To ensure funding of any amounts pertaining the Ontario's Fair Hydro program;
   ~~iv.~~v. To ensure funding as may be necessary to manage timing differences between the receipts and payments with respect to IESO procurement contracts, electricity markets transactions, Smart Metering, and taxes; and
   ~~v.~~vi. As directed by the Minister of Energy;

6.2 **Permitted Investments and Forward Foreign Exchange Contracts:**

a) See **Schedule "A": Approved Financial Instruments Listing** for a listing of permitted investments and counterparties.
b) Investments or counterparties not listed in **Schedule "A"** are prohibited.
c) All investments must be denominated in either Canadian or US dollars.

End.

Schedule "A"
Independent Electricity System Operator ("IESO")
Approved Financial Instruments Listing

Permitted Categories of Investment Products or Hedging Financial Instrument	***Allowable Counterparties or Issuers***	***Minimum S&P's Rating or equivalent ([1])***	***Maximum Face Amounts per counterparty or issuer***	***Max Term Limit***
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7. Treasury Bills *8. Bonds* *9. Debentures* *10. Promissory Notes*	*Government of Canada* *Or* *Canadian Provincial Government,* *Or* *Government Agency (fully guaranteed by the Government of Canada or Provincial government)*	*TBills and Promissory Notes: "**A-1+**"* *Bonds and Debentures: "**AA-**"*	*Government of Canada and Province of Ontario: unlimited* *Other: $500million*	*365 days*
11. US$: Spot Market Purchases	*Canadian Schedule I Banks*	*Short term: "**A-1+**"*	*The total estimated US$ expenditures within the next 100 days.* *Maximum of US$5million*	*100 days*
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[2] US$ spot, and US$ Forward Foreign Exchange Contracts will be utilized to manage foreign exchange risk and not to engage in speculative trading.

From:	Salman Qadir
To:	Ken Kandeepan; Mike Manning; Carlos Yep
Cc:	Bruno Amara; John Kim
Subject:	FW: IESO Treasury Policy - likely revising for June 2017
Date:	Friday, June 02, 2017 12:01:49 PM
Attachments:	Item 8(iii) BLACKLINED Treasury Policy June 14 2017.docx Item 8(iv) BLACKLINED Schedule A - IESO Treasury Policy.docx

Hi Ken/Mike/Carlos,

Hope your week is going well.

We received the attached request to review IESO's latest update to their treasury policy which will require Minister of Finance's approval. As applicable, if your teams can review and provide comments, if any, we can consolidate and get back to IESO before they go to their Board in mid-June. We're hoping to get back to IESO early/mid next week.

Please let me know.

Thank you,

Salman

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, May 30, 2017 11:29 AM
To: Salman Qadir
Subject: RE: IESO Treasury Policy - likely revising for June 2017

Salman,

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Two changes have been made:

1. Permitting Fair Hydro program borrowings – self explanatory rationale; and
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agreement with OPG Trust has not been completed, and I am just listing this as a contingency in case for some reason IESO holds larger cash balances before paying back the Fair Hydro loans.

Regards.

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To: Salman Qadir <Salman.Qadir@ofina.on.ca>

Cc: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>

Subject: RE: IESO Treasury Policy - likely revising for June 2017

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Can you update me on whether the IESO's $2B Fair Hydro credit facility is a go or no go – and if OFA will prepare the legal docs to start the process?

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I likely may also ask to increase the short term Cdn Sch I banks limits from $420million to

$500million.

As part of the treasury policy update I wanted to give you/OFA a fyi and determine if you/OFA wish to comment back to me before I undertake the above changes.

Call me to discuss if easier.

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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IESO Statement of Investment, Borrowing and Financial Management Policies and Procedures ("Treasury Policy")			
Office of Primary Responsibility	Treasury, Corporate Services	Policy #	**Treasury 01**
Subject.:	**IESO TREASURY POLICY**	Page:	1 of 4, and Schedule A
Approved by	Board of Directors	Effective	June 24, 2015
		Revised	June 14, 2017~~n / a~~

1. DEFINITIONS

CFO: means the IESO's Chief Financial Officer

IESO: means the Independent Electricity System Operator.

Treasury Policy: means this policy document, and means the Statement of Investment, Borrowing and Financial Management Policies and Procedures as referenced in Ontario Regulation 280 / 14.

2. PURPOSE:

The purpose of this Treasury Policy is as follows:

a) To adopt a policy for the sound and efficient management of the IESO's borrowing, investment, foreign exchange, financial affairs, and other treasury related activities;

b) To make investments when the investments are advisable for the sound and efficient management of the IESO's financial affairs;

c) To adhere to Ontario Regulation 280 / 14 made under the Electricity Act, 1998, as amended;

3. SCOPE

This Treasury Policy applies to all treasury related activities of the IESO (corporation) and the IESO's administered markets.

This Treasury Policy must be reviewed on an annual basis.

4. OUT OF SCOPE

This Treasury Policy does not apply to any activities pertaining to the IESO's pension plans[1].

Nothing in this Treasury Policy restricts the IESO's authority to enter into contracts referred to in section 25.32 or 25.35 of the Electricity Act.

5. RESPONSIBILITIES

5.01 **Manager, Treasury and Pension Operations (or equivalent)** is responsible for:

- Manage all day-to-day treasury activities and ensure adherence to this Treasury Policy;
- To establish documented treasury processes and procedures for internal control purposes;
- As necessary, recommend to the CFO any appropriate changes to Treasury Policy;
- Provide the CFO on a timely basis with any policy violations, concerns, or issues;
- To provide a report on the IESO's treasury activities to the CFO and IESO Board of Directors at least each quarter.

5.02 **Chief Financial Officer** is responsible for:

- Establish prudent and effective treasury and risk management practices;
- To manage the relationships between government and the IESO regarding all treasury matters;
- Reviewing any proposed changes to the Treasury Policy before submission to the IESO Board of Directors;

[1] Includes the IESO Registered Pension Plan and IESO Supplementary Employee Retirement Plan (SERP reserve).

5.03 **IESO Board of Directors** are responsible for:

- To adopt a Treasury Policy setting out policies for the IESO's borrowing, investment, foreign exchange, financial affairs, and other treasury related activities;
- To ensure any proposed change to the Treasury Policy is sent to the Minister of Finance for approval

6. PERMITTED ACTIVITIES

6.1 Permitted Borrowings:

a) All new borrowing facilities must be approved by the IESO Board of Directors.

b) The CFO will renew the annual SERP's letter of credit posted with the SERP trustee.

c) All borrowing facilities must be denominated in Canadian dollars.

d) The IESO shall establish bank accounts' overdraft capacity and services with its bank(s).

e) The IESO may only borrow from the following list of lenders:
   i. Government of Canada, Canadian provincial governments or any of their agencies; and
   ii. Canadian Schedule I or Schedule II or Schedule III financial institutions;

f) As determined by the CFO, the IESO may obtain a credit rating(s) to assist the IESO with establishing the IESO's creditworthiness to prospective lenders or counterparties.

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   ~~iii.~~iv. To ensure funding of any amounts pertaining the Ontario's Fair Hydro program;
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a) See **Schedule "A": Approved Financial Instruments Listing** for a listing of permitted investments and counterparties.
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From:	Parvez Daruwalla
To:	Salman Qadir
Cc:	David Peters; Mike Manning
Subject:	FW: IESO Treasury Policy - likely revising for June 2017
Date:	Thursday, June 08, 2017 9:26:16 AM

FYI

From: Alexander Kraas
Sent: Wednesday, June 07, 2017 4:52 PM
To: Parvez Daruwalla
Cc: David Peters ; Ken Kandeepan
Subject: RE: IESO Treasury Policy - likely revising for June 2017

Hello Parvez;

We agree with the two recommended changes.

Best regards

Alex

From: Parvez Daruwalla
Sent: Friday, June 02, 2017 3:55 PM
To: Alexander Kraas <Alexander.Kraas@ofina.on.ca>
Cc: David Peters <David.Peters@ofina.on.ca>
Subject: FW: IESO Treasury Policy - likely revising for June 2017

Hi Alex

Last time you worked with Shruti to determine the concentration limit. They are proposing a higher limit of $500 million as opposed to $420 million. Have a look.

Regards

Parvez

From: David Peters
Sent: Friday, June 02, 2017 1:54 PM
To: Parvez Daruwalla <Parvez.Daruwalla@ofina.on.ca>
Subject: FW: IESO Treasury Policy - likely revising for June 2017

From: Carlos Yep
Sent: Friday, June 02, 2017 1:19 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; David Peters <David.Peters@ofina.on.ca>
Subject: FW: IESO Treasury Policy - likely revising for June 2017

From: Salman Qadir
Sent: Friday, June 02, 2017 12:02 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
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www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]
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From:	Mike Manning
To:	Opal Kandelas
Subject:	FW: IESO_OFA FEP 2017 Credit Letter
Date:	Tuesday, May 16, 2017 2:48:27 PM
Attachments:	IESO_OFA FHP 2017 Credit Letter.docx ATT00001.htm

---

As discussed.

Mike

From: Gadi Mayman
Sent: Friday, May 12, 2017 11:07 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Fwd: IESO_OFA FEP 2017 Credit Letter

Begin forwarded message:

> **From:** Georgia Ritchie-Wust <georgia.ritchie-wust@ieso.ca>
> **Date:** May 12, 2017 at 2:07:32 PM EDT
> **To:** "gadi.mayman@ofina.on.ca" <gadi.mayman@ofina.on.ca>, "mike.manning@ofina.on.ca" <mike.manning@ofina.on.ca>, "Salman.Qadir@ofina.on.ca" <Salman.Qadir@ofina.on.ca>
> **Cc:** Anthony Martinello <Anthony.Martinello@ieso.ca>, Kim Marshall <Kim.Marshall@ieso.ca>
> **Subject: IESO_OFA FEP 2017 Credit Letter**
>
> Hi,
> At the request of Anthony Martinello, I'm forwarding a copy of the signed letter from Kim Marshall re the above-mentioned subject matter.
> If you have any questions please feel free to contact Anthony Martinello directly at anthony.martinello@ieso.ca
> Thanks,
> **Georgia Ritchie-Wust** | Executive Assistant to Kim Marshall, VP, Corporate Services & CFO
> Independent Electricity System Operator (IESO) | T: (905) 855-6379 | T: (416) 969-6012 | F: (905) 855-6459
> Postal Station A, Box 4474, Toronto, ON M5W 4E5
> Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]
>
> ***Corporate Services collaborates with you to deliver solutions and expertise that***

enable the IESO to achieve its goals.

Conservation: www.saveONenergy.ca[saveonenergy.ca] | Twitter: saveONenergyOnt[twitter.com] | LinkedIn: saveONenergy[linkedin.com]

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.....(Aristotle)

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Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 12, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the proposed Fair Hydro Plan (FHP) to reduce electricity prices for eligible consumers in the province. Proposed legislation was introduced this month for the FHP. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that in order to support the IESO's role in FHP implementation it will need greater credit liquidity than currently exists.

An existing credit facility between the IESO and the Ontario Financing Authority (OFA) is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO proposes that a separate and additional credit facility be provided by either the OFA or Ontario Electricity Financial Corporation (OEFC) to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking.

IESO's FHP Credit Requirements and Rationale

Below we have outlined the IESO's expected credit needs including the current OFA facility as follows:

	OFA:IESO Facility	New FHP facility
Current credit facilities	$975 million	$ -
Reduction due to FHP	($500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Totals Credit Facilities	$475 million	$2,000 million

The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP. In addition, the IESO has had recent discussions with OFA staff to explain the rationale to support the overall $2,000 million FHP commitment.

We suggest the new FHP credit facility consider the following key provisions:

- 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);
- interest charge - to be Province's cost of funds for borrowing with a similar term as determined by OFA / OEFC plus 0.25 percent per annum;
- Draws - to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers; and
- Existing $975 million OFA facility : draws to permit for FHP purposes until a new separate credit agreement for FHP purposes has been made available;

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facilities and we will provide such evidence for your records.

We appreciate your continued support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From:	Carlos Yep
To:	Mike Manning; James Devine
Subject:	FW: Indemnity Draft Briefing Note
Date:	Thursday, June 15, 2017 7:54:44 AM
Attachments:	OFHP_GA - OPG IESO Indemnities - FAA s28 - BN_v10npdocx.docx

fyi

From: Petsche, Nadine (TBS) [mailto:Nadine.Petsche@ontario.ca]
Sent: Wednesday, June 14, 2017 10:02 PM
To: Bruno Amara ; Ken Kandeepan
Cc: John Kim ; Malle Hanslep (MOF) ; Tobias P. Whitfield (MOF) ; Carlos Yep ; Bharat Patel (MOF) ; Veinot, Cindy (TBS)
Subject: RE: Indemnity Draft Briefing Note

Bruno/Ken,

Please see my comments on the draft briefing note. Please note that Cindy is out of the office at PSAB Task Force meetings for the remainder of the week and has not had a chance to review my comments. I have copied her on my response. Further comments/edits may follow.

Nadine

From: Bruno Amara [mailto:Bruno.Amara@ofina.on.ca]
Sent: June-13-17 1:17 PM
To: Petsche, Nadine (TBS); Yep, Carlos (OFA); Kandeepan, Ken (OFA); Patel, Bharat (TBS)
Cc: Kim, John (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: FW: Indemnity Draft Briefing Note

Hi

Attached for your information is a draft briefing note on Ministry of Energy's s. 28 (FAA) request for approval of indemnities for OPG and IESO. A number of clarifications have been requested from OPG/IESO mainly related to the scope of the indemnity request.

This draft note is also intended to facilitate coordination as necessary in various ongoing discussions such as IESO/OPG indemnities, provincial guarantees, PiLs exemption. I'm not sure if the indemnity may also have implications for accounting treatment.

Comments welcome.

Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
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MINISTER OF ENERGY REQUEST FOR SECTION 28 APPROVAL FOR INDEMNITY AGREEMENTS IN FAVOUR OF OPG AND IESO FOR THEIR PARTICIPATION UNDER THE ONTARIO FAIR HYDRO PLAN ACT

ISSUE

The Minister of Energy is requesting approval from the Minister of Finance, pursuant to Section 28 of the *Financial Administration Act ("*FAA*")* to enter into Indemnity Agreements ("Agreements"), on behalf of the Crown, in favour of Ontario Power Generation ("OPG"),and its subsidiaries and the Independent Electricity System Operator ("IESO") with respect to their respective roles in carrying out the implementation of the Ontario Fair Hydro Plan ("OFHP") under the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP Act"). The indemnities would extend to the directors, officers and employees of these entities as well as the agents of the IESO.

Section 28 of the FAA requires that all ministries and public entities request the prior written approval of the Minister of Finance or the President of the Treasury Board for any transaction or commitment that would directly or indirectly increase the indebtedness or contingent liabilities of Ontario.

- The Minister of Energy would sign an Indemnity Agreement in favour of OPG and in favour of IESO.
- The Ministry of Energy indicates both OPG and the IESO expect to carry out activities that fall outside the scope of their pre-OFHP typical business activities and corporate mandate. This creates the risk that such activities could be perceived as not being carried out in "good faith" or in the best interest of the corporation thereby exposing OPG and/or the IESO to increased liability (pre-existing statutory protections from liability only extend to "good faith acts").
- In addition, statutory protections do not indemnify for costs relating to defending a claim.

RECOMMENDATION

- IESO and OPG have stated that these indemnities are required for their participation in the implementation of the OFHP Act.
- In order for the OFHP Act to be successful, it is recommended by the Minister of Energy that the Minister of Finance approve this request.
- [The requirement for indemnities was referenced in the recent Cabinet Submission by Minister of Energy, dated _____.]

WHAT IS THE MINISTER BEING ASKED TO SIGN?

- The Minister is being asked to sign the section 28 approval forms and the transmittal letter to Minister Thibeault.

FISCAL IMPACT

Commented [A1]: Would Energy think it fair to add this wording to its business case?

Commented [OPCD2]: For accounting purposes, doesn't OPG have to demonstrate that they are making the decision to participate at their own discretion? This clause would appear contradictory.

Commented [OPCD3]: See note above. Involvement by OPG was supposed to be based on a 'business case'

Commented [OPCD4]: These indemnities will not guarantee the success of the OFHP.

Commented [A5]: This is placeholder language. TBD/TBC

Commented [OPCD6]: Timing consideration are not noted in the briefing note. When does it have to be signed by? When does OPG anticipate borrowing?

- The fiscal impact of a future indemnity claim is unknown. Ministry of Energy ("MENE") states that the likelihood of this indemnity being called upon is low and that the fiscal exposure is unquantifiable at this time.
- An line item or an appropriation for the contingent liability is not required by the Ministry of Energy at this time. Disclosure on contingent liabilities would have to be reported in the Province's financial statements.
- An approval would be required for a voted appropriation for the Ministry of Energy to make payments if indemnity was called upon.
- MENE has confirmed in its [draft] request letter that it bears responsibility for funding, within its approved allocation, for payments associated with the indemnities provided under the Agreements.

Commented [A7]: Is this statement in the business case? P. 5 says "The risk to the Province of giving the indemnities is undeterminable at this time." Whereas the contingent liability table says it is low.
Can we have MENE to put this right up front. Need a bit of a narrative – what we [Energy] believe and why.

Commented [OPCD8]: Some reference to the amount likely being material with reference to components would be relevant to the decision maker…under what circumstances might the indemnity be called up, and what would have to be covered? All legal claims? Are there any limitations/scopes/timing considerations?

Commented [OPCD9]: Expenses and related fiscal impact would be reported on an 'accrual' basis (e.g. for a lawsuit with likelihood of success and reasonably estimable – would have to accrue.

Commented [BA10]: We need to make clear what this means. Is it meaningful to claim to be responsible for funding if amount is unknown? And bullets above note ministry would need an approval for an appropriation. (This could include no approval and instruction to manage).

SUMMARY OF PROPOSED INDEMNITIES

This summary of the OPG/IESO Indemnity Agreement sets out who is being indemnified, for what, and also addresses the proposed waiver of claims, whereby the Province agrees not to bring certain claims against the indemnified parties.

Who the Indemnity Applies to

- The indemnity is being given in favour of "Protected Persons" which comprises OPG, each of OPG's subsidiaries [NTD: We have not received confirmation of whether the financing entity is a subsidiary of OPG] and each of their respective directors, officers and employees.

- Protected Persons are being indemnified against all losses, costs, damages and other expenses for any amount for which they incur damages in relation to any civil, criminal, administrative, investigative and/or other claim, including a broad range of types of damages. This also includes punitive and a broad range of types of damages that are not always included in an indemnity, such as consequential damages and economic losses. The indemnity also covers costs and expenses for defending themselves. These indemnities are for any act or omission and activity that relates to the Fair Hydro Plan.

Commented [OPCD11]: If exercised in good faith? Has OPG and it's external auditors commented on potential risks of the request to the accounting treatment? Feedback should be in writing, and taken together with other terms and conditions that may impact an assessment of 'provincial' control.

What indemnities are being provided?

- The Indemnity Agreement provides that the Protected Person shall not benefit from the indemnity to the extent that the losses are already covered by an insurance policy or another indemnity.
- The indemnity also does not apply where the loss relates to the gross negligence or willful misconduct of the Protected Person. It is also explicitly carved out of this exception that a failure to conduct reasonable due diligence investigation will not in itself constitute gross negligence or willful misconduct, which narrows the exception in the context of disclosure and activities relating to issuing securities in public markets such that failing to conduct due diligence will not necessarily invalidate the Indemnity.

Formatted: Highlight

- The indemnity also applies where, in the case of a criminal or administrative proceeding, the Protected Person had a reasonable belief that their conduct was lawful.
- The Indemnity Agreement sets out how the Protected Person should notify the Province of any claims, and how any proceedings should be dealt with amongst the parties, as well as how any expenses and amounts should be paid during the determination of the claim.

The Indemnity Agreement includes a waiver of claim provision, which is not a normal provision for an indemnity agreement.

- This additionally provides that the Province will not make a claim against a Protected Person who is an individual (i.e., does not apply to OPG/IESO or subsidiaries) relating to any activities associated with the Fair Hydro Plan. This does not apply to claims for willful misconduct, dishonesty or gross negligence.

The Indemnity Agreement includes a warranty section given by the Province. In this section the Province Warrants that it has the authority and capacity, and has taken all necessary steps to enter into the Indemnity Agreement.

- This is an unusual provision, but likely relates to the fact that the Province is not the employer of the indemnified party, or the officers and directors are not the officers and directors of the Province.

Commented [OPCD12]: In the case of a market disruption, can the government guarantee that it will be able to indemnify, for what amounts and for how long?

ANALYSIS

Commented [A13]: s.28 notes usually talk about mitigation, as does the contingent liability table. Anything we can add here?

Scope of liability from Indemnities

Commented [OPCD14]: What does this mean?

The IESO and OPG are asking the Province to agree to indemnify, defend and hold harmless the IESO (and its agents) and OPG (and its subsidiaries), as well as their respective directors, officers and employees, from all claims, liabilities, costs, losses, taxes, fines, penalties judgments (including indirect and consequential damages/loss of profits, economic loss/loss of opportunity) that might, directly or indirectly, be incurred by any of the indemnified entities and individuals in relation to any civil, criminal administrative investigative or other claims or proceedings arising directly or indirectly as a result of the entities or individual's activities, acts and/or omissions in the implementation of or otherwise relating to the OFHP (including where an individual is acting at the request of OPG or IESO in a different capacity than as a director, officer or employee of OPG or a subsidiary).

Commented [A15]: Has the scope of this indemnity been compared to the proposed Provincial guarantee related to the financing? Is there overlap or duplication?

Commented [A16R15]: Comments from MOF Legal:

Even if Board has indemnities from OPG, wouldn't be able to cover as is not in the best interest of corporation.

MOF Legal: up to Energy to tell us. OPG must have given Board members the normal indemnities.

Bruce Lease one covers the not in the best interest of corporation.

OBCA indemnity: immunity from suit. May indemnity corp. directors and officers. Limited to indemnity in good faith. Other specific provisions exist in EA and FHA.

IESO covers quite a bit. Including Board, directors, employees.

- The indemnity would also include coverage for the financing entity (SPV), created by OPG, (as a subsidiary of OPG) to facilitate the purchase of the deferred assets ("regulatory assets") under the Global Adjustment ("GA").

Commented [OPCD17]: These will be reported as intangible assets by OPG Trust. Should that terminology be used instead?

Commented [A18]: Fair to insert?

MENE states that the OFHP Act activities of both OPG and the IESO would otherwise fall outside the scope of their typical business activities and corporate mandates. According to MENE, this creates the risk that such activities could be perceived as not being carried out in "good faith" or in the best interest of the corporation, thereby exposing OPG and/or the IESO to increased liability.

Commented [A19]: Would Energy change this to "historical" in its business case?

Commented [A20R19]: MOF Legal: OPG Board appears to be concerned some would say not in good faith despite objects being changed.

Commented [OPCD21]: Wherever IESO or OPG undertake activities outside of their mandate, have such indemnities been obtained?

Examples of specific risks to OPG include, without limitation,

- liability as a promoter under Canadian securities laws (or the equivalent, if any, under other applicable securities laws),
- secondary market liability under Canadian and/or other applicable securities laws,
- liability that the signatories to the prospectuses will have (i.e., the individuals signing the prospectus), and
- liability of OPG as the Financial Services Manager under any of the transaction agreements (e.g., the Financial Services Management Agreement, the Administration Agreement, the MSSA, the Master Trust Indenture and any Supplemental Indentures).

Examples of specific risks to the IESO include, without limitation, liability for its role in potential securities offerings of OPG's financing entity, which may come with heightened exposure to liability for the IESO, particularly for offerings into the U.S. market. It is not clear whether the statutory protections would apply federally or in the U.S. context. If they would not extend to a U.S. claim, for example, it would support the need for a separate indemnity for the IESO.

If the indemnities are not provided, ENE indicates that this could affect OPG and IESO's willingness to undertake such activities, jeopardizing the successful implementation of the OFHP Act. Both the IESO and OPG have specifically asked for these Indemnities in order to allow them to carry out their roles in implementing the OFHP Act.

Commented [A22]: Can we know this in advance, or is this only to be known if tested in the courts?

Commented [A23R22]: IESO is indirectly involved. Not clear EA 19(1) for IESO. Unclear whether it'd protect from US suit. OFA Board also raised. MOF Legal: this is a valid point.

Commented [OPCD24]: As written, or at all?

Commented [A25]: The business case is somewhat inconsistent on specifically citing directors, or being broader. Which is it?

Key Comments:

In providing the approval under Section 28 of the FAA, it is important to flag the following key items that arise from the Indemnity Agreements that the Minister of Energy is proposing to sign [subject to finalising drafting – TBC].

1. Acting in "Good Faith"

Without duplication of the coverage for liabilities that could arise for OPG and IESO, both are requesting to be indemnified for their activities that may be found to have not been conducted in "good faith" and/or in the best interests for their respective corporations.

Commented [OPCD26]: Should their MOUs be modified instead?

Since IESO and OPG are expected to carry out activities under the OFHP that fall outside the scope of their typical business activities and corporate mandate to date, management in IESO and OPG are of the view that this creates the risk that such activities could be perceived as not being carried out in "good faith" or in the best interest of the corporation thereby exposing OPG and/or the IESO and their directors, officers and employees to increased liability.

- The concern seems to be that carrying out activities to implement the OFHP Act, even if in some cases required by the Act would not be considered to be in the best interest of the respective corporation.

  - Is there a difference between acting in good faith in the best interests of the corporation versus acting in good faith in the exercise or performance of powers or duties under the Act?

- Statutory protections from liability only extend to "good faith acts as set out below for IESO directors, officers, employees and agents and for OPG employees".
  - Since OPG is falls under Ontario's *Business Corporations Act* (OBCA), directors and officers of OPG are subject to the standard set out in that Act which includes a limitation on indemnities from corporations, whereby indemnities can only be given to the extent that the directors and officers carried out their activities in good faith and in the best interest of the corporation. The proposed Provincial indemnity, however, would not be restricted to that standard.
  - The standard applicable to directors of IESO is set out in s. 12 of the *Electricity Act, 1988*, i.e., to act honestly and in good faith in the best interests of the IESO and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
  - So the standard is similar for both OPG and IESO directors.

Both the *Electricity Act, 1998* and the *Ontario Fair Hydro Plan Act, 2017*, provide coverages for such liabilities as long as those activities are done in "good faith".

- Subsection 19(1) of the Electricity Act, 1998 already provides IESO directors, officers and employees with the following protection from liability:

  "No action or other civil proceeding shall be commenced against a director, officer, employee or agent of the IESO or a member of a committee or panel established by the board of directors of the IESO for any act done in good faith in the exercise or performance or the intended exercise or performance of a power or duty under any Act, the regulations under any Act, the IESO's licence, the IESO's by-laws or the market rules, or for any neglect or default in the exercise or performance in good faith of such a power or duty."

- Subsection 39(1) of the *Ontario Fair Hydro Plan Act, 2017* also provides similar protection from liability for OPG:

  "No action or other civil proceeding shall be commenced against any employee of the Province or Ontario Power Generation Inc. for any act done in good faith in the exercise or performance or the intended exercise or performance of a power or duty under this Act, the regulations or for any alleged neglect or default in the exercise or performance in good faith of such a power or duty."

2. Potential for Fiscal Exposure of the OFHP Act

In addition to the potential fiscal impact due to a call on the indemnity, there may be a risk associated with the anticipated accounting treatment of the GA Financing portion of the OFHP. With the Province providing guarantee agreements, financial support through credit facilities and

Commented [OPCD27]: Good point.

Commented [A28]: There is no statutory protection for directors and officers of OPG. Most likely OPG has provided them with a typical indemnity consistent with OBCA provisions

Commented [OPCD29]: Does it only cover them during their terms, or does it carry once they leave for any past activities/transactions?

Commented [BA30]: Does this mean
- employee of the Province or employee of OPG, or
- employee of the Province or OPG (i.e., the corporation itself)?

the proposed agreements to indemnify the IESO and OPG, the case for the anticipated accounting treatment of the GA structure could be weakened.

Commented [OPCD31]: Accounting related considerations should definitely be raised, but as discussed with John Kim,, it is OPG and it's auditors who need to provide an assessment of the accounting impacts of the proposed indemnity (fill scope), taken together with other potential risks associated with regulations, commercial agreement terms, etc. If the Trust is assessed as controlled for accounting purposes, then the fiscal impacts will be materially different.

Commented [A32]: Whether to include or not, or how to position it, we should see what OPG and E&Y say on the impact on the accounting opinion.

Commented [A33]: Need to get an update from OPCD on whether the proposed indemnities would have a significant impact on this analysis.

BACKGROUND

- On March 2, 2017, the government announced Ontario's Fair Hydro Plan (the "OFHP"), under which the government will take steps to lower electricity bills [on an after-tax basis] by 25 per cent on average for a typical residential customer, starting July 1, 2017, relative to what the bills would otherwise have been without the OFHP.
- Changes to refinance a portion of the Global Adjustment ("GA") are a component of the 25 per cent rate relief under the OFHP. This includes roles for both IESO and OPG:
  - IESO – legislation imposes certain obligations and requirements on IESO to carry out various activities to implement the OFHP such as the creation of a regulatory asset in relation to deferred costs and the GA financing component of the OFHP, the conveyance of that asset to a financing entity (expected to be established by OPG) and providing a servicing role in recovering the financing entity's funding costs from future ratepayers. IESO may also be required to play a role in potential securities offerings of OPG's financing entity. This may come with heightened exposure to liability for the IESO.
  - OPG – OPG is expected to finance the purchase of the regulatory asset, related to deferred costs, through a financing entity that OPG creates. OPG considers risks associated with these OFHP-related activities to be beyond OPG's usual business/operations. This is particularly true with respect to any securities offerings of OPG's financing entity. Products are expected to be offered into the Canadian and U.S. Markets. As a result, pre-existing indemnities and protections do not adequately protect OPG, its directors, officers and employees. Under the envisioned accounting treatment where OPG is assessed to control the SPV, the deferred asset would be reflected on the Trust's books as an intangible asset. The overall GA Smoothing part of the FHP would not have a negative impact on the Province's books. However, if the preponderance of evidence concludes that the trust is not controlled by OPG, but rather by the Province, then the anticipated fiscal impact will not result and the amount of any unrecovered GA payments to generators will immediately be reflected as an expense on the Province's books.
- The 25 per cent rate relief also includes the rebate amount equivalent to the 8 per cent Provincial portion of the HST that has been in effect since January 1, 2017 under the Ontario Rebate for Electricity Consumers Act, 2016, and the expected savings from the shifting of the Ontario Electricity Support Program ("OESP") and the Rural or Remote Rate Protection program ("RRRP") costs from ratepayers to being funded by the Province.
- The government introduced legislation, passed on May 31, 2017 and received Royal Ascent on June 1, 2017, to enable the implementation of the OFHP Act.

Prepared by: Corporate and Electricity Finance Division, OFA

DRAFT: Confidential and Commercially Sensitive Advice to the Minister

With inputs from: Legal Services Branch, Ministry of Finance
[Branch Name], Treasury Board Secretariat
Office of Provincial Controller Division, Treasury Board Secretariat

June XX, 2017

DRAFT

From:	Bruno Amara
To:	Carlos Yep
Cc:	Shajee Kathirgamanathan; Gavin He; John Kim; Mike Manning
Subject:	FW: M - FHP Briefing (2017 06 23 v7).pptx
Date:	Monday, June 26, 2017 10:03:38 AM
Attachments:	M - FHP Briefing (2017 06 26 v01).pptx

Hi Carlos

Attached is a slide deck on fair Hydro Plan that Ron is presenting at a Minister's meeting this Wednesday. The deck reviews the FHP and also reviews some of the outstanding issues – starting on slide 13. Ron shared this around on the weekend and there was request from Scott Nelms to include a status update on the sub-debt discussion. We haven't been very close to these discussions. Would you be able to draft a summary slide for inclusion in the attached deck? You'll see in attached that summaries for most are fairly high level.

Thanks for your help and let me know if you have any concerns.

Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
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Ontario Financing Authority
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From: Ronald Kwan
Sent: Monday, June 26, 2017 8:25 AM
To: Bruno Amara
Cc: Shajee Kathirgamanathan ; Gavin He ; Salman Qadir
Subject: Re: M - FHP Briefing (2017 06 23 v7).pptx

Hi Bruno,

Scott N. asked of more on the status of the sub-debt discussion could be put in, say on the discussion of pricing. May need to reach out to CMD folks.

Thanks,

Ron

On Jun 23, 2017, at 5:58 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Thanks Bruno, et al.
>
> Ron
>
> **From:** Bruno Amara
> **Sent:** June-23-17 17:49
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Cc:** Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
> **Subject:** M - FHP Briefing (2017 06 23 v7).pptx
>
> Ron see revised slides.
>
> On related matters. There was back and forth most of the day amongst EFB, MOF Legal and Energy Legal with respect to finalizing Indemnity Agreements. I think they should be near final at this point. M. Energy to provide signed request letter on Tuesday. We

hope to have a draft on Monday. MoF Legal did not have a change to respond further on the briefing note today, so we will need to finalize that, hopefully on Monday.
We aim to have approvals packages for 1) Treasury Policy 2) Minister's Directive to OFA re lending facility and 3) Indemnity approval for early next week.
Thanks
Bruno

Ontario's Fair Hydro Plan

Corporate and Electricity Finance Division

DRAFT: June 28, 2017

Contents

- Overview: Ontario's Fair Hydro Plan
- Refinancing the Global Adjustment
- Outstanding Issues
  - Provincial Support Agreement
  - Indemnities to OPG and IESO
  - IESO Treasury Policy Amendments
  - Equity Injection
  - PILs Exemption
  - Performance Management Fees
- Appendix: GA Financing
  - GA Refinancing Structure
  - Equity Injection
  - IESO increased credit facility
  - GA Financing: Illustrative Net Debt Impacts
- Appendix: Background on Ontario's Electricity Market

Overview:
Ontario's Fair Hydro Plan

Overview:
The Ontario Fair Hydro Plan ("OFHP")

- On May 31, 2017, the government passed the Ontario Fair Hydro Act, 2017, to enable the implementation of the OFHP, which will lower electricity bills by 25 per cent on average for eligible residential customers. Eligible farms and small businesses will also receive benefits (essentially for those eligible for the Regulated Price Plan).
  - Implementation steps include a set of regulations under the Act brought forward by the Ministry of Energy for approval.
- The measures that make up the 25 per cent average reduction include
  - Refinancing a portion of the Global Adjustment (GA) to allocate fairly the costs of Ontario's contracts for electricity infrastructure investments over the expected lifecycle of the generation infrastructure assets.
    - The Global Adjustment recovers a portion of the commodity supply and conservation costs of electricity.
  - The Ontario Rebate for Electricity Consumers, for an amount equal to the provincial portion of the HST, which took effect on January 1, 2017.
  - Shifting funding of the Ontario Electricity Support Program (OESP) and Rural or Remote Rate Protection (RRRP) program from electricity ratepayers to the province.
- People with low incomes, those served by local distribution companies (LDCs) with the highest distribution costs, OESP recipients and On-Reserve First Nation households would benefit from even greater reductions to their electricity bills.

Overview:
The Ontario Fair Hydro Plan (cont'd)

- Other measures that make up the Fair Hydro Plan include
  - Expanding the Industrial Conservation Initiative (ICI) to include electricity consumers, in the manufacturing and certain other sectors including greenhouses, with an average monthly peak demand of greater than 500 kW and less than 1 MW.
  - Expanding the OESP, by providing 50 per cent more support in the form of monthly credits for people with low incomes and increasing eligibility, effective May 1, 2017.
  - Establishing an Affordability Fund that will be accessible to LDCs for customers who do not qualify for low-income conservation programs and who are unable to undertake energy efficiency improvements without financial assistance.
  - Providing on-reserve First Nations households with a 100 per cent credit of the delivery line on their monthly electricity bills.
  - Enhancing the Rural or Remote Rate Protection (RRRP) program to provide distribution charge relief to about 800,000 customers and shift costs from ratepayers to provincial revenues. This would include customers served by local distribution companies (LDCs) with the highest rates.
  - Improving energy sector efficiency and modernize the province's electricity market, building on the collaboration of the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB).
- The government-funded measures (OESP, RRRP, on-reserve credits and the Affordability Fund) have been communicated to cost the government about $2.5 billion in the first three years (and would have an on-going annual cost to government). (Note: Actual amounts in the 2017 Budget fiscal plan is a little less, due to partial year implementation in 2017-18).

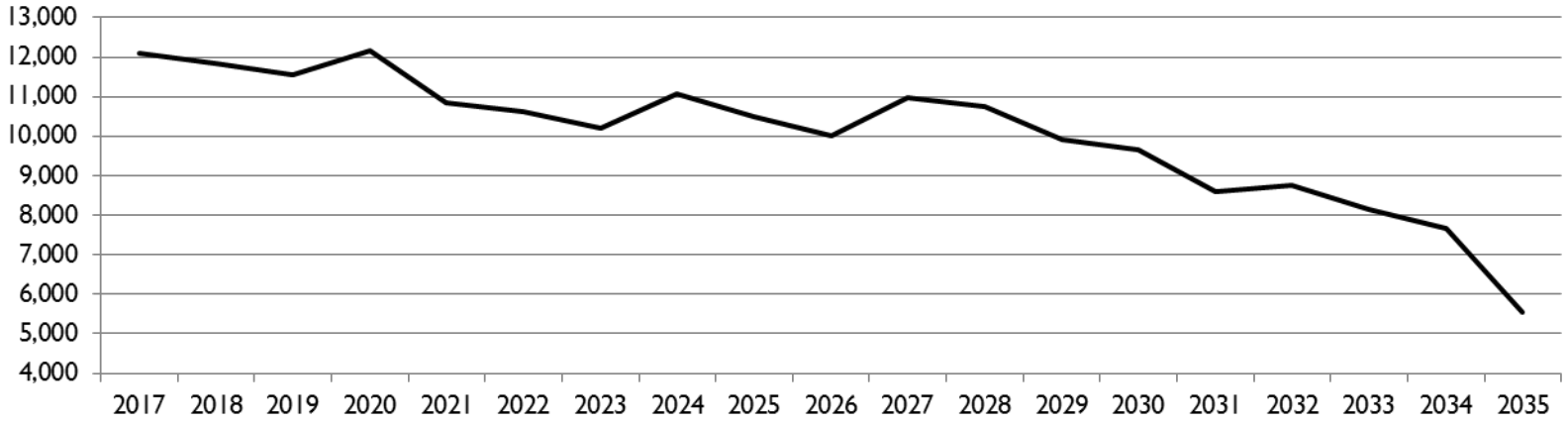
Refinancing the Global Adjustment

Refinancing the Global Adjustment

- Refinancing the Global Adjustment (GA) provides significant and immediate rate relief by spreading the cost of electricity investments over a longer period of time.
- Under forecasts provided by the Ministry of Energy at the time of the OFHP announcement in March, the immediate reduction (i.e., the financed portion) in the GA would be about $2.5 billion per year on average over the first ten years.
- This measure would share the associated costs more fairly. The illustrative chart below shows how Global Adjustment (GA) cost is front-end loaded and forecast to decline over time.

NOTE: Energy and IESO forecasts are subject to update, including as part of the Ministry of Energy's current Long-term Energy Plan update process.

Forecast Global Adjustment Cost (nominal $ million)



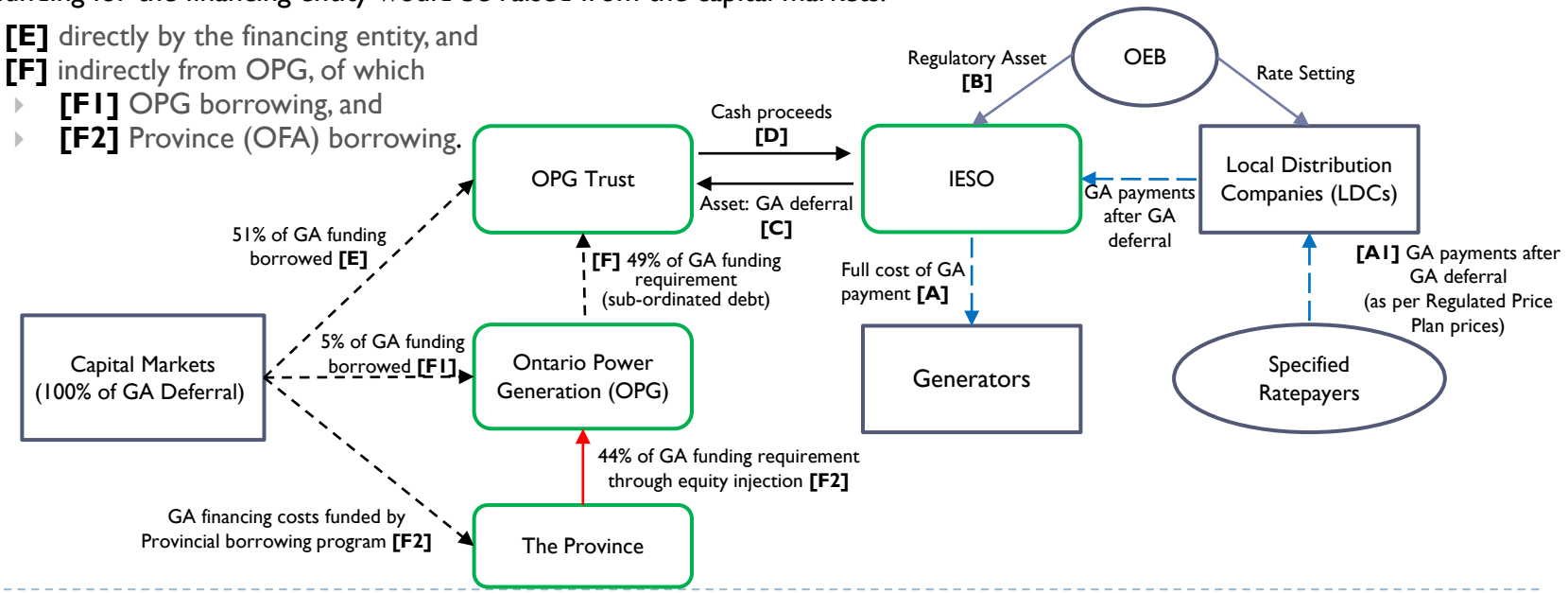
Source: IESO

Global Adjustment Financing: Policy Rationale

- The purpose of the Global Adjustment refinancing is to
  - Ensure that clean energy costs and clean energy benefits are fairly allocated among present and future specified consumers
  - Recognize that clean energy benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in the Province, and
  - Align clean energy costs with clean energy benefits, in order to provide fairness for specified consumers over time.
- The majority of the province's electricity generators are under 20-year contracts. Many of these generators will be able to operate past their contract term.
- By recognizing that generation assets are expected to continue to provide benefit to future ratepayers, beyond the term of current contracts, future ratepayers are expected to be able to utilize these assets and reduce the need to finance the development of new generation assets.
- In the early years, a portion of the costs covered by the GA would be financed to reduce pressure on electricity ratepayers.
- In the later years, when some system costs are expected to be reduced due to continued operation of existing assets under 20-year contracts, the deferred amounts and cost of financing would be recovered from ratepayers through a "Clean Energy Adjustment".

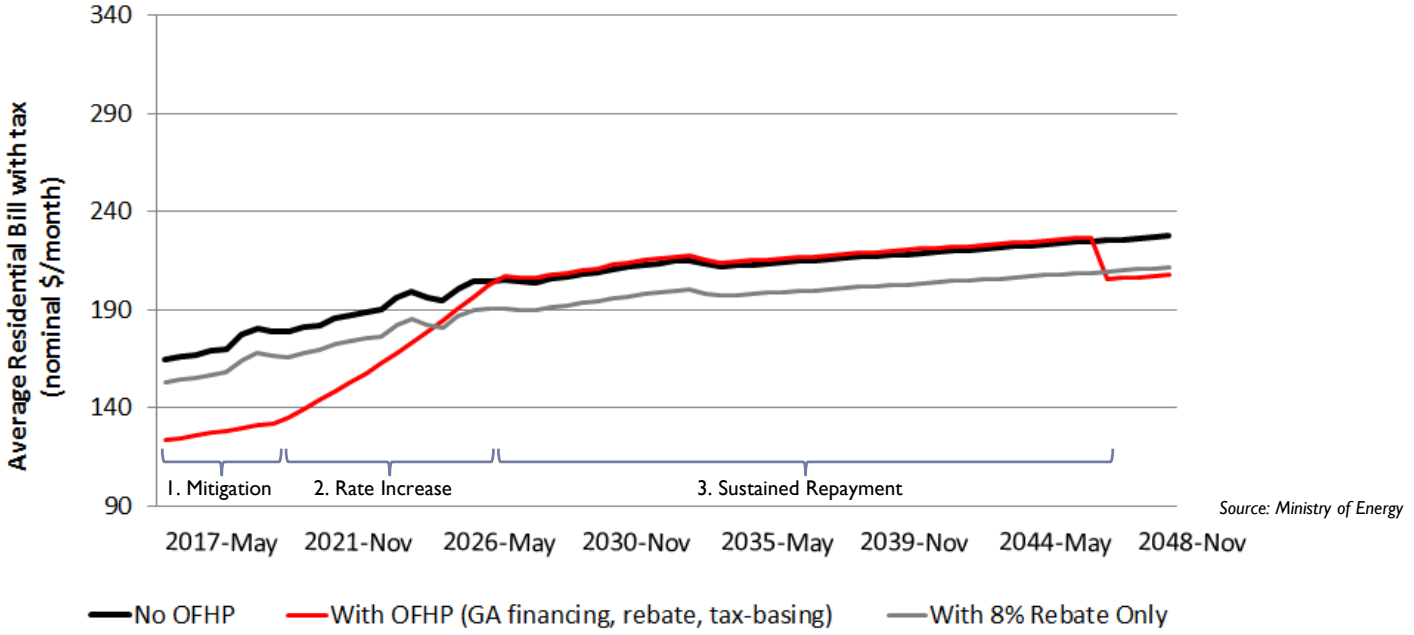
GA Financial Structure

- Through the OFHP, GA costs, including refinancing costs, will be recovered from ratepayers over a longer period of time.
  - The GA refinancing framework will be implemented through the IESO and Ontario Power Generation (OPG).
  - Under the OFHP, OPG would be able to establish a special purpose vehicle financing entities (e.g., OPG Trust) .
- **[A]** Under the OFHP, the IESO will continue to pay generators their contracted and regulated prices. **[A1]** However, LDC payments will be less, as Regulated Price Plan prices are set based on a portion of the GA deferred in order to support the initial 25% reduction (and subsequent adjustments).
- **[B]** The IESO will set up a deferral account, vis a vis a 'regulatory asset', with a right to recover the deferred costs and financing costs, as authorised by the OEB.
- **[C]** Under the Act, the Independent Electricity System Operator (IESO) would be able to sell the 'right to collect' deferred future revenue from ratepayers to the financing entity in return for cash proceeds **[D]**.
- The funding for the financing entity would be raised from the capital markets:
  - **[E]** directly by the financing entity, and
  - **[F]** indirectly from OPG, of which
    - **[F1]** OPG borrowing, and
    - **[F2]** Province (OFA) borrowing.



Global Adjustment Financing

- GA Financing structure and bill impacts can be thought of as having three phases (see illustrative chart below)



Source: Ministry of Energy

Phase 1: Mitigation

- 2017 residential bill 25% on average lower than original projection (pre-8% Ontario Rebate for Electricity Consumers).
- Increase in bill capped to 2% per year until 2021.

Phase 2: Rate Increase

- Residential bills continue lower than without the OFHP; however, not by 25% on average.
- Bill increases each year, limiting overall deferral and borrowing.
- Planned increases for the above purpose projected to end in 2028 when sustained repayment starts.

Phase 3: Sustained Repayment

- Bill higher than projection, excluding the GA deferral, until 2047 (estimated).
- Difference between with OFHP (red) and 8% rebate (grey) only represents recovery of deferred GA and financing.

Risks / Cost Sensitivities

Global Adjustment Refinancing Model Assumptions

- Projected Global Adjustment Refinancing costs are affected by actual system costs and consumption, and actual interest rates.
- Variances from these key assumptions could affect actual refinancing costs, etc.

- Interest rates
  - Higher/lower Interest rates would lead to higher/lower refinancing costs
  - For example, a 1.5 percentage point lower interest rate assumption, compared to an illustrative 5% case used by the Ministry of Energy, would halve estimated cumulative interest costs, from about $21 bn to $11 bn.

- Electricity demand
  - Lower/higher electricity demand due to fewer consumers or lower/higher consumption among some consumers would increase/decrease Clean Energy Adjustment costs for remaining consumers.

- System Costs
  - Ministry of Energy is developing the updated Long-term Energy Plan (LTEP), expected to be released in about summer 2017. The LTEP is expected to include measures to continue to reduce system costs.
  - Actual system costs are expected to also be affected by other factors, such as the Ontario Energy Board rate application process.

MOF-Related Outstanding Issues

Provincial Support Agreement
[Ministers' Approval Item: Pending]

- The OFHP Act, s. 5, outlines certain protections and assurances to be provided by the Province, including agreements to be entered into by the Ministers of Energy and Finance with persons under the Act. These include
  - guarantees of, or undertakings by the Province to provide assurances to those with claims against the Financing Entity (with respect to debts, obligations, securities or undertakings associated with an investment interest), and to support credit ratings, and to outline undertakings by the Financing Entity and possibly the Province for satisfying funding obligations.
  - This is separate from the indemnities proposed to be provided by the Ministry of Energy for OPG, IESO and respective directors, officers and employees with respect to their activities in implementing the Fair Hydro Plan.
- A proposed Provincial Support Agreement is currently under discussion among Ministry of Energy, Ministry of Finance, OFA, external legal consultants and OPG.

Provincial Support Agreement
[Ministers' Approval Item: Pending]

- There are three facets of the draft proposed Provincial Support Agreement currently under discussion. Each of these would require Agreement/approval of Ministers of Energy and Finance:
  1. Service Guarantee: Province to guarantee the performance of the IESO and electricity vendors under the Act including billing, collection and remittance of clean energy adjustments.
  2. Indemnity: Provided by Province for Financing Entity against third party claims as a result of government amending or repealing the Act or court rulings adversely affecting the rights and interest of the Financing Entity. Indemnity applies only to direct government actions and would not cover, for instance, OPG activities
  3. Avoidance of Mismatches: during a reference period, between Financing Entity funding obligations and amount available from investment interests: Outlines roles and expectations of Financing Entity to make efforts to arrange for commitments from market-based funding sources and, if unable to do so, possible Province funding commitments under terms and conditions, including appropriate compensation to the Province.
  - Under both the Service Guarantee and the Indemnity the Service Guarantor (the Province) will have the option to satisfy obligations by "stepping in) and paying when due regularly scheduled amounts. In both cases the Servicing Guarantor would not be obligated under any circumstances to pay consequential, special or punitive damages, or for economic loss or loss of profits.

- Note: Separation between the Province and OPG is necessary to maintain appropriate accounting treatment.

Indemnity
(For Minister's s.28 Approval)

- The Ministry of Energy is proposing to provide, on behalf of the Province, certain indemnities as requested by OPG and IESO, and is asking, pursuant to Section 28 of the *Financial Administration Act, 1990 (*FAA*)*, that the Minister of Finance approve this request.
  - OPG and IESO are requesting that the Province indemnify the corporations (OPG and subsidiaries, not including the financing entities, and IESO), respective directors, officers and employees with respect to their roles in implementing the Ontario Fair Hydro Plan (OHFP).
  - ENERGY notes that in the event that an indemnity claim does arise and a payment is required, the Ministry would be unlikely to be able to support these payments and would need to return to TB/MBC for an increase in its allocation.
- In implementing the OFHP, OPG and the IESO expect to carry out activities that fall outside the scope of their pre-OFHP typical business activities and corporate mandate. They believe that this creates the risk that such activities could be perceived as, or subject to claims that they are not being carried out in "good faith" or in the best interest of the corporation, thereby exposing OPG and/or the IESO to increased liability.
- OPG and IESO note that existing statutory protections do not preclude a party from bringing an action or other civil proceeding against the corporation's directors, officers or employees, causing them to incur costs in defending the claim.

Indemnity (cont'd)
(For Minister's s.28 Approval)

- Under the proposed Agreements, the Province would agree to indemnify and hold harmless the corporations and their respective directors, officers and employees from any claims, liabilities, costs or losses that might arise to the Protected Person as a result of their roles in carrying out activities related to the implementation of the ONFHP.

- The proposed Agreements note that under the Indemnities, a protected person would not be entitled to be indemnified in respect of losses for which coverage is provided elsewhere, including through insurance policies or existing statutory indemnities.

- Indemnity would not cover a protected person losses that are the result of such protected person's dishonesty, gross negligence or willful misconduct.

- The Agreement includes a waiver that restricts the Province's ability to bring any claims (other than those arising out of gross negligence and wilful misconduct) against the Protected Persons.

  - MENE believes the risk associated with providing this waiver is likely low given that it is unlikely that the Province would bring a claim against a Protected Person for acts they would be providing an indemnity to the Protected Person for.

Indemnity (cont'd)
(For Minister's s.28 Approval)

- Ministry of Finance staff recommend approval of the s.28 request.
  - Ministry of Energy indicates that the Indemnities have been requested by the companies, supporting the implementation of the OFHP.
  - The Ministry of Energy states that the risk of the Province providing the Indemnities is undeterminable and unquantifiable at this time, due to uncertainty around possible claims under the Indemnities. Ministry of Energy notes, however, that the risk is mitigated by the existence of statutory immunities under the *Electricity Act, 1998,* for IESO, and under the *OFHP Act, for OPG,* pre-existing protection for director, officers and employees under insurance and, the limitation of indemnity to claims arising from IESO's and OPG's respective roles in implementing the OFHP.

IESO Treasury Policy
(For Minister's Approval)

- As prescribed under Regulation 280/14 under the *Electricity Act, 1998,* the IESO is required to maintain investment, borrowing and financial management policies and procedures.

- As required under the Regulation, the IESO has submitted a revised IESO Treasury Policy for Minister of Finance approval.

- The revised IESO Treasury Policy incorporates the following two changes:
  1. Permit borrowings to ensure funding of any amounts resulting from or required under the *Ontario Fair Hydro Plan Act, 2017*.
  2. Increase counterparty exposure to Schedule A Canadian Banks from the current $420million to $500 million, an increase of $80 million exposure per counterparty.
     - This ensures that the IESO has flexibility to efficiently manage its cash accounts as evolving business requires IESO to manage higher cash flows and seek appropriate short-term investments.

- OFA staff have reviewed and have no concerns with the requested changes.

Equity Injection – Key Proposed Terms

OFA to Support under a Service Level Agreement

The terms for the Equity Injection are set out in the Fair Hydro Plan – Master Subscription Agreement Term Sheet.

- The Province agrees to inject 44% of total funding of GA asset by way of equity subscription in OPG, which amount OPG in turn will invest in the Fair Hydro Trust as subordinated debt (**Equity Injection Plan**)
- Ministry of Energy (as Shareholder) will seek appropriation on an annual basis through PRRT for the amounts requested by OPG for its equity requirements. OPG will provide forecasts of its equity requirements for the upcoming three years in its business plan submission.
- OPG agrees use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt requirements as part of the Fair Hydro Plan
- OPG will amend articles of incorporation to create an additional class of shares – Class A Shares – which will be non-voting and redeemable at OPG's option.
  - OPG will issue Class A Shares to the Province monthly at a value per share equal to book value, as determined from OPG's last approved quarterly financial statements
  - OPG will have the right to repay equity subordinated to the Province, through exercise of its right to redeem the Class A Shares, as principal repayment of the debt is made commencing in 2027
- Ministry of Energy and OFA would, as proposed, have a service level agreement in place providing authority for OFA to provide cash management services to facilitate share purchases on an ongoing basis on behalf of the Ministry of Energy, subject to the approved PRRT amount and 44% share.

Performance Management Fees

- OPG will be providing all required services to the Trust as part of the OFHP, including planning, strategy, financing, deal execution etc.
- The legislation (s. 19.3) allows OPG to establish and charge a management fee for those services in accordance with the regulations, which are currently in development.
- There are two components to the model proposed by OPG:
  - Base fee: the structure will allow OPG to earn a commercial fee, an accounting consolidation requirement, with periodic OEB review of the commercial basis of that fee. OEB and OPG are in discussions in order to develop a model that satisfies the accounting requirements and is consistent with OEB's processes.
  - Performance management fee: OPG has the ability to gain or lose depending on the actual financing cost relative to a benchmark, which would be shared equally between ratepayers and OPG. Gain/loss is capped at 1% of annual incremental issuance amount.
- MOF (OFA) and Ministry of Energy are currently reviewing OPG's performance management fee proposal. [who approves?]

Payment in Lieu of Taxes Exemption
(Minister's Approval Item: Minister's Reg.)

- Request from OPG – and supported by ENERGY is a PILs exemption for the income arising from the OPG financing vehicle/OPG as a consequence of the Fair Hydro Plan.
  - With no PILs exemption, ratepayers will bear the cost of PILs through the rate base.
  - OPG has sought a broad comprehensive PILs exemption for a variety of potential financing structures including corporations, trusts or partnerships.

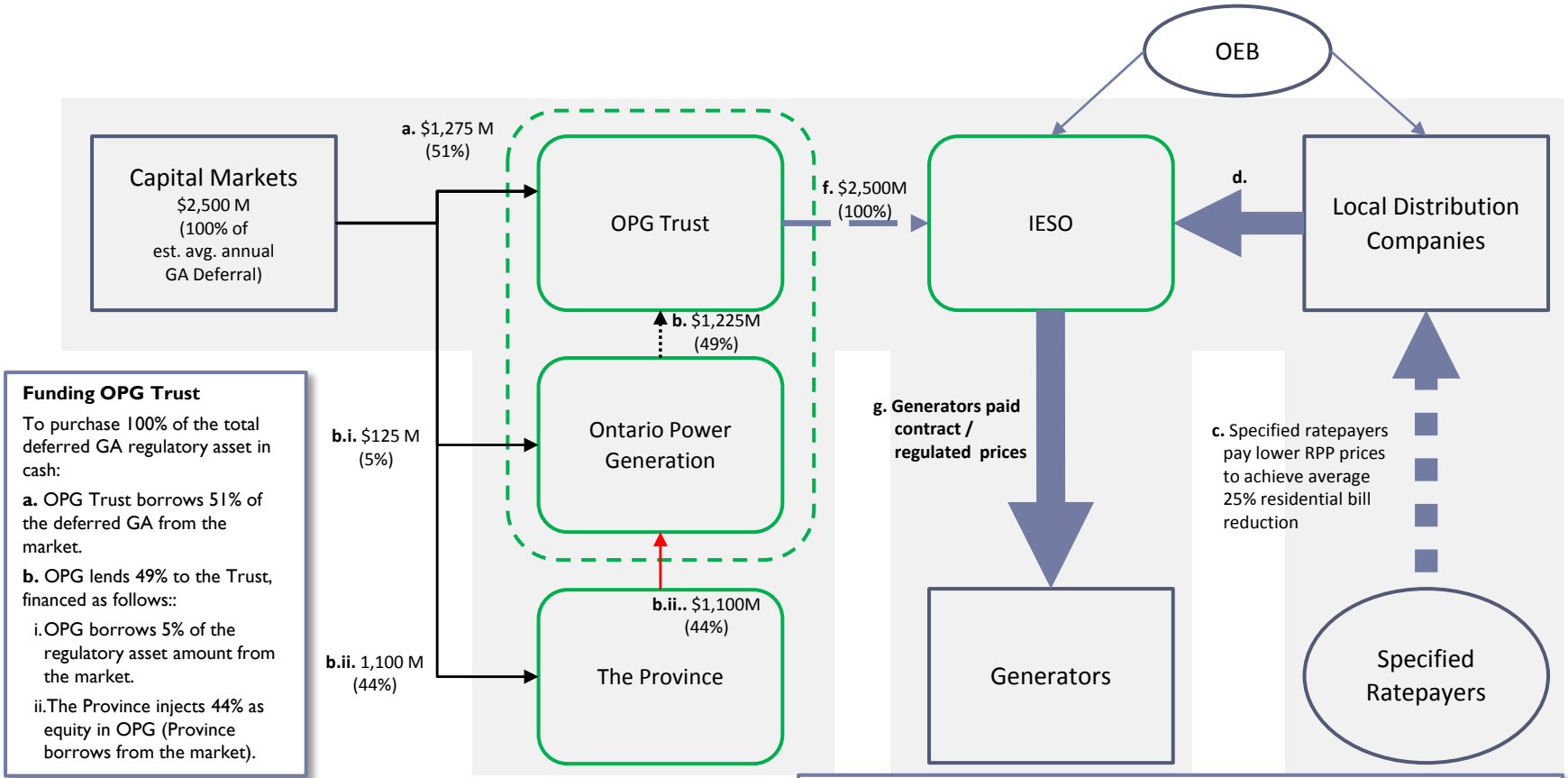
- The PILs regulations under the Electricity Act are under the purview of the Minister of Finance.

- TPD recommends [TBC] a regulatory exemption for each specific financing entity structure, once the structure is determined. A blanket exemption would create significant risks to provincial revenue and require a number of complex conditions to minimize the potential for precedents and tax avoidance.

- TPD proposes bringing forward for approval the required regulation(s) once OPG advises on each specific financing entity structure and any anticipated future structures or changes to the structure.
  - OPG has raised questions on the timeliness of response for a new regulation, as OPG special purpose vehicles for financing may be put together quickly to respond to different markets and market conditions

Appendix: GA Financial Flows & MOF / OFA Roles

GA Financing Structure: Illustrative Fund Flows* - Mitigation Phase



Funding OPG Trust

To purchase 100% of the total deferred GA regulatory asset in cash:

a. OPG Trust borrows 51% of the deferred GA from the market.

b. OPG lends 49% to the Trust, financed as follows::

i. OPG borrows 5% of the regulatory asset amount from the market.

ii. The Province injects 44% as equity in OPG (Province borrows from the market).

Deferral Mechanism

c. Specified ratepayers pay RPP prices, including the non-deferred portion of the GA to LDCs.

d. The LDCs remit this amount to the IESO ...

e. …The IESO recognizes a regulatory asset – the right to collect the deferred amount, and a financing cost, from ratepayers in the future.

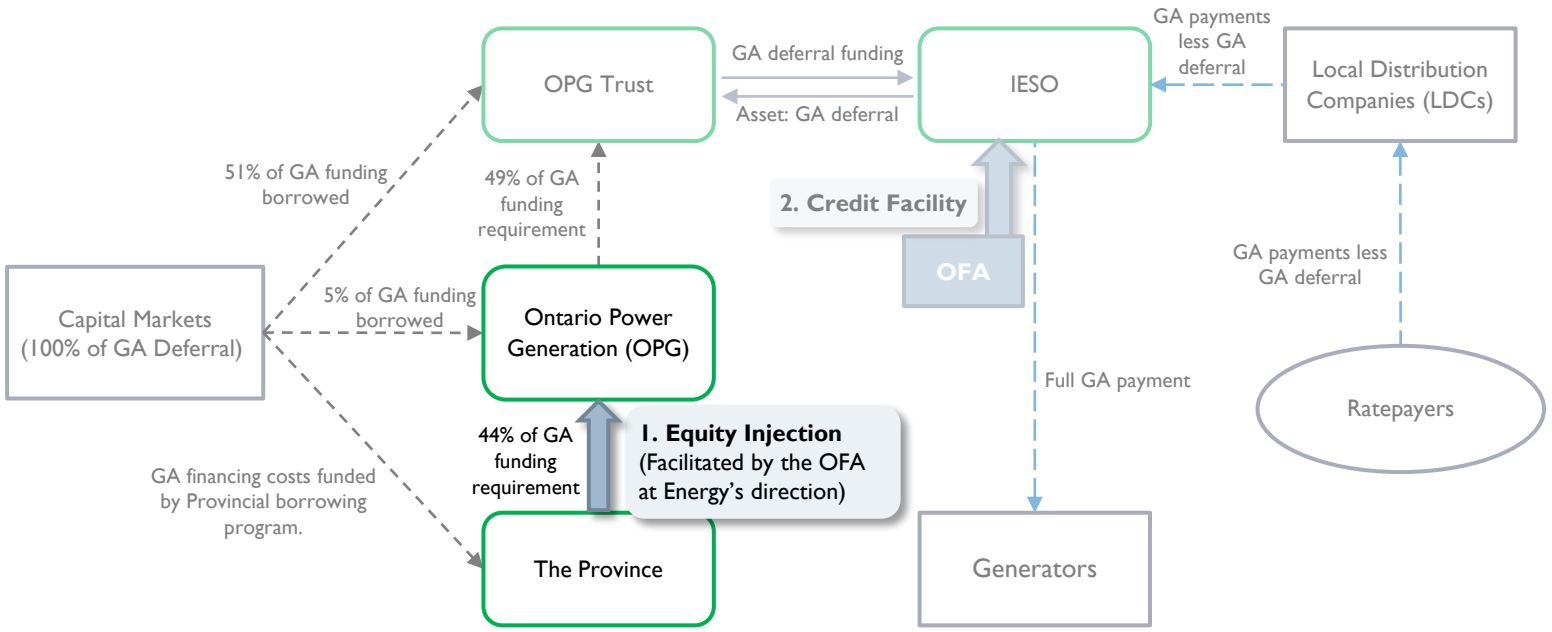
f. IESO sells this asset for cash to OPG Trust.

g. IESO uses the proceeds from the sale of the regulatory asset and the collection amount from LDCs to pay the full amount of the GA cost to Generators (and conservation costs).

* Amounts are illustrative and based on an assumed deferred cost, or regulatory of $2.5 billion.

Equity Injection

- The 2017 Budget includes in the Ministry of Energy Estimates an investment operating asset of $1.1 bn related to the Province's equity injection to OPG. OPG would provide financing to the Trust through sub-ordinated debt, as part of the OPG Trust financing to regularly purchase IESO's regulatory asset through 2017-18.
- The structure would
  - increase gross debt of the Province (to finance the equity injection in OPG),
  - increase net investment in OPG (so no net debt impact),
  - increase interest on debt related to that external debt, which
  - on consolidation into Public Accounts, would be offset by increased earnings of OPG from sub-debt interest revenue.



GA Financing: Illustrative Net Debt Impacts

Province of Ontario - Consolidated Statement of Financial Position

As at March 31, 2016 ($ Millions)		**GA Financing Impacts Est. Average Annual**
Liabilities		
Accounts Payable and Accrued Liabilities (Schedule 5)	19,361	
Debt (Note 2)	327,413	**1,100**
Other Long-Term Financing (Note 4)	14,145	
Deferred Revenue and Capital Contributions (Note 5)	10,779	
Pensions and Other Employee Future Benefits (Note 6)	12,107	
Other Liabilities (Note 7)	4,905	
	388,710	
Financial Assets		
Cash and Cash Equivalents	13,600	
Investments (Note 8)	21,765	
Accounts Receivable (Schedule 6)	11,059	
Loans Receivable (Schedule 7)	11,545	
Other Assets	1,936	
Investment in Government Business Enterprises (Schedule 9)	23,572	**1,100**
	83,477	
Net Debt	(305,233)	**0**
Non-Financial Assets		
Tangible Capital Assets (Note 9)	102,536	
Accumulated Deficit	(202,697)	

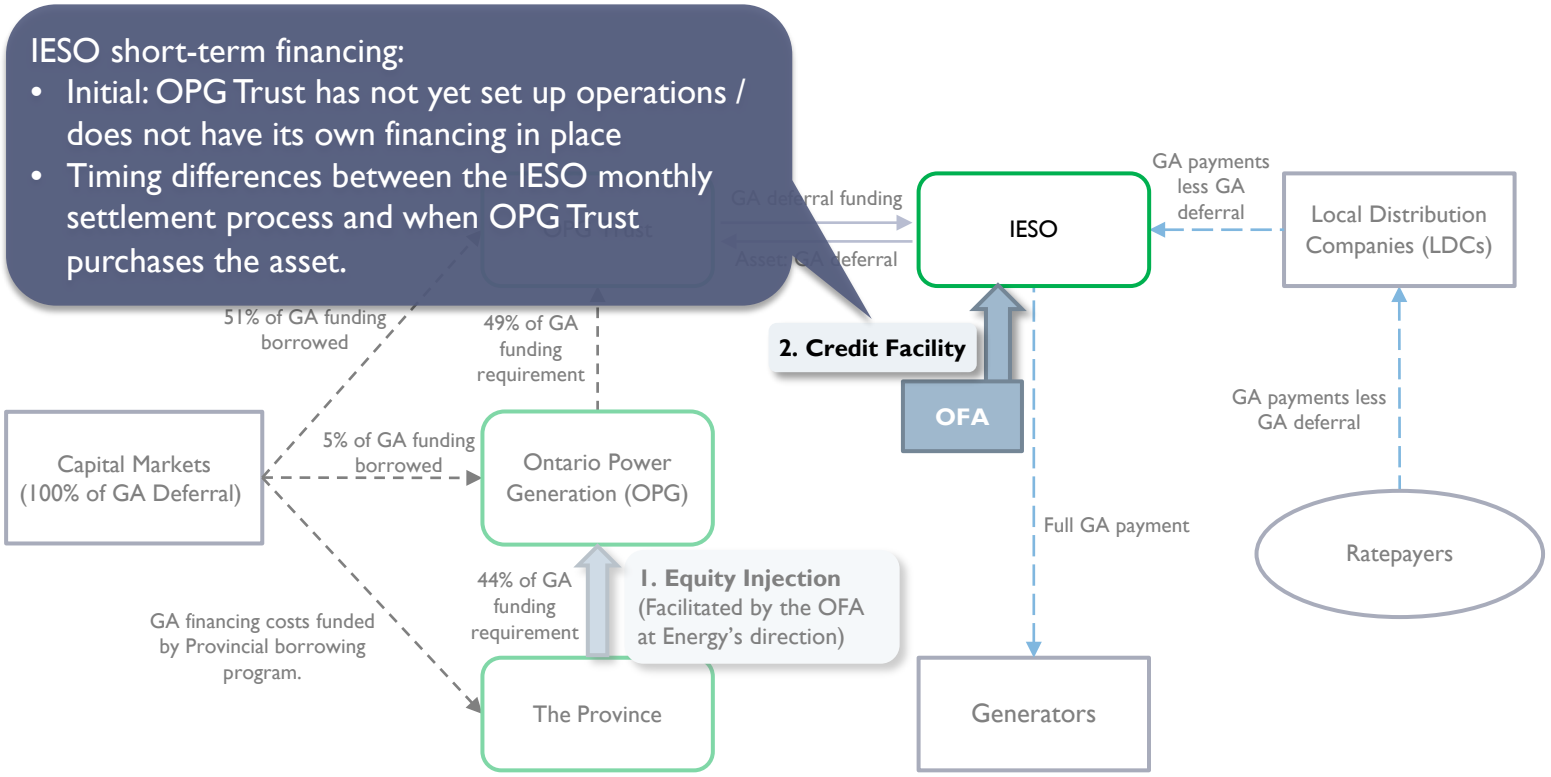
- Increased borrowing required to fund equity injections.
- Provincial debt will increase.

- Equity injections increase investment in OPG

- Offsetting impacts lead to zero net debt impact

OFA/IESO Credit Facility

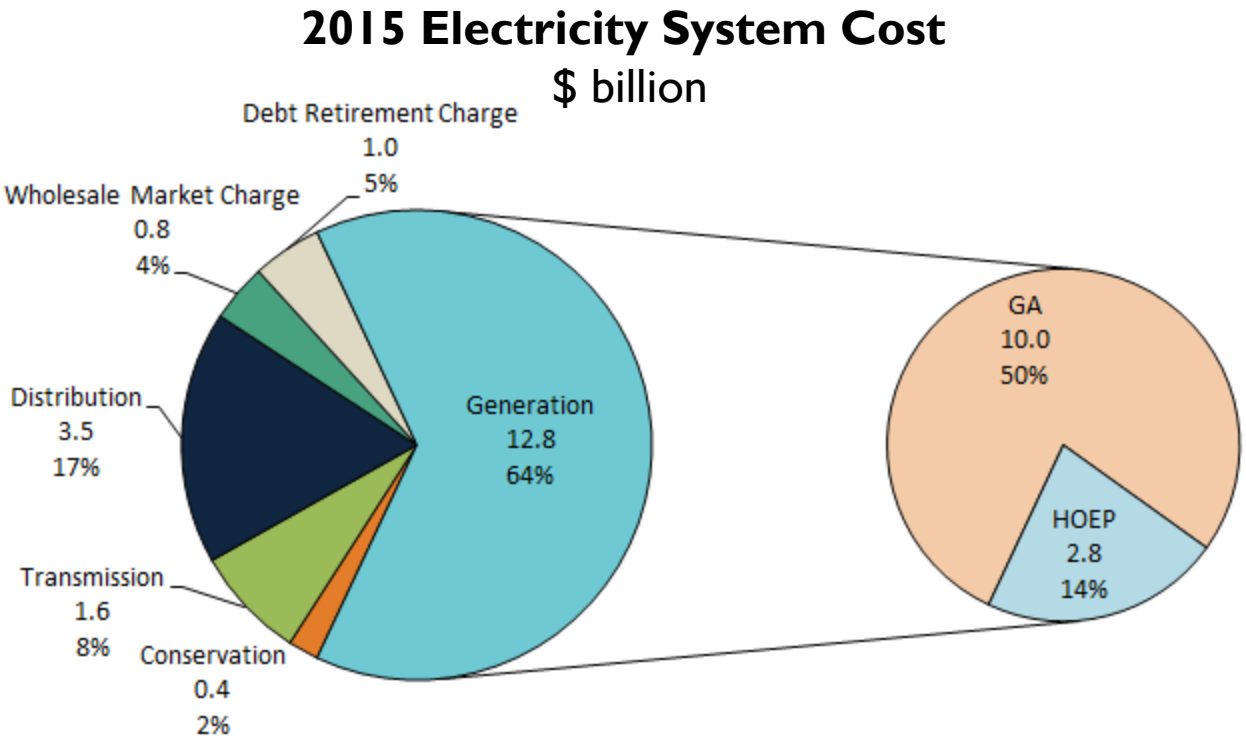
- The Fair Hydro Act, 2017 provides for the IESO to sell the right to recover those deferred amounts of the global adjustment from specified consumers in the future (the "regulatory asset").
- It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG Trust"). The cash received would be used by the IESO to fund the current Global Adjustment deferral shortfall.



Appendix: Background

Context: Ontario's Electricity Market

- In 2015, generation accounted for 64% of total electricity system costs. Total system costs in 2015 were $20 billion.



DEFINITIONS:

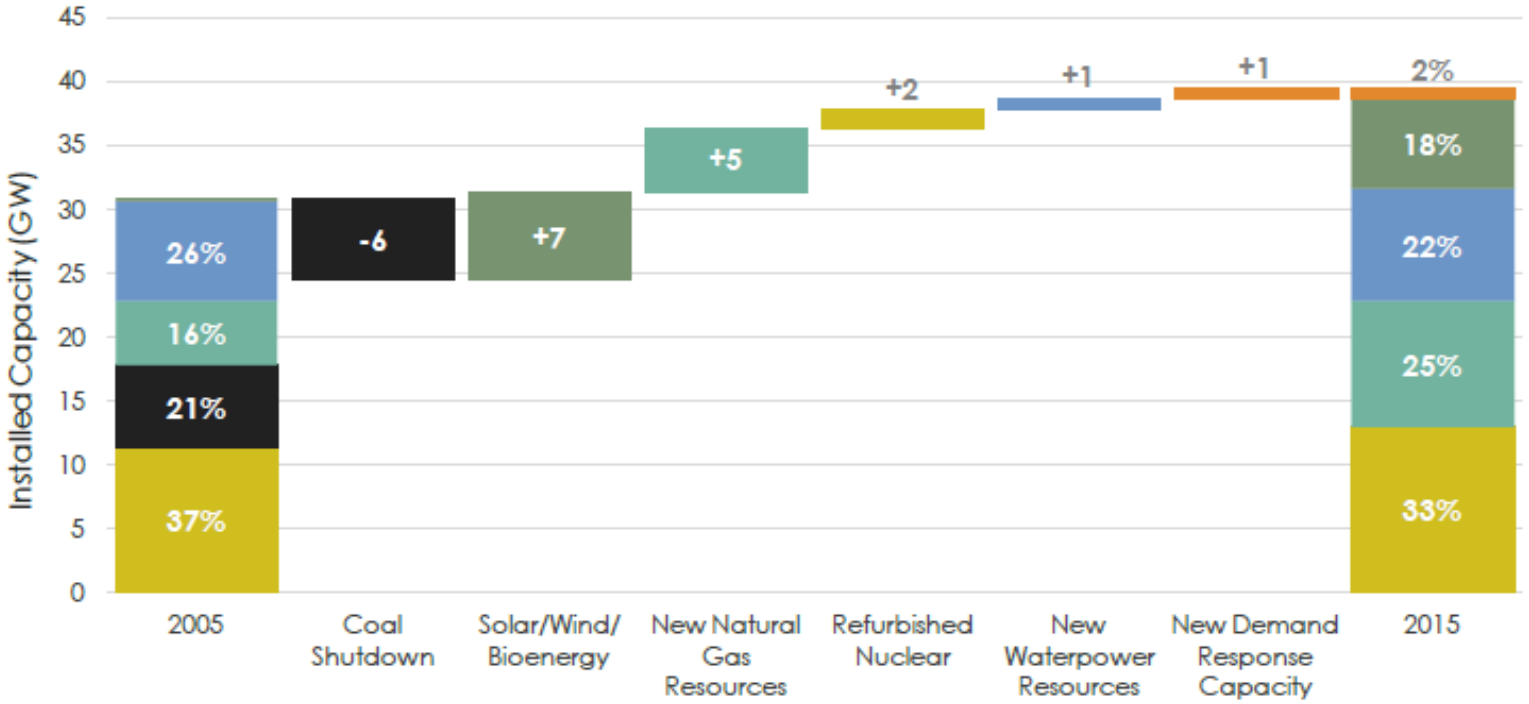
GA: The "Global Adjustment" accounts for differences between the market price of electricity and the rates paid to regulated and contracted generators and for conservations programs. The GA is collected from all electricity rates payers in Ontario

HOEP: Hourly Ontario Electricity Price.

Source: IESO

Context: Significant Change in Supply Mix

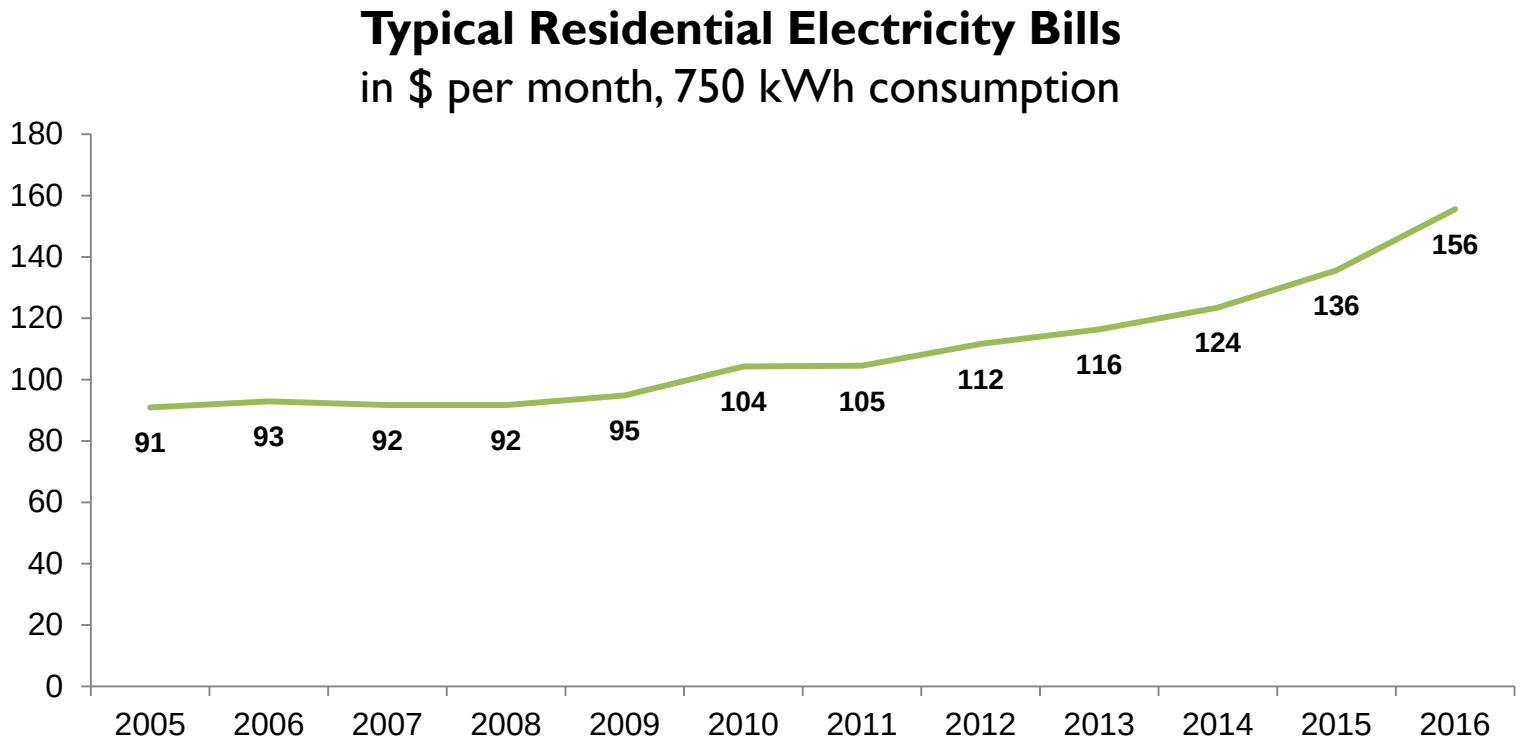
- Between 2005 and 2015, government invested more than $50 billion in the electricity system, including $35 billion in electricity generation to restore reliability, replace coal and meet environmental objectives.
  - Electricity costs are increasing as necessary investments are made to decarbonize and modernize the province's electricity infrastructure.



Source: IESO

Context: Electricity Prices Have Increased

- Since 2010, electricity prices have increased at a rate higher than the Consumer Price Index (CPI).



Source: Ministry of Energy

From:	Nelms, Scott (MOF)
To:	Mike Manning; Ronald Kwan
Subject:	FW: Next Round Hydro Quebec
Date:	Thursday, August 03, 2017 10:25:28 AM

Fyi – see below. I passed this along to the MO as well.

From: Schlaepfer, Martin (ENERGY)
Sent: August 3, 2017 10:18 AM
To: Hume, Steen (ENERGY); Nelms, Scott (MOF)
Cc: Armstrong, Hillary (ENERGY)
Subject: FW: Next Round Hydro Quebec

FYI, MO is asking CO that we add the Provincial Guarantee to our list of topics to cover with PO on the 16th.

We'll need to think about what a briefing product could look like and who would lead it. Perhaps this is something we could discuss at our RMI meeting this afternoon.

Martin

From: Teliszewsky, Andrew (ENERGY)
Sent: August 3, 2017 9:49 AM
To: Bromm, William (CAB)
Cc: Greenberg, Martha (CAB); Armstrong, Hillary (ENERGY); Schlaepfer, Martin (ENERGY)
Subject: Re: Next Round Hydro Quebec

Good Morning:

Had wanted to update folks planning for our time on 16 August.

We have those two hours and am now proposing that we attempt to cover three separate topics (3 x ~ 40 mins each).

1. Hydro Quebec
2. OFHP / LTEP curve
3. NEW : OFHP "Provincial Guarantee"

Note : the Provincial Guarantee is a core requirement of the debt / borrowing platform that is required for the dealers and rating agencies to confirm a score for this product so that OPG trust can go to market this fall.

Gadi has been doing battle with dealers on this and we think that 16th would be an appropriate milestone to brief decision makers on the results. Forward planning, this would require a TB/MBC conversation and the overall goal for that would be to have that done when Cabinet is around that last week of August.

Anyway, if we can add this to the agenda to 16th, then we'd probably want to increase size of room to have a sort of mini-FPC so that MOF and TBS MO are participants.

I think that Hydro Quebec item will be quick based on where we are at with discussions and the LTEP curve we got really good directional thinking at yesterday afternoon's multicorners, so if we invited counterparts for 1.15pm then we should be okay, I wager / hope?

Hope this makes sense - let me know if this works for your end and then I'll make sure that I bring TBS and MOF (Ali and Jason) up the curve and ensure they are ready for 16th in advance.

Many thanks, in advance.

Atel/

Andrew Teliszewsky
Chief of Staff | Office of Hon. Glenn Thibeault
Ministry of Energy
andrew.teliszewsky@ontario.ca
416-327-3550 (o)
416-436-6370 (m)

On Jul 28, 2017, at 3:44 PM, Bromm, William (CAB) <William.Bromm2@ontario.ca> wrote:

> Just want to update you on these meetings. Because of a few calendar conflicts, the meetings will have to be from 11 – 12 & 12 to 1 rather than 12 - 1 & 1 - 2. Hopefully the shift back by an hour won't be an issue.
> William
>
> **From:** Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>
> **Sent:** Tuesday, July 25, 2017 7:43 PM
> **To:** Kwamena, Boafoa (CAB); Greenberg, Martha (CAB); Armstrong, Hillary (ENERGY); Schlaepfer, Martin (ENERGY)
> **Cc:** Baker, Carys (ENERGY)
> **Subject:** Re: Next Round Hydro Quebec
>
> Good Evening:
> Owing to the significant dialogue regarding this week's LTEP Cabinet Submission and the factors that will feed into the full price curve, we have been granted more time in Andrew Bevan's calendar for that third week of August.
> We still have Mike / Gillian next week (2 August) on LTEP Curve / OFHP Implications, but please take note of the following updates :
> August 16th
>
> 12 to 1pm – Hydro-Quebec Update
>
> 1 to 2pm – Long Term Energy Plan / Price Curve Meeting
>
> Asking please for CO to update our Outlook Calendars' accordingly.
> Many thanks, as always!
> Andrew Teliszewsky
> 416-327-3550
>
> **From:** Kwamena, Boafoa (CAB)
> **Sent:** Thursday, July 20, 2017 11:03 AM
> **To:** Teliszewsky, Andrew (ENERGY); Greenberg, Martha (CAB); Armstrong, Hillary (ENERGY); Schlaepfer, Martin (ENERGY)
> **Cc:** Baker, Carys (ENERGY)
> **Subject:** RE: Next Round Hydro Quebec
>
> Will do.
>
> **From:** Teliszewsky, Andrew (ENERGY)
> **Sent:** July 20, 2017 10:15 AM
> **To:** Greenberg, Martha (CAB); Kwamena, Boafoa (CAB); Armstrong, Hillary (ENERGY); Schlaepfer, Martin (ENERGY)
> **Cc:** Baker, Carys (ENERGY)
> **Subject:** Re: Next Round Hydro Quebec

Good Morning:
Appreciate that we are not yet through tomorrow's multicorners discussions regarding Hydro Quebec, however to ensure continued coordination and to plan ahead for when senior PO staff have returned from various holidays, a "next date" has been provided to us via Bevan's calendar.

Wednesday 16 August @ noon - 1pm.

If CO would be so kind as to organize calendar invitation would be terrific.
Many thanks, in advance.
Andrew Teliszewsky
416-327-3550

From: Teliszewsky, Andrew (ENERGY)
Sent: Friday, July 14, 2017 3:05 PM
To: Greenberg, Martha (CAB); Kwamena, Boafoa (CAB); Armstrong, Hillary (ENERGY); Schlaepfer, Martin (ENERGY)
Subject: Next Round Hydro Quebec

Good Afternoon:
Have confirmed next round Hydro Quebec briefing in Bevan's calendar works for 3-4pm on Friday 21 July (one week from right now).
IESO has advised that this is "pushing them" but will need to be made to work given senior PO calendar.
Asking CO to please find the location that suits and dispatch the outlook calendar invites, please.
Many thanks, in advance.
Atel/

Andrew Teliszewsky
Chief of Staff | Office of Hon. Glenn Thibeault
Ministry of Energy
andrew.teliszewsky@ontario.ca
416-327-3550 (o)
416-436-6370 (m)

From:	Ronald Kwan
To:	Anna Strathy
Cc:	Gadi Mayman; Mike Manning
Subject:	FW: Next Round Hydro Quebec
Date:	Thursday, August 03, 2017 10:42:23 AM

Hi Anna,
Does Gadi have this time in the calendar available?
Ron

From: Nelms, Scott (MOF) [mailto:Scott.Nelms@ontario.ca]
Sent: August-03-17 10:25
To: Mike Manning ; Ronald Kwan
Subject: FW: Next Round Hydro Quebec
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Atel/

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Ministry of Energy
andrew.teliszewsky@ontario.ca
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On Jul 28, 2017, at 3:44 PM, Bromm, William (CAB) <William.Bromm2@ontario.ca> wrote:

> Just want to update you on these meetings. Because of a few calendar conflicts, the meetings will have to be from 11 – 12 & 12 to 1 rather than 12 - 1 & 1 - 2. Hopefully the shift back by an hour won't be an issue.
> William
>
> **From:** Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>
> **Sent:** Tuesday, July 25, 2017 7:43 PM
> **To:** Kwamena, Boafoa (CAB); Greenberg, Martha (CAB); Armstrong, Hillary (ENERGY); Schlaepfer, Martin (ENERGY)
> **Cc:** Baker, Carys (ENERGY)
> **Subject:** Re: Next Round Hydro Quebec
> Good Evening:
> Owing to the significant dialogue regarding this week's LTEP Cabinet Submission and the factors that will feed into the full price curve, we have been granted more time in Andrew Bevan's calendar for that third week of August.
> We still have Mike / Gillian next week (2 August) on LTEP Curve / OFHP Implications, but please take note of the following updates :
> August 16th
>
> 12 to 1pm – Hydro-Quebec Update
>
> 1 to 2pm – Long Term Energy Plan / Price Curve Meeting
>
> Asking please for CO to update our Outlook Calendars' accordingly.
> Many thanks, as always!
> Andrew Teliszewsky
> 416-327-3550
>
> **From:** Kwamena, Boafoa (CAB)
> **Sent:** Thursday, July 20, 2017 11:03 AM
> **To:** Teliszewsky, Andrew (ENERGY); Greenberg, Martha (CAB); Armstrong, Hillary (ENERGY); Schlaepfer, Martin (ENERGY)
> **Cc:** Baker, Carys (ENERGY)
> **Subject:** RE: Next Round Hydro Quebec
> Will do.

From: Teliszewsky, Andrew (ENERGY)
Sent: July 20, 2017 10:15 AM
To: Greenberg, Martha (CAB); Kwamena, Boafoa (CAB); Armstrong, Hillary (ENERGY); Schlaepfer, Martin (ENERGY)
Cc: Baker, Carys (ENERGY)
Subject: Re: Next Round Hydro Quebec

Good Morning:

Appreciate that we are not yet through tomorrow's multicorners discussions regarding Hydro Quebec, however to ensure continued coordination and to plan ahead for when senior PO staff have returned from various holidays, a "next date" has been provided to us via Bevan's calendar.

Wednesday 16 August @ noon - 1pm.

If CO would be so kind as to organize calendar invitation would be terrific.

Many thanks, in advance.

Andrew Teliszewsky

416-327-3550

From: Teliszewsky, Andrew (ENERGY)
Sent: Friday, July 14, 2017 3:05 PM
To: Greenberg, Martha (CAB); Kwamena, Boafoa (CAB); Armstrong, Hillary (ENERGY); Schlaepfer, Martin (ENERGY)
Subject: Next Round Hydro Quebec

Good Afternoon:

Have confirmed next round Hydro Quebec briefing in Bevan's calendar works for 3-4pm on Friday 21 July (one week from right now).

IESO has advised that this is "pushing them" but will need to be made to work given senior PO calendar.

Asking CO to please find the location that suits and dispatch the outlook calendar invites, please.

Many thanks, in advance.

Atel/

Andrew Teliszewsky
Chief of Staff | Office of Hon. Glenn Thibeault
Ministry of Energy
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416-327-3550 (o)
416-436-6370 (m)

From:	Mike Manning
To:	Anna Strathy
Subject:	FW: OFA Board orientation - March 28, 2017
Date:	Friday, May 05, 2017 3:24:33 PM
Attachments:	Tab 5 Cap markets.pdf Tab 8 CEFD.pdf OFA Board Orientation Agenda - March 28, 2017.doc

Hi Anna:
As requested.
Mike

From: Joan Dougherty
Sent: Monday, March 27, 2017 5:04 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Andrew Prahalad <Andrew.Prahalad@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: OFA Board orientation - March 28, 2017

Good afternoon everyone

Attached please find the agenda – along with the material you submitted for the presentation tomorrow (Ken I had already emailed your documents to you).

You'll note on the agenda that the Deputy is scheduled to arrive at the orientation at 3:00 p.m. to meet the new Board member. Hence the break in the presentation by Treasury/Risk/SCSD. However, we anticipate that the Deputy's time with the new Board member will be less than half-an-hour (although they asked for 30 mins). In any event, the Treasury/Risk/SCSD presentations will continue until the Deputy arrives, and continue after the Deputy leaves. CEFD will join the orientation when SCSD is done. I have already alerted Paul Potvin to the possibility of the orientation running late.

If the Deputy is not able to attend, I will let you know.

Thanks

Joan Dougherty
Ontario Financing Authority
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12th Floor
Toronto, Ontario, M7A 1Y7
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Capital Markets Division

March 2017

Ontario Financing Authority
www.ofina.on.ca

Mandate & Profile: Capital Markets Division

The Capital Markets Division develops and executes the Province's borrowing and debt management programs, invests funds for the Province and specific government entities, and provides investment, borrowing, debt and energy management services to the Ontario public sector. It is also responsible for investor relations, documentation and the Ontario Savings Bond program.

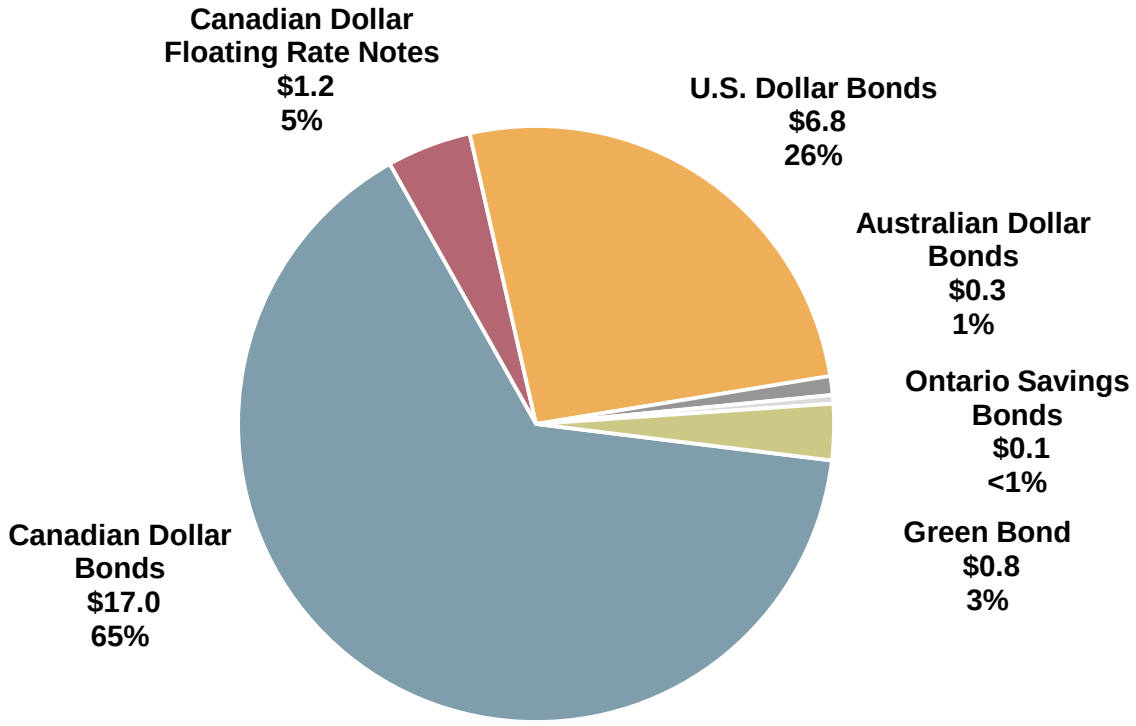
Specifically, the Capital Markets Division:

- Prudently manages debt outstanding of $327.4 billion (as at March 31, 2016), manages the liquid reserve portfolio and conducts financial risk management.
- The completed long term borrowing of $26.3 billion, including the $2.4 billion pre-borrowed for 2017–18, is 110.2 per cent of the borrowing outlook of $23.8 billion presented in the 2016 *Ontario Economic Outlook and Fiscal Review.*
- Advises on electricity and public sector financial policies.

Note: Numbers may not add due to rounding.

2016–17 Borrowing Completed: $26.3 Billion

As of March 22, 2017
($ Billions)



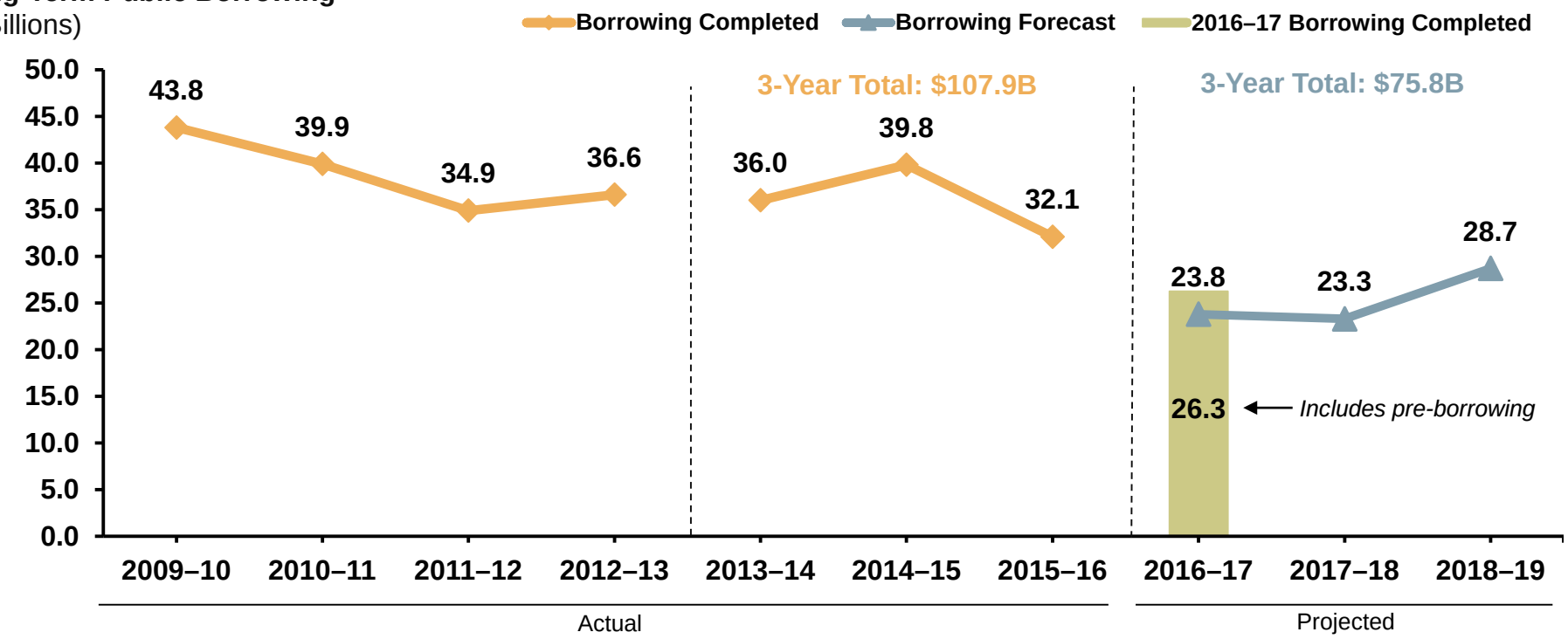
2016–17 Total Borrowing Requirement:	**$23.8B**
Borrowing Completed:	**$26.3B (110% Complete)**
Ahead/(Behind) Even Pace:	**14%**
Domestic:	**73%**
International:	**27%**
Average Term:	**14.0 years**

Note: Numbers may not add due to rounding.

Total Long-Term Public Borrowing

- As of 2016 *FES* the Province plans to borrow $75.8 billion over the next three-year period, down from the $107.9 billion borrowed over the previous three-year period. This $32.1 billion decline in borrowing reflects the impact of lower deficits (including the Province's asset optimization activities and plans), prefunding and term extension.

Long-Term Public Borrowing
($ Billions)



Foreign	51%	41%	19%	28%	18%	21%	19%	27%	-	-
Domestic	49%	59%	81%	72%	82%	79%	81%	73%	-	-
Weighted-Average Term (Years)	8.1	12.8	13.0	12.4	13.6	14.1	14.2	14.0	-	-

Source: Ontario Financing Authority. 2016–17 borrowing completed is as of March 22, 2017 and includes pre-borrowing of $2.4 billion for 2017-18.

Investment activities

- The OFA manages the Province's liquid reserve portfolio to optimize investment returns and to ensure that sufficient funds are available to meet cash requirements. The average level of unrestricted liquid reserves as of February 28, 2017, was $21.2 billion, net of collateral.

- The OFA also invests on behalf of certain public bodies to help increase their returns by streamlining investment processes and reducing investment costs. In 2016–17, the OFA continued to provide investment services to a number of agencies, boards, commissions and other public bodies, including Infrastructure Ontario, the Pension Benefits Guarantee Fund, Ontario Trillium Foundation, Ontario Capital Growth Corporation and the Deposit Insurance Corporation of Ontario. As of December 31, 2016, total funds managed were $2.1 billion.

- With Ontario Power Generation Inc., the OFA continued to manage the investment activities of OPG's Used Fuel Segregated Fund and the Decommissioning Segregated Fund established under the Ontario Nuclear Funds Agreement (ONFA). As of December 31, 2016, the combined market value of the funds were $19.4 billion compared to $17.9 billion at March 31, 2016 and $4.9 billion when the funds were formally established in 2003.

Investor Relations and Documentation

Investor Relations:

- Supports the Province's borrowing program by maintaining a dialogue with fixed income investors in key markets and expanding the Province's funding base by building relationships with new investors in existing or new markets.

Documentation:

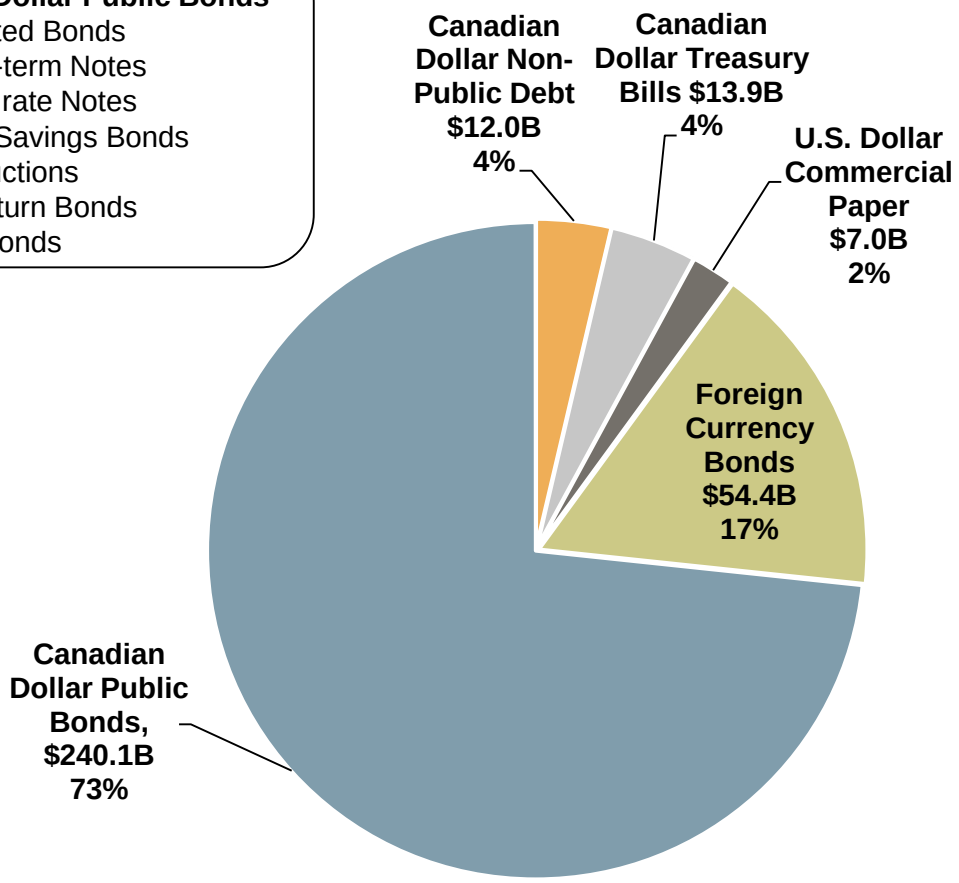
- Provides a wide range of documentation expertise on behalf of the Province, working very closely with Finance legal and outside counsel.

- Supports the borrowing program by:
  - ensuring that sufficient borrowing authority is available to execute the borrowing program.
  - negotiating and documenting all bond issues and derivatives agreements.
  - maintaining programs in the domestic and international markets (U.S., E.U., Australia).
  - ensuring that all ongoing international regulatory requirements are met.

Total Debt Composition

$327.4 Billion Outstanding
(as of March 31, 2016)

Canadian Dollar Public Bonds
- Syndicated Bonds
- Medium-term Notes
- Floating rate Notes
- Ontario Savings Bonds
- Bond Auctions
- Real Return Bonds
- Green Bonds



Debt Outstanding by Currency

Currency	Debt Outstanding
Canadian Dollar Public Debt	$254.0 B
Canadian Dollar Non-Public Debt	$12.0B
U.S. dollars	$45.4B
Euros	$12.3B
Swiss francs	$1.9B
Japanese yen	$0.5B
Australian dollars	$1.4B
South African rand	$0.01B

Note: Numbers may not add due to rounding.

Source: Ontario Financing Authority.

Debt Overview

Debt	Actual 2015–16	Projected 2016–17
Total Debt	$327.4 billion	$328.6 billion
Net Debt	$294.6 billion	$304.9 billion
Net Debt-to-GDP	38.6%	38.3%
Total Debt Statistics		
Percentage of Publicly Held Debt	96%	96%
Percentage of Publicly Held Debt Issued in Canadian Dollars	78%	80%
Effective Interest Rate (Weighted Average) on Total Debt	3.6%	3.6%

Risk Management

- Foreign exchange exposure of 0.2% of outstanding debt as of February 28, 2017. Policy limit is 5.0% of debt
- Floating rate exposure of 11.3% as of February 28, 2017 (i.e. net floating rate exposure plus debt maturing within one year). Policy limit is 35.0% of debt
- Monitor and manage debt maturity profile to limit refinancing risk
- High level of liquid reserves
- Strict credit limits for financial and investment counterparties
- Collateralized swap agreements in place for most swap counterparties
- Ontario treasury bills and U.S. commercial paper are very well received in the money markets and provide additional borrowing capacity if required

Investor Relations
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Visit www.ofina.on.ca & subscribe to our email alert service to receive the latest Province of Ontario updates

Corporate and Electricity Finance Division (CEFD)

March 2017

Corporate and Electricity Finance Division (CEFD)

- CEFD: Assistant Deputy Minister's Office
- CEFD, led by ADM and has four directors
- Four branches:
  - Corporate Finance
  - Electricity Finance
  - Strategic Investment and Finance
  - Strategic Project Finance

Role of CEFD

- CEFD'S mandate

  - Provide the Minister of Finance with financial analysis and advice on initiatives that may affect the Province's finances and its direct and indirect liabilities.

  - Support Ministry of Finance core activities including the Ontario Budget and Fall Economic Statement.

  - Provide financial advice and support to line ministries and agencies.

Major Files and Deliverables

1. Provide analysis and advice and review transactions and initiatives related to Government Assets and Investments
2. Provide analysis and advice on electricity sector initiatives
3. Provide support to Ontario Electricity Financial Corporation (OEFC)
4. Provide analysis and advice on the performance of Ontario Power Generation (OPG) and Hydro One and update Fiscal Plan
5. Implement the Ontario Nuclear Funds Agreement (ONFA)
6. Provide analysis and advice on nuclear supply initiatives
7. Administer the Aboriginal Loan Guarantee Program (ALGP)
8. Advise on business support programs
9. Provide financing to Public Bodies and advice on major government investment initiatives (such as Venture Capital investments)
10. Advise on the *Financial Administration Act* and Section 28 approvals

Government Assets and Investments

Budget 2014 announced that the government would look at ways to unlock value from its assets through operational improvements and revenue optimization, and through asset sales, including sale of the General Motors shares and real estate holdings such as the LCBO headquarters and OPG head office.

In April 2014, the Premier's Advisory Council on Government Assets was appointed to examine how to get the most out of key assets; i.e., OPG, Hydro One and LCBO, to generate better returns and revenues.

Following the Council's advice and as reported in April 2015, the government executed an initial-public-offering (IPO), supported by CEFD, to broaden the ownership of Hydro One in November 2015, selling approximately 16% of the shares.

Budget 2016 confirmed that the government is committed to continuing broadening Hydro One's ownership, up to 60% of total common shares.

In April 2016, an additional 14% of shares were sold through a secondary offering.

In Feb. 2017 the sale of Brampton LDC was completed.

Activities:

- Advise on value optimization strategies for gov't business enterprises (GBEs), including support to the Minister of Finance, including on implementation of the recommendations of the Premier's Advisory Council on Government Assets, and Ministry of Energy by providing analysis and advice.
  - The division had a leading role in the 2013/14 Asset Review done in collaboration with IO and McKinsey, that was followed by the appointment of the Advisory Council.
  - Supported the Ministry of Energy and the Premier's Advisory Council on the execution of the Hydro One IPO, and the spin-off of Brampton to become a wholly owned government business enterprises (GBE), prior to a planned sale.
  - Working with IO and other MOF divisions, provide lead support in the working group on real estate assets, to ensure that key real estate assets (e.g., LCBO and OPG HQs) are divested efficiently, and consistent with the fiscal plan.
- Lead implementation of the Trillium Trust and provide financial analysis and advice on the dedication of net revenues gains from designated asset sales to the Trust to support key investments infrastructure.
- CEFD led the process to patriate Ontario's GM shares from the federal agency, CDIC. Sale of the shares was completed in February 2015.
- Provide financial analysis and advice on asset transactions or transformations. Past examples include the 2010 licensing agreements with Teranet (and on-going implementation).

Provide Support to OEFC through Cashflow Modelling, Stranded Debt Defeasance, and NUG Oversight

OEFC is the legal successor to the old Ontario Hydro. Its mandate includes managing and retiring the debt and certain liabilities of the old Ontario Hydro, including

- "Stranded Debt"
- Legacy non-utility generator (NUG) contracts of the former Ontario Hydro

OEFC results are consolidated into the Province's Public Accounts.

OEFC is the counterparty to about 20 active power purchase agreements (PPAs or contracts with non-utility generators -- NUGs). About 90 were originally entered into by the former Ontario Hydro.

Activities:

- Provide modelling of OEFC long-term cash flows and project pay down of stranded debt and provide analysis and advice on OEFC.
- Provide regular updates on OEFC's projected results including impacts on OEFC of OPG and Hydro One financial projections.
- Provide analysis and advice on electricity sector initiatives that have an impact on the financial performance of OEFC and the projected retirement of stranded debt.
- Contribute to and support implementation of OEFC's annual business plan.
- Manage NUG contracts, including contract revisions, and provide strategic policy advice to OEFC Board on emergent issues with respect to NUG contracts.

Monitor Performance of OPG and Hydro One and Update Fiscal Plan

OPG is wholly-owned and Hydro One is about 70% owned by the Province.

OPG and Hydro One financial performances have a direct impact on the Province's finances through consolidation of their net incomes (proportional share in the case of Hydro One) as Provincial revenue, as well as payments in lieu (PILs) of corporate income and property taxes.

OPG's multi-year business plan and staff estimates for Hydro One multi-year financial projections form the basis for projections in the Ontario Budget.

The Ministry of Energy has been directed by Treasury Board to work with the Ministry of Finance and the Ontario Financing Authority to ensure timely and regular reporting of OPG's business plan and financial performance to the Ministries of Energy and Finance.

Activities:

- Provide regular updates to the Deputy & Minister of Finance and to OEFC on fiscal impacts of OPG and Hydro One financial performance, including analysis and regular updates on annual business plan & performance of both companies.
- Provide analysis and advice on electricity sector initiatives that have an impact on the financial performance of OPG, and Hydro One and have a fiscal impact on the Province.
- Provide analysis and advice on OPG and Hydro One impacts on electricity prices, consumers, and price mitigation including companies' rate application submissions to the OEB.
- Monitor and provide financial analysis and advice on regulatory processes affecting regulated rates for OPG and Hydro One.
- Provide financial analysis and advice on OPG liquidity, borrowing requirements and debt service to OEFC.

Implement the Ontario Nuclear Funds Agreement

The Ontario Nuclear Funds Agreement (ONFA) is an agreement between the Province and OPG.

Under ONFA, OPG was required to establish two Segregated Funds to pay the costs of decommissioning nuclear stations and disposing of used nuclear fuel. Fair market value of ONFA funds was about $19.4 billion as at De. 31, 2016 -- $8.3 billion in the Decommissioning Segregated Fund (DSF) and about $11.1 billion in the Used Fuel Segregated Fund (UFSF), before consideration for amounts due to the Province.

The Province guarantees the UFSF rate of return at 3.25 per cent per year, plus the rate of change in Ontario C.P.I., on a cumulative basis, for the first 2.23 million used fuel bundles.

OPG bears all risk and liability for cost and liability estimate increases for the DSF, as well as the rate of return on the DSF.

The Province also provides a Provincial Guarantee to the Canadian Nuclear Safety Commission (CNSC). Current Provincial Guarantee covers the 2013-17 period and is for $1,551 million.

Activities:

- Conduct due diligence on OPG's proposed Annual ONFA Budget for spending from the ONFA funds on, e.g.,
  - Funding OPG share of Adaptive Phased Management (APM) for used fuel
  - Funding the intermediate and low level waste (I&LLW) deep geological repository (DGR) at Kincardine
  - Maintaining Pickering Units 2 & 3 in a safe storage state
- Provide analysis and advice to the Minister of Finance as part of due diligence on OPG's proposed updates to the ONFA Reference Plan for cost and liability estimates for station decommissioning and long-term L&ILW and used fuel management and disposal cost estimates, to be approved by the Minister.
- Conduct due diligence and provide analysis and advice on OPG's proposed payment schedules into the ONFA funds, submitted for approval to the Minister of Finance.
- Conduct due diligence and advice on the Provincial Guarantee to the CNSC, reported as a contingent liability in Public Accounts.

Support Initiatives on Electricity Price Mitigation

The Division supports the government and Ministry of Finance through analysis and advice on price mitigation options and supports implementation, such as for the following:

Ontario Fair Hydro Plan (FHP):

- The government has proposed to lower electricity bills by 25 per cent on average for all residential customers. Many small businesses and farms will also benefit from this. In addition, there is targeted relief for, e.g., eligible rural, remote, low income and First Nations.

Debt Retirement Charge (DRC):

- The government has removed the DRC cost from residential users' electricity bills effective January 1, 2016. The DRC would remain on all other electricity users' bills until March 31, 2018.
- DRC helps service and pay down the debt & other liabilities of OEFC.

Industrial Electricity Incentive (IEI) program:

- The IEI program provides electricity-based price adjustments, including a rebate of the DRC cost, to participating companies for eligible incremental electricity consumption.

Northern Industrial Electricity Rate Program (NIER):

- NIER program provides electricity price rebates of 2 cents/kWh to qualifying northern industrials.
- The government is committed to ongoing funding of up to $120 million per year for northern industries.

Activities:

Examples:

- Provide advice and analysis on the FHP initiative and its fiscal impact to the Province.
- Provide advice and analysis to support implementation of the DRC initiatives, and continue to provide modelling of OEFC long-term cash flows.
- Forecast impacts from the IEI program.
- Participate in inter-ministry working group consisting of MNDM, MNR, Energy and OFA to explore electricity pricing options for northern industrials after the extended NIER program expires.
- Supported implementation of and provided policy analysis and advice on OCEB.

Support Nuclear Supply Initiatives

As part of the 2013 Long-Term Energy Plan (LTEP) the government indicated nuclear generation will continue to be the backbone of Ontario's electricity supply and for that will proceed with the refurbishment of the Darlington and Bruce sites.

- Refurbishment activity is expected to start in 2016 and planning and preparation work is underway.
- Darlington would see 4 reactors refurbished over 2016-2026.
- Bruce would see 6 reactors refurbished over 2021-2033.
- Nuclear refurbishment will follow seven principles established by the government, including minimizing commercial risk to the government and the ratepayer.

Activities:

- Monitor, analyze and advise on financing, regulatory processes, and fiscal impacts of OPG's Darlington refurbishment project and/or of changes introduced to the Bruce Power Lease Agreement.
- Arrange financing for OPG through OEFC, if needed, for the Darlington refurbishment project.
- Monitored the IESO's commercial discussions with Bruce Power for the refurbishment of Bruce A&B reactors.
  - CEFD staff supported the Ministry of Energy/IESO in commercial discussions with Bruce Power for refurbishment and/or asset management of up to 6 units (Units 3-8) at the Bruce Site
  - Reviewed Bruce Power and OPA/IESO financial models to support Ministry of Energy's financial due diligence process.
- Previously, also supported the new nuclear initiative.

Administer the Aboriginal Loan Guarantee Program

Ontario's Budget 2009 announced a $250 million loan guarantee program to support Aboriginal participation in renewable electricity and transmission infrastructure projects. The program was expanded by $150 million by Treasury Board on June 14, 2012, for a total of $400 million. The 2014 Budget announced a further expansion of the program envelope to $650 million.

The Aboriginal Loan Guarantee Program (ALGP) provides Aboriginal communities with access to capital. Eligible projects must meet a number of requirements:

- PPA in place or eligibility for a regulated rate
- Provincial due diligence process
- All required regulatory approvals

Eight guarantees have been approved to-date and nine other applications are under review.

Activities:

- Meet with individual First Nation communities to discuss the program and potential project proposals, as requested.
- Participate in stakeholder information sessions, as required.
- Direct analysis provided by external third-party due diligence advisors and prepare internal due diligence and analysis of any proposals put forward and monitor and administer approved guarantees.
- Participate in negotiations with lenders and project proponents.
- Liaise with other ministries regarding status of projects and to identify any contentious issues.
- Propose appropriate terms and conditions for loan guarantees and work with MOF Legal to draft required legal documents.
- Seek Cabinet and Ministerial approval for loan guarantees.
- Following completion of required due diligence, seek the following required approvals:
  1. Minister's approval of conditional offer letter and seek OIC
  2. OIC to authorize the Minister to enter into final loan guarantee agreement.
  3. Minister's approval of final loan guarantee agreement once required conditions have been met and required documentation is in place.

Advise on Business Support Programs

Provide analysis and advice on various business support proposals as they arise.

As part of Budget 2012, the Province announced a new Jobs and Prosperity Fund (JPF) that will consolidate many existing business support programs. Budget 2013 announced that a panel will be established to support implementation of the fund.

Budget 2014 announced that a $2.5 billion fund would be created targeting growing sectors, such as advanced manufacturing, agri-food and agri-products, and information and communications technology (ICT), and Budget 2015 announced increased funding of $200 million, with an extension of eligibility to the forestry sector.

The Province continues to explore opportunities with companies that are interested in making large-scale investments in Ontario.

Activities:

- Provide advice and due diligence on proposed government business supports or transactions (examples of recent files are provided below)
- JPF
  - Staff provide ongoing support for the participation of the OFA's CEO on a committee under the JPF, including assessing applications.
- Venture Capital
  - Staff advice on the $300 million Canada/Ontario venture capital fund, new OCGC mandate review currently underway.
- Cap & Trade
  - Staff advise Ministry of Environment and Climate Change on the sale and auction process of Ontario carbon credits, and on proper controls to be put in place on the future receipt of billions of dollars in public proceeds.
  - Staff advising Ministry of Environment and Climate Change on financing programs to be offered by new agency, Green ON Fund.
- Ring of Fire:
  - Staff participated in the electricity working group to provide advice and monitor fiscal risks that could arise from electricity rate incentives being requested by investors.
- Industrial Electricity Incentive
  - Staff assists the Independent Electricity System Operator with implementation of this demand management program.
- Forestry
  - Staff continue to administer a number of loans and loan guarantees made to forestry companies, working with MNRF.

Provide Financing To Public Bodies

A number of public bodies are consolidated on the Province's financial statements, including school boards, colleges, hospitals, and corporations, boards, and commissions.

Established a framework to govern the financing of these public bodies.

Under this framework, the Province, through the OFA, will provide long-term financing to consolidated public bodies, leaving the administratively intensive short-term and construction financing to financial institutions.

Activities:

- Perform due diligence and analysis, and develop the structure and negotiate the detailed terms and conditions of any loans.
- As at March 22, 2017, the OFA had provided a total of approximately $6.0 billion in loans to consolidated public bodies, including
  - $5.5 billion to school boards;
  - $321.7 million to colleges;
  - $192.2 million to corporations, boards and commissions, such as the Royal Ontario Museum and Ontario and Lottery Gaming; and
  - $15.4 million to other public bodies that are not consolidated with the Province, including one university and one municipality.
  - Interest savings on these loans are estimated at approximately $30 million annually.
- Negotiated and executed a Ministry of Finance loan facility of up to $400 million to fund the set-up costs of the new Ontario Registered Retirement Pension Plan Administration Corporation. Remission of the outstanding amount following the wind-down of the Corporation effective September 15, 2016.

Advise on Financial Administration Act (FAA) Approvals

The *Financial Administration Act* (FAA) sets out the duties and powers of Treasury Board and the Minister of Finance and governs the disbursement of public money, financial management/control and public debt/liabilities.

Advise the Minister of Finance on projects and initiatives that require approval pursuant to sections 22 and 28 of the FAA for financial arrangements that increase the Province's debt or contingent liabilities.

Sec 28: A ministry or public entity shall not enter into any financial arrangement, financial commitment, guarantee, indemnity or similar transaction that would increase, directly or indirectly, the indebtedness or contingent liabilities of Ontario without the written approval of the Minister of Finance.

Sec 22: The Lieutenant Governor in Council may by order authorize the Minister of Finance, on behalf of Ontario, to agree to guarantee or indemnify the debts, obligations, securities or undertakings of any person.

Activities:

- Case by case analysis on requests for loans and guarantees and other financing arrangements that include indemnities or other contingent liabilities.
- Negotiate the detailed terms and conditions of any loans to be guaranteed with financial institutions to minimize costs for the borrower and best meet market expectations.
- Review one of a kind proposals, and provide advice to ADM, Deputy Minister, Minister, and Cabinet.
- Review ministry and agency financing requests under section 28 of the FAA, conducting business case analysis and providing a recommendation to the Minister of Finance.
- Current projects include proposed regulations under section 28 of the FAA to provide class exemptions.
- A protocol has been developed on s.28 approvals that clearly defines respective responsibilities of MOF/OFA and TBS.

ONTARIO FINANCING AUTHORITY
BOARD OF DIRECTORS ORIENTATION

MARCH 28, 2017 @ 12:45 P.M. – 4:15 P.M.

1 DUNDAS STREET WEST
14TH FLOOR
EXECUTIVE BOARDROOM

A G E N D A

1.	Access Card Processing (Joan Dougherty)	**12:45 – 1:00**
2.	Welcome and signing of Oath of Office (Gadi Mayman)	**1:00 – 1:15**
3.	Presentation by Board Coordinator (Joan Dougherty) • Access to the OFA Board Portal, Board Papers, and list of OFA Key Policies	**1:15 – 1:30**
4.	Overview of OFA Board of Directors Manual (Sarah Neville) ..... Board and Board Committees governance conflict of interest freedom of information and protection of privacy indemnification delivery of confirmation regarding Code of Conduct and declaration of any conflicts	**1:30 – 2:00**

PRESENTATIONS BY OFA SENIOR MANAGEMENT AND STAFF

5.	Overview of Capital Markets Division Including Investor Relations and Tour of Trading Floor (Mike Manning, Opal Kandelas)	**2:00 – 2:30**
6.	Overview of OFA Divisions (Ken Kandeepan) ..... • Finance & Treasury • Risk Control • Strategic Corporate Services	**2:30 – 3:00**
7.	Meet with the Chair (Scott Thompson)	**3:00 – 3:30**
8.	Overview of Corporate and Electricity Finance Division (Ronald Kwan)	**3:30 – 4:15**

From:	Carlos Yep
To:	"Montgomery, Kaitlin (MOF)"; Ken Kandeepan; Mike Manning; John Kim; John Psinas
Cc:	Keley Katona (ENERGY); James Devine
Subject:	FW: OFA Feedback re Fair Hydro Plan - Sub Debt
Date:	Friday, August 25, 2017 10:19:50 AM
Attachments:	Draft Subordianted Debt Term Sheet.doc FHPA Regulations - Fees.docx

Hi Kaitlin,
Yes, there is still some work to be done on the Sub-Debt.
The OFA has not seen any revised documents from OPG. With Attached is the email from Ken Kandeepan to Sheen Liu at OPG on July 31 that dealt only with the Sub-Debt and Performance Fees with one major change and some other recommendations, Ken did clarify with Sheen that the OFA could not comment on the fix fee.
The main point is that it should be between OPG, Fair Hydro Trust and the Ministry of Energy.
Regards
Carlos

From: Ken Kandeepan
Sent: Monday, July 31, 2017 4:20 PM
To: 'LIU Sheen -TREASURY'
Cc: LEE John -TREASURY ; RYFA Ken -TREASURY ; WONG Leslie -LAWDIV ; James Devine ; Mike Manning ; Carlos Yep
Subject: RE: OFA Feedback re Fair Hydro Plan

Hi Sheen
Pls find attached our comments on each document. Happy to discuss along with my colleagues from our Capital Markets Division who are cc'ed.
Thanks
Ken k

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Friday, July 28, 2017 5:32 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: OFA Feedback re Fair Hydro Plan

Ken,
Thanks for providing your concurrence in the Trust's approach to performance benchmarking. In order to move forward with completing all Fair Hydro Plan related legal documents, could you please also confirm your agreement to the methodology/process as illustrated in the other two documents provided to you in the past (both attached above for your reference)? Specifically, we would appreciate your confirmation re the following items:

1. Fee Structure, including both fixed and variable fees (as described in FHPA Regulations – Fees.docx)
2. The process of (a) taking out subordinated loan from OFA; and (b) establishing relevant pricing (as described in Draft subordinated Debt Term Sheet.doc)

If you have other outstanding comments relating to Fair Hydro Plan, please also let us know so that we could incorporate them before finalizing the structure and legal documents.

Your timely response will be appreciated.
Regards
Sheen

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Tuesday, July 18, 2017 1:05 PM
To: LAURETA LAPIRA May -FIN & C CTRL
Cc: MAUTI John -FIN & C CTRL; LEE John -TREASURY; Mike Manning; Graham Monroe; Carlos Yep; James Devine; JORDA Jenny -FIN & C CTRL; GORE Michael -FIN & C CTRL; LIU Sheen -TREASURY
Subject: EXTERNAL – RE: EY concurrence re: Draft Trust Performance Fee Recommendations
*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Thank you May, the email from E&Y is clear and given a choice between a performance methodology, that in our opinion, is not entirely reflective of capital markets decision making and jeopardizing the consolidation of the Trust, we are opting to accept OPG's methodology for the construction of the benchmark.
Pls proceed accordingly.
Ken k

From: LAURETA LAPIRA May -FIN & C CTRL [mailto:may.lapira@opg.com]
Sent: Monday, July 17, 2017 2:40 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Graham Monroe <Graham.Monroe@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; JORDA Jenny -FIN & C CTRL <jenny.jorda@opg.com>; GORE Michael -FIN & C CTRL <michael.gore@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: EY concurrence re: Draft Trust Performance Fee Recommendations
Hi Ken,
My name is May Lapira and I'm the newest addition to the Treasury team. Jenny has been working hard to get me updated on the accounting aspects of the Fair Hydro Plan so we can transition future correspondences over to me.
Per our discussion during the call earlier today, we have reached out to EY to obtain concurrence on our interpretation of their accounting position. Please see attached the email trail from EY's senior manager Brittany Keenan confirming that excluding the equity injection component from the definition of a 'benchmark bond' would result in non-commercial terms and could ultimately result in OPG not being able to consolidate the financing entity.
Please let me know if you have any follow up questions on this matter.
I look forward to working with you,
May

May Laureta Lapira, CPA, CA | Senior Manager, Treasury | Ontario Power Generation
700 University Avenue, Toronto ON M5G 1X6 | Tel: (416) 592-3721| Fax: (416) 592-7758 |E-mail: may.lapira@opg.com

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Fair Hydro Plan – Subordinated Debt Loan Arrangement
Term Sheet

- Parties: OPG, Fair Hydro Trust, ~~OFA~~, Ministry of Energy

- In accordance with the Master Subscription Agreement among OPG, ~~OFA~~ and Ministry of Energy, the Province agrees to inject 44% of total funding of GA asset by way of equity subscriptions in OPG, and OPG agrees to use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt (Equity Injection Plan) requirements as part of the Fair Hydro Plan

- OPG will lend the equity injection from the Province to Fair Hydro Trust by way of subordinated debt (one or more mezzanine level)

- Initial credit rating will be assigned to the subordinated debt of Fair Hydro Trust

- Based on monthly funding requirement of GA asset, the Trust will use short term financing, such as bank facilities, and take out bonds once accumulative short term funding reaches certain levels.

- The mechanism to implement Equity Injection Plan will be based on monthly equity injections reflecting funding requirements of GA asset

- Interest rates on the subordinated debt will be established as follows:

    - During the Trust short term financing period when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt

    - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. The process will be similar to the one established for pricing of OPG debt drawn from OEFC facilities.

Commented [KK1]: The OFA is not part of the master subscription agreement and hence should be removed.

Commented [KK2]: OPG can simplify (only set rates once) and reduce financing risk (there is no certainty as to the timing or term structure of the senior debt issuance) of the suggested process by terming out the subordinated debt at the time of each monthly equity injection from the Province

TORYS/OPG COMMENTS: JUNE 22, 2017

Fees, subs. 19 (3) of the Act

(x.1) For the purposes of this section, "incremental annual funding obligation" means the aggregate of all funding obligations issued by all financing entities in a calendar year.

10xx. (1) For the purposes of subsection 19 (3) of the Act, the Financial Services Manager may establish and charge fees to financing entities in relation to the following matters:

1. The services provided by the Financial Services Manager to financing entities, which may include services related to planning, financing, negotiation and execution of agreements, the payment of costs and expenses on behalf of a financing entity, front office services and administrative services.

2. The costs of doing anything that the Financial Services Manager is required or permitted to do under the Act.

(2) The fees mentioned in subsection (1) shall be established annually and shall be comprised of a fixed fee and a variable fee based on performance.

(x.2) The fixed fee referred to in (2) shall be payable monthly and calculated as follows:

$$(A \times B) / 12$$

Where,

A = a percentage, expressed as a per annum rate, based on market comparable fees determined by the Financial Services Manager charged by service providers for similar services, and

B = the average of the opening and closing balances of the aggregate principal amount of outstanding funding obligations issued by all financing entities in the previous calendar month.

(x.3) The variable fee referred to in (2) shall be calculated as the sum of the amounts calculated, using the following formula, for all tranches of funding obligations issued by all financing entities in the relevant year:

$$(A \times (B - C)) \times D$$

Where,

A = the principal amount of the applicable tranche of net incremental annual funding obligations,

B = the forecast interest rate for the applicable tranche of incremental annual funding obligations, as determined by the Financial Services Manager on or before the end of the calendar year prior to the calendar year in which the fee is being determined and based on the term of the applicable tranche of incremental annual funding obligations,

C = the actual interest rate for the applicable tranche of incremental annual funding obligations,

D = 5%

(3) The variable fee payable for any calendar year shall not be:

1. more than 1% of (D × the incremental annual funding obligations), or

2. less than -1% of (D × the incremental annual funding obligations).

(3.x) If the variable fee is a negative amount, such amount shall be deducted from the fixed fee payable in the following calendar year in twelve equal monthly instalments.

Board approval of fees, subs. 19 (4) of the Act

11xx. (1) The Financial Services Manager shall submit its proposed fees, together with the methodology used for determining its proposed fees, to the Board for approval no later than August 31, 2017. ***[NTD: Need to determine how to deal with the 1st fee. Understand that OPG is proposing a fixed fee for this year. OPG: There will not be a variable fee for the 1st year.]***

(2) The Board may approve the fees proposed under (1) and the methodology used to determine those fees or it may refer the proposal back to the Financial Services Manager for further consideration with the Board's recommendations.

(3) The Financial Services Manager may from time to time, but not more than once in any 12 month period, submit proposed amendments to the approved methodology for determining fees, together with its proposed fees based on such proposed amendments, to the Board and the Board may approve the proposed amendments and the proposed fees or may refer the proposal back to the Financial Services Manager for further consideration with the Board's recommendations.

Commented [A1]: Pls note that as it stands it appears to include all of the borrowings in any given year which is both new borrowings and refinancing maturities. Including the word "net" ensures that the performance fee is limited to new borrwoings only.

(4) If the Financial Services Manager submits proposed amendments to its approved methodology for determining fees, the proposed amendments together with the proposed fees based on such proposed amendments shall be submitted to the Board for approval no later than 120 days before the Financial Services Manager intends for the fees, determined on the basis of the amended methodology, to commence being charged.

(5) Section 10 applies with such modifications as the context may require to any application by the Financial Services Manager for approval to amend the approved methodology for determining fees and for approval of the resulting fees.

(6) The Financial Services Manager may annually establish and charge fees to financing entities in accordance with the methodology approved by the Board under (2) or (3), as applicable, and such fees shall be deemed to have been approved by the Board for purposes of subsection 19(4) of the Act provided that, in each year where the Financial Services Manager establishes and charges fees that are deemed to have been approved under this subsection, the Financial Services Manager shall submit to the Board, for information purposes, a report setting out the fees that have been established for the year and demonstrating that the approved methodology has been appropriately applied.

(7) When the Financial Services Manager submits its proposed fees and methodology under (1), or its proposed amendments to the approved methodology and resulting proposed fees under (3), the Financial Services Manager shall provide the Board with the following:

1. The methodology that the Financial Services Manager has used to calculate its fixed and variable fees.

2. The methodology that the Financial Services Manager has used to benchmark the market comparable fees charged by service providers for similar services.

3. The identity of the financing entities that are liable to pay the proposed fees.

4. Such other information as the Board may require.

(x.1) Fees established by the Financial Services Manager and approved by the Board shall be included in the definition of “expenses” for the purposes of determining finance amounts under the Act.

From:	Ken Kandeepan
To:	Carlos Yep; Mike Manning; James Devine
Subject:	FW: OFA Feedback re Fair Hydro Plan
Date:	Sunday, July 30, 2017 12:30:53 PM
Attachments:	FHPA Regulations - Fees.docx Draft Subordianted Debt Term Sheet.doc

Hi

I have no idea why OPG did not include you in the addressee list, maybe we can have quick discussion on this on Monday if you are available.

Thanks

Ken k

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Friday, July 28, 2017 5:32 PM
To: Ken Kandeepan
Cc: LEE John -TREASURY ; RYFA Ken -TREASURY ; WONG Leslie -LAWDIV
Subject: OFA Feedback re Fair Hydro Plan

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If you have other outstanding comments relating to Fair Hydro Plan, please also let us know so that we could incorporate them before finalizing the structure and legal documents.

Your timely response will be appreciated.

Regards

Sheen

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Sent: Tuesday, July 18, 2017 1:05 PM
To: LAURETA LAPIRA May -FIN & C CTRL
Cc: MAUTI John -FIN & C CTRL; LEE John -TREASURY; Mike Manning; Graham Monroe; Carlos Yep; James Devine; JORDA Jenny -FIN & C CTRL; GORE Michael -FIN & C CTRL; LIU Sheen -TREASURY
Subject: EXTERNAL – RE: EY concurrence re: Draft Trust Performance Fee Recommendations

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Thank you May, the email from E&Y is clear and given a choice between a performance methodology, that in our opinion, is not entirely reflective of capital markets decision making and jeopardizing the consolidation of the Trust, we are opting to accept OPG's methodology for the construction of the benchmark.

Pls proceed accordingly.

Ken k

From: LAURETA LAPIRA May -FIN & C CTRL [mailto:may.lapira@opg.com]

Sent: Monday, July 17, 2017 2:40 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Graham Monroe <Graham.Monroe@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; JORDA Jenny -FIN & C CTRL <jenny.jorda@opg.com>; GORE Michael -FIN & C CTRL <michael.gore@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>
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Please let me know if you have any follow up questions on this matter.

I look forward to working with you,

May

May Laureta Lapira, CPA, CA | Senior Manager, Treasury | Ontario Power Generation
700 University Avenue, Toronto ON M5G 1X6 | Tel: (416) 592-3721| Fax: (416) 592-7758 |E-mail: may.lapira@opg.com

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Fair Hydro Plan – Subordinated Debt Loan Arrangement
Term Sheet

- Parties: OPG, Fair Hydro Trust, OFA

- In accordance with the Master Subscription Agreement among OPG, OFA and Ministry of Energy, the Province agrees to inject 44% of total funding of GA asset by way of equity subscriptions in OPG, and OPG agrees to use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt (Equity Injection Plan) requirements as part of the Fair Hydro Plan

- OPG will lend the equity injection from the Province to Fair Hydro Trust by way of subordinated debt (one or more mezzanine level)

- Initial credit rating will be assigned to the subordinated debt of Fair Hydro Trust

- Based on monthly funding requirement of GA asset, the Trust will use short term financing, such as bank facilities, and take out bonds once accumulative short term funding reaches certain levels.

- The mechanism to implement Equity Injection Plan will be based on monthly equity injections reflecting funding requirements of GA asset

- Interest rates on the subordinated debt will be established as follows:

    - During the Trust short term financing period when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt

    - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. The process will be similar to the one established for pricing of OPG debt drawn from OEFC facilities.

From: Mike Manning on behalf of Anthony Martinello
To: John Psinas; Ken Kandeepan; Kim Marshall; Ronald Kwan; Michael Boll; Mike Manning; Victor Buza
Subject: FW: OFA : IESO - Fair Hydro funding call
Start: Friday, April 28, 2017 2:00:00 PM
End: Friday, April 28, 2017 3:00:00 PM
Location: Call-in : 416-933-8665, Conference ID: 4157721

-----Original Appointment-----
From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, April 25, 2017 10:34 AM
To: Anthony Martinello; Kim Marshall; Ronald Kwan; Michael Boll; Mike Manning; Ken Kandeepan; Victor Buza
Subject: OFA : IESO - Fair Hydro funding call
When: Friday, April 28, 2017 2:00 PM-3:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Call-in : 416-933-8665, Conference ID: 4157721

Moderator name: Anthony Martinello
Toll-free dial-in number: 1 888-402-9166
Local dial-in number: 416-933-8665
Conference ID: 4157721

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From:	Carlos Yep
To:	Mike Manning; James Devine
Subject:	FW: OFHP - Business Issue next steps - Equity Injection "Master Subscription Agreement"
Date:	Tuesday, July 18, 2017 10:35:07 AM
Attachments:	Term Sheet_Master Subscription_draft June 13.docx

FYI

From: John Kim
Sent: Tuesday, July 18, 2017 10:29 AM
To: Carlos Yep
Subject: FW: OFHP - Business Issue next steps

Fyi, not sure if you saw this email.

From: Sarah Neville
Sent: Tuesday, July 11, 2017 2:27 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: OFHP - Business Issue next steps

Hello –

My strong preference and recommendation is that the OFA not be a party to the Subscription Agreement and that its role as cash flow facilitator/service provider along with a clear delineation of the authorities under which the OFA is acting be established in a separate MOU with Energy (e.g. the term sheet contemplates that a completed/signed subscription form will be provided to OPG from the OFA, is the OFA receiving the subscription form from Energy or is it anticipated that OFA will be executing the form on behalf of Energy? If so, what is the source of the authority for Energy to sign and how is it anticipated that MOE's authority will be delegated to the OFA? The term sheet provides that OFA will receive a share certificate confirming issuance of shares/update of share register sent to OFA and Energy. Why is the OFA receiving this? Is it anticipated that the OFA will have some on-going responsibility/role in respect of the shares/due diligence in ensuring that the shares are issued in exchange for the funds or maintaining records in respect of these transactions beyond flowing the "equity injection" and receiving a receipt?).

I think the arrangement and documentation needs to be clear that OFA is not providing services to OPG as a function of this arrangement (and OPG is not a public body, so OFA cannot provide services to OPG).

If there is a desire for OPG to be aware of the obligations and procedures established in arrangement between the OFA and Energy, the MOU can be attached as a schedule to the Subscription Agreement and the Ministry of Energy can undertake in the Subscription Agreement not to change or amend the MOU without prior written notice to OPG.

Happy to discuss further if there is more context/detail as to what the OFA's role is that I am not aware of beyond the term sheet.

Thanks very much,

Sarah

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM
To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P.

Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,

Kaitlin

416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.
Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,
Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would
I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?
The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG.
The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?
Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.
Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.
Thanks.
Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,
Just wanted to get something going with an introductory email and to provide you with some context.
Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.
I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)
Happy to discuss.
Thanks,
John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the

credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.
OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.
Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps
Hi Kaitlin
My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.
Thanks
Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps
Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.
At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?
Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps
Hi everyone,
As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would

move forward with amendment to OPG articles to facilitate new class of shares

2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,

Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Fair Hydro Plan –Master Subscription Agreement
Term Sheet

- Parties: OPG, OFA, Ministry of Energy
- The Province agrees to inject 44% of total funding of GA asset by way of equity subscription in OPG, which amount OPG in turn will invest in the Fair Hydro Trust as subordinated debt (**Equity Injection Plan**)
- Minister of Energy/Province approves Equity Injection Plan, and initial equity injection amount for 2017/18 fiscal year, and delegates to appropriate ministry staff authority to implement Equity Injection Plan (**Delegated Authority**)
- Long term, OPG equity requirements will form part of the business planning process in place between OPG and Ministry of Energy, ie, annually OPG to include forecasts of its equity requirements for the upcoming 3 years in its business plan submission -- NOTE: this portion of the business plan is not subject to concurrence by the shareholder
- Ministry of Energy will seek appropriation on an annual basis through PRRT for the amounts requested by OPG for its equity requirements-- NOTE: amount of annual appropriation to cover OPG multi year forecasts
- Ministry of Energy and Ontario Financing Authority will have a service level agreement in place which provides authority for OFA to provide cash management services to facilitate these share purchases on an ongoing basis on behalf of the Ministry of Energy
- OPG agrees use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt requirements as part of the Fair Hydro Plan
- OPG will amend its Articles to create an additional class of shares – Class A Shares – which will be non-voting and redeemable at OPG's option
- OPG will issue Class A Shares to the Province monthly at a value per share equal to book value, as determined from OPG's last approved quarterly financial statements -- Value of first Class A shares issued to Province will be based on book value of OPG common shares – ie, existing shareholder's equity
- OPG will have the right to repay equity to the Province, through exercise of its right to redeem the Class A Shares, as principal repayment of the subordinated debt is made commencing in 2027
- Redemption value of the Class A Shares to be based on book value on the redemption date, ie, the equity value per Class A share at the end of the prior financial quarter as set out in OPG's approved financial statements

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Monthly Process/Mechanics of Share Subscriptions:

a) OPG notifies OFA and Ministry of Energy of required equity injection and number of shares

Timing: [same day as notice from Fair Hydro Trust]

Documents/steps:

(i) share subscription form,

(ii) supporting documentation/invoice from Fair Hydro Trust, confirming amount of GA asset purchase for the month

b) OFA and OPG settle equity injection amounts
Timing: [five] business days from notice to OFA to payment/settlement with OPG
[NOTE: timing to be confirmed based on IESO/Trust process requirements]
Documents/steps:
(i) completed/signed share subscription form from OFA/Province to OPG
(ii) funds transfer from OFA to OPG account)
(iii) OPG receipt, together with secretary's certificate confirming issue of shares/update of share register sent to OFA and Ministry of Energy

Longer term Process/Approvals:

1. Equity Requirements Estimates:
   a. Business Plan Submissions: OPG to include forecasts of equity requirements for the business planning period as well as supporting documentation
   a.
   b. OPG Board Approvals
      - [Bi-annual] Board of Directors' resolutions authorizing equity requirement for period
      - [Bi-annual Shareholder's resolutions authorizing equity requirement for period][NOTE: TBD if needed]

   c. Ministry of Energy appropriations
   [describe annual process]- Ministry of Energy to update appropriations for upcoming 3 year cycle through the PRRT process, including 3 year rolling estimates along with supporting information as provided by OPG through its business planning process.

Share Redemption Process

- TBD -- process to be determined at a later date and appended as Appendix to Master Subscription Agreement

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Commented [KC1]: Technically appropriation authority doesn't come into effect until the Budget passes. In the event of a post-March 31 Budget, we would need to seek a temporary allocation from OPCD until the budget is approved. Is this handled differently on the loan side at OFA?

From:	Ken Kandeepan
To:	Opal Kandelas; John Psinas; George Sakura; Risa Thau; John Kim; Alfonso Soriano
Cc:	Mike Manning; Carlos Yep
Subject:	FW: OFHP - Business Issue next steps
Date:	Sunday, July 09, 2017 11:38:34 AM
Attachments:	Fair Hydro - MasterSubscripAgt - June 22_OPG.DOCX

I went through this quickly and I don't have any comments; I believe that the actual transfer of funds to OPG for the equity injection will be governed by a SLA between OFA and the Ministry of Energy and we of course need to review that carefully. However, I would like you take a quick look and let me know if you have any comments.

Thanks

Ken k

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]

Sent: Thursday, July 06, 2017 9:12 AM

To: Ken Kandeepan

Subject: FW: OFHP - Business Issue next steps

As mentioned yesterday – this is a draft of the Master Subscription Agreement.

Please let me know if you have any suggested edits.

Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 28, 2017 9:55 AM
To: Kandeepan, Ken (OFA)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

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Ken k

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2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

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Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

DRAFT: JUNE 22, 2017

MASTER SHARE SUBSCRIPTION AGREEMENT

among

MINISTER OF ENERGY

- and –

ONTARIO POWER GENERATION

- and -

ONTARIO FINANCING AUTHORITY

Dated as of ■, 2017

EXHIBITS

Exhibit A	--	Share Subscription Form
Exhibit B	--	Subscription Supporting Information
Exhibit C	--	Receipt and Certificate
Exhibit D	--	Payment/Wire Transfer instructions
Exhibit E	--	Share Redemption Process

MASTER SHARE SUBSCRIPTION AGREEMENT

THIS AGREEMENT made as of ■, 2017.

AMONG:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy

(the "**Minister**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

("OPG")

- and -

ONTARIO FINANCING AUTHORITY, a [ ]

(the "**OFA**")

Background

1. The Government of Ontario enacted the *Ontario Fair Hydro Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP"). The Act's purpose is, among other things, to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future specified consumers.

2. The Act and the regulations promulgated under the Act (the "Regulations") creates certain assets related to the deferral of electricity charges (the "Assets"), which Assets will be acquired from the Independent Electricity System Operator ("IESO") by the special purpose financing entity established by OPG to implement the financing plan to fund the deferral under the Act (the "Fair Hydro Trust") **[NTD: use "Financing Entity"??].**

3. The Fair Hydro Trust will acquire the Assets monthly from IESO and finance them in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Minister has agreed to fund up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the Fair Hydro Trust's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG [will amend] [has amended] its articles to create a new class of non-voting, redeemable shares (the "Class A Shares"). The Minister will subscribe for Class A Shares monthly in accordance with the process set forth in this Agreement and OPG will in turn invest these amounts in subordinated debt of the Fair Hydro Trust.

6. OPG will be entitled from time to time to redeem or buy back outstanding Class A Shares in connection with repayment of the Fair Hydro Trust subordinated debt or other purposes as may be approved by the OPG board of directors.

7. The Minister and the OFA have entered into a service level agreement (the "SLA") which provides the OFA with authority to provide cash management services to facilitate the share purchases on an ongoing basis on behalf of the Minister.

8. The parties desire to set out in this Agreement the process and mechanisms by which the equity injections and share purchases will occur and their respective roles and responsibilities in the Equity Injection Plan.

NOW THEREFORE the parties hereto agree as follows:

1. Confirmation of Equity Injection and Use of Funds

1.1 The Minister commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations, by way of equity subscriptions in OPG.

1.2 OPG agrees to use the equity received from the Minister solely to lend as subordinated debt to the Fair Hydro Trust to fund the Fair Hydro Trust's obligations under the [Master Sale and Servicing Agreement][**NTD: confirm name]** between the IESO and the Fair Hydro Trust, and the Act and Regulations.

2. Monthly Share Subscription Process

2.1 The Minister, through the OFA, will subscribe for and purchase Class A Shares from OPG monthly, in an amount, and for a value, as determined by OPG in accordance with paragraph 2.2 below.

2.2 Each month, coincident with the asset acquisition to be made by the Fair Hydro Trust from the IESO under the [Master Sale and Servicing Agreement], OPG will provide notice to the Minister and the OFA of the amount of equity injection required and the corresponding number of shares to be issued by OPG and subscribed by the Minister. This notice will be in the form of the Share Subscription attached as Exhibit A. OPG will also provide reasonable supporting information for the values and amounts set out in the Share Subscription, in the form of the Subscription Supporting Information attached as Exhibit B.

2.3 For purposes of providing the reasonable supporting information required under paragraph 2.2 above, OPG agrees:

(i) that the value of the monthly equity injection/share subscription amount will reflect the monthly funding requirements of the Fair Hydro Trust acquisitions under the [Master Sale and Servicing Agreement],; and

(ii) Class A Shares will be issued to the Minister at a value per share equal to their book value as determined from OPG's last approved quarterly financial statements. **[NTD: do we need any more specificity here?]**

2.4 Within [five] Business Days of receipt of the notice and supporting information described in paragraph 2.2, the OFA will deliver the executed Share Subscription to OPG and wire transfer, in immediately available funds, the required equity funds in accordance with the payment instructions set out in Exhibit D or as may be otherwise provided by OPG from time to time. For purposes of this Agreement, "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

2.5 OPG will issue a receipt to the Minister and the OFA, in the form of Exhibit C attached, confirming receipt of the equity amount and certifying as to the update of OPG's corporate share register with issue of the shares in the name of the Minister.

2.6 The first equity injection/share subscription will occur [August x 2017] (the "Initial Equity Injection"). Equity injections will continue monthly so long as the Fair Hydro Trust is purchasing assets and incurring debt obligations, including subordinated debt in favour of OPG, pursuant to the Act and Regulations.

3. Equity Requirement Forecasts and Approvals

3.1 OPG will prepare and submit forecasts of equity requirements for the applicable business planning period as part of its business plan submissions to the Shareholder in accordance with the Memorandum of Agreement between the Minister and OPG effective July 17, 2015 (the "MOA") as amended, restated or replaced from time to time. For clarity, OPG will submit annually, as part of its business plan submissions, the FHP equity requirements forecast for the upcoming 3 years.

3.2 OPG's equity requirement forecast submissions will include all reasonable supporting information and documentation. **[NTD: any more specificity required?]**

3.3 The OFA and the Minister confirm that OPG's equity requirement forecasts submitted with OPG's business plans will not require concurrence by the Shareholder as set out in the MOA.

3.4 In accordance with the submissions made under paragraph 3.1 above, the Minister will update the appropriations for the upcoming 3 year cycle through the PRRT process, including 3 year rolling estimates along with supporting information as provided by OPG through its business planning process.**[NTD: clarify that purpose of this clause is to confirm Energy will seek out and obtain required appropriations]**

4. Share Redemption Process

5.1 The Minister and OPG agree to set out the required process for any future redemption by OPG of outstanding Class A Shares in an appendix to this Agreement and attach it as Exhibit E. Exhibit E will be finalized before the first share redemption [and in any case no later than [90] Business Days before the effective date of such redemption].**[NTD: confirm if need timeframe]**

6. Miscellaneous

6.1 Notices

Any notice, report or other communication to be given under this Agreement will be in writing and will be effective (a) upon receipt when sent by mail or courier, (b) on the date personally delivered to an authorized officer of the party to which sent, or (c) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

in the case of the Minister:

■

in the case of the OFA:

■

in the case of OPG:

Ontario Power Generation Inc.
700 University Avenue

Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

and

Attention: ■
Email: ■

Each party may by notice given as above to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications will be sent.

6.2 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties in separate counterparts, each of which when so executed and delivered will be considered an original, but all such counterparts together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

MINISTER OF ENERGY

_____

ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO FINANCING AUTHORITY

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

SHARE SUBCRIPTION FORM

See attached

EXHIBIT B

SUBSCRIPTION SUPPORTING INFORMATION

[NTD: TBD what will support monthly equity injection calculation; for example Transfer Notice? Invoice?]

Exhibit C

FORM OF RECEIPT/OFFICER'S CERTIFICATE

EXHIBIT D

Payment/Wire Transfer Instructions

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

EXHIBIT E

SHARE REDEMPTION PROCESS

TBD

From:	John Kim
To:	Kenneth Russell
Cc:	Ken Kandeepan; Mike Manning; Sarah Neville; Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject:	FW: OFHP - Business Issue next steps
Date:	Tuesday, July 11, 2017 4:14:06 PM
Attachments:	Fair Hydro - MasterSubscripAgt - June 22_OPG.DOCX

Hi,
FYI, an email from Ken's staff in FTD made me realize there was a version of the draft agreement.
I've been looping everyone in so that all are on the same page.
I think we are on the same page in taking the approach of not being party to the Master Subscription Agreement and having a separate MOU/SLA (between Energy and the OFA).
John

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Sent: June 24, 2017 11:45 AM

To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,

We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,

Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and

also that there's no other materials/terms that you think need to move up through approvals at this point in time?
Thanks in advance,
Kaitlin

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DRAFT: JUNE 22, 2017

MASTER SHARE SUBSCRIPTION AGREEMENT

among

MINISTER OF ENERGY

- and –

ONTARIO POWER GENERATION

- and -

ONTARIO FINANCING AUTHORITY

Dated as of ■, 2017

EXHIBITS

Exhibit A	--	Share Subscription Form
Exhibit B	--	Subscription Supporting Information
Exhibit C	--	Receipt and Certificate
Exhibit D	--	Payment/Wire Transfer instructions
Exhibit E	--	Share Redemption Process

MASTER SHARE SUBSCRIPTION AGREEMENT

THIS AGREEMENT made as of ■, 2017.

AMONG:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy

(the "**Minister**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

("OPG")

- and -

ONTARIO FINANCING AUTHORITY, a [ ]

(the "**OFA**")

Background

1. The Government of Ontario enacted the *Ontario Fair Hydro Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP"). The Act's purpose is, among other things, to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future specified consumers.

2. The Act and the regulations promulgated under the Act (the "Regulations") creates certain assets related to the deferral of electricity charges (the "Assets"), which Assets will be acquired from the Independent Electricity System Operator ("IESO") by the special purpose financing entity established by OPG to implement the financing plan to fund the deferral under the Act (the "Fair Hydro Trust") **[NTD: use "Financing Entity"??].**

3. The Fair Hydro Trust will acquire the Assets monthly from IESO and finance them in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Minister has agreed to fund up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the Fair Hydro Trust's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG [will amend] [has amended] its articles to create a new class of non-voting, redeemable shares (the "Class A Shares"). The Minister will subscribe for Class A Shares monthly in accordance with the process set forth in this Agreement and OPG will in turn invest these amounts in subordinated debt of the Fair Hydro Trust.

6. OPG will be entitled from time to time to redeem or buy back outstanding Class A Shares in connection with repayment of the Fair Hydro Trust subordinated debt or other purposes as may be approved by the OPG board of directors.

7. The Minister and the OFA have entered into a service level agreement (the "SLA") which provides the OFA with authority to provide cash management services to facilitate the share purchases on an ongoing basis on behalf of the Minister.

8. The parties desire to set out in this Agreement the process and mechanisms by which the equity injections and share purchases will occur and their respective roles and responsibilities in the Equity Injection Plan.

NOW THEREFORE the parties hereto agree as follows:

1. Confirmation of Equity Injection and Use of Funds

1.1 The Minister commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations, by way of equity subscriptions in OPG.

1.2 OPG agrees to use the equity received from the Minister solely to lend as subordinated debt to the Fair Hydro Trust to fund the Fair Hydro Trust's obligations under the [Master Sale and Servicing Agreement][**NTD: confirm name]** between the IESO and the Fair Hydro Trust, and the Act and Regulations.

2. Monthly Share Subscription Process

2.1 The Minister, through the OFA, will subscribe for and purchase Class A Shares from OPG monthly, in an amount, and for a value, as determined by OPG in accordance with paragraph 2.2 below.

2.2 Each month, coincident with the asset acquisition to be made by the Fair Hydro Trust from the IESO under the [Master Sale and Servicing Agreement], OPG will provide notice to the Minister and the OFA of the amount of equity injection required and the corresponding number of shares to be issued by OPG and subscribed by the Minister. This notice will be in the form of the Share Subscription attached as Exhibit A. OPG will also provide reasonable supporting information for the values and amounts set out in the Share Subscription, in the form of the Subscription Supporting Information attached as Exhibit B.

2.3 For purposes of providing the reasonable supporting information required under paragraph 2.2 above, OPG agrees:

(i) that the value of the monthly equity injection/share subscription amount will reflect the monthly funding requirements of the Fair Hydro Trust acquisitions under the [Master Sale and Servicing Agreement],; and

(ii) Class A Shares will be issued to the Minister at a value per share equal to their book value as determined from OPG's last approved quarterly financial statements. **[NTD: do we need any more specificity here?]**

2.4 Within [five] Business Days of receipt of the notice and supporting information described in paragraph 2.2, the OFA will deliver the executed Share Subscription to OPG and wire transfer, in immediately available funds, the required equity funds in accordance with the payment instructions set out in Exhibit D or as may be otherwise provided by OPG from time to time. For purposes of this Agreement, "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

2.5 OPG will issue a receipt to the Minister and the OFA, in the form of Exhibit C attached, confirming receipt of the equity amount and certifying as to the update of OPG's corporate share register with issue of the shares in the name of the Minister.

2.6 The first equity injection/share subscription will occur [August x 2017] (the "Initial Equity Injection"). Equity injections will continue monthly so long as the Fair Hydro Trust is purchasing assets and incurring debt obligations, including subordinated debt in favour of OPG, pursuant to the Act and Regulations.

3. Equity Requirement Forecasts and Approvals

3.1 OPG will prepare and submit forecasts of equity requirements for the applicable business planning period as part of its business plan submissions to the Shareholder in accordance with the Memorandum of Agreement between the Minister and OPG effective July 17, 2015 (the "MOA") as amended, restated or replaced from time to time. For clarity, OPG will submit annually, as part of its business plan submissions, the FHP equity requirements forecast for the upcoming 3 years.

3.2 OPG's equity requirement forecast submissions will include all reasonable supporting information and documentation. **[NTD: any more specificity required?]**

3.3 The OFA and the Minister confirm that OPG's equity requirement forecasts submitted with OPG's business plans will not require concurrence by the Shareholder as set out in the MOA.

3.4 In accordance with the submissions made under paragraph 3.1 above, the Minister will update the appropriations for the upcoming 3 year cycle through the PRRT process, including 3 year rolling estimates along with supporting information as provided by OPG through its business planning process.**[NTD: clarify that purpose of this clause is to confirm Energy will seek out and obtain required appropriations]**

4. Share Redemption Process

5.1 The Minister and OPG agree to set out the required process for any future redemption by OPG of outstanding Class A Shares in an appendix to this Agreement and attach it as Exhibit E. Exhibit E will be finalized before the first share redemption [and in any case no later than [90] Business Days before the effective date of such redemption].**[NTD: confirm if need timeframe]**

6. Miscellaneous

6.1 Notices

Any notice, report or other communication to be given under this Agreement will be in writing and will be effective (a) upon receipt when sent by mail or courier, (b) on the date personally delivered to an authorized officer of the party to which sent, or (c) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

in the case of the Minister:

■

in the case of the OFA:

■

in the case of OPG:

Ontario Power Generation Inc.
700 University Avenue

Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

and

Attention: ■
Email: ■

Each party may by notice given as above to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications will be sent.

6.2 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties in separate counterparts, each of which when so executed and delivered will be considered an original, but all such counterparts together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

MINISTER OF ENERGY

_____

ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO FINANCING AUTHORITY

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

SHARE SUBCRIPTION FORM

See attached

EXHIBIT B

SUBSCRIPTION SUPPORTING INFORMATION

[NTD: TBD what will support monthly equity injection calculation; for example Transfer Notice? Invoice?]

Exhibit C

FORM OF RECEIPT/OFFICER'S CERTIFICATE

EXHIBIT D

Payment/Wire Transfer Instructions

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

EXHIBIT E

SHARE REDEMPTION PROCESS

TBD

From: Carlos Yep
To: Opal Kandelas
Cc: Mike Manning
Subject: FW: OFHP - Outstanding business issues - new note#5 IESO
Date: Tuesday, May 30, 2017 2:27:56 PM
Attachments: Outstanding Business Issues Ontario Fair Hydro Plan markup_cy1.docx

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-----Original Message-----
From: Carlos Yep
Sent: Tuesday, May 30, 2017 12:21 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: FW: OFHP - Outstanding business issues

fyi

-----Original Message-----
From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, May 30, 2017 11:28 AM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: OFHP - Outstanding business issues

Hi all,

ENE MO asked for a quick note on 4 of the outstanding business issues that are being worked through and are hoping to see something tomorrow morning.

I've pulled together a high level explanation of each of the items and next steps/timing (to the extent I know).

Would greatly appreciate if you guys could take a look and provide any edits/comments today/early tomorrow if possible. I'm also not too involved in a few of these discussions so if there's others within OFA you think should review feel free to pass along.

Thanks in advance,
Kaitlin

Outstanding Business Issues – Ontario Fair Hydro Plan
Briefing Note

PURPOSE
Provide an overview of a few of the key remaining outstanding business issues that OPG and the Province are working through

BUSINESS ISSUES

1. **Provincial Support Agreement Term Sheet (~~Service and~~ Performance and Payment Guarantees)**
   - As part of the OFHP, the IESO will create and sell a regulatory asset to the OPG financing entity
   - In order to provide assurances to those with claims against the Financing Entity (eg. Holders of debt), and support credit ratings, the Province is providing both a Service Guarantee and a Performance Guarantee to ensure that the obligations of the IESO are carried out including obligations related to collecting and remitting clean energy adjustments.
   - **Next Steps:**
     - OPG and OFA and working towards the development of a term sheet
     - Timing: Guarantees are required to support rating agency review which is expected by the end of July

2. **Payments in Lieu of Taxes (PILs) Exemption**
   - The Province would like to minimize to the extent possible , the PILs payable by the OPG financing vehicle, as those costs will be recovered from ratepayers
   - The Province is considering regulation changes to exempt the income arising as a consequence of the Fair Hydro Plan from PILs
   - As part of the OFHP, the financing entity will raise debt and acquire "investment assets" from the IESO. Given the unique nature of the investment assets, there are no specific rules which govern the manner which investment assets should be treated for tax purposes, and further analysis is required to ensure the cost of the investment assets are appropriately recognized as a deduction or offset in computing the income of the financing entity
   - **Next Steps:**
     - The Ministries of Finance, OFA and OPG are working together to determine required regulation changes
     - Timing: [Next steps for a decision / when is a decision required / when would these regulation changes occur]

3. **Fair Hydro Plan - Master Subscription Agreement Term Sheet (Equity Injection Process)**

- OPG will require equity injections on a monthly basis in order to maintain its capital structure, and will require flexibility in order to issue shares as needed by the Province
- The Ministry of Energy received appropriation for $1.1B through PRRT to support equity injections for the 2017-18 period, and will continue to provide multi-year forecasts each year through PRRT
- **Next Steps:**
    - The Ministry of Energy, OFA and OPG are working through the short term mechanics of this process which will ultimately feed into a Master Subscription Agreement. A draft term sheet is underway.
    - Timing: OPG will require the ability to issue equity in July, so mechanics and agreements should be finalized in June

4. Management Fees

- OPG will be providing all required services to the Trust as part of the OFHP, including planning, strategy, financing, deal execution etc.
- The legislation allows OPG to establish and charge a management fee for those services in accordance with the regulations which are currently in development
- OPG and OEB are currently working together on a management fee structure that balances the interests of minimizing costs and satisfying accounting consolidation requirements
- **Next Steps:**
    - OPG and OEB will bring forward a recommended framework for developing management fees
    - Timing: For incorporation into regulations being brought forward in June

5. IESO – Increased Credit Facilities

- The OPG financing entity has the right to purchase the regulatory asset from IESO but does not have to purchase it.
- IESO is working with the OFA to increase the credit facilities in the event that the OPG financing entity does not purchase the regulatory asset
- **Next Steps:**
    - OFA is …..
    - Timing: ……

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From:	Carlos Yep
To:	Mike Manning; James Devine; Ken Kandeepan; John Psinas
Cc:	Opal Kandelas
Subject:	FW: OFHP - Outstanding business issues
Date:	Tuesday, May 30, 2017 12:20:54 PM
Attachments:	Outstanding Business Issues – Ontario Fair Hydro Plan.docx

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fyi

-----Original Message-----
From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, May 30, 2017 11:28 AM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: OFHP - Outstanding business issues

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Thanks in advance,
Kaitlin

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Briefing Note

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Provide an overview of a few of the key remaining outstanding business issues that OPG and the Province are working through

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     - Timing: [Next steps for a decision / when is a decision required / when would these regulation changes occur]

3. **Equity Injection Process**
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    - The legislation allows OPG to establish and charge a management fee for those services in accordance with the regulations which are currently in development
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    - **Next Steps:**
        - OPG and OEB will bring forward a recommended framework for developing management fees
        - Timing: For incorporation into regulations being brought forward in June

From: John Kim
To: Carlos Yep; James Devine
Cc: Mike Manning
Subject: FW: OFHP Business Issues
Date: Friday, August 25, 2017 9:55:54 AM

Hi Carlos, James,
Is this something that you are working on with OPG?
I didn't quite get the request so touched base with Kaitlin/Kaitlin and they clarified that it's some sort of debt/loan term sheet for subordinated debt.
John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, August 24, 2017 4:53 PM
To: Ken Kandeepan ; Carlos Yep ; Mike Manning ; John Kim ; John Psinas
Cc: Keley Katona (ENERGY)
Subject: RE: OFHP Business Issues
Hi everyone,
Just checking in if anyone knows the status / next steps on the sub-debt? It's listed as one of the outstanding business issues so just trying to sort out required next steps/timing.
Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: August 3, 2017 10:06 AM
To: Kandeepan, Ken (OFA)
Cc: Yep, Carlos (OFA); Manning, Mike (OFA); Kim, John (OFA); John Psinas; Kwan, Ronald (OFA)
Subject: RE: OFHP Business Issues
Hi – just looping back on this one.
Anyone know the status/next steps on the sub-debt agreement?
Thanks,
Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: July 12, 2017 5:00 PM
To: Montgomery, Kaitlin (MOF)
Cc: Yep, Carlos (OFA); Manning, Mike (OFA); Kim, John (OFA); John Psinas; Kwan, Ronald (OFA)
Subject: RE: OFHP Business Issues
Hi Kaitlin
Pls see below, cc'ing my colleagues in case they have anything to add.
Thanks
Ken k

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, July 12, 2017 10:53 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: OFHP Business Issues
Hey Ken – In Scotts absence I'm hoping you can help me with a couple items:

1. On the performance fees – Did Scott share an ENE note with 3 options for your review last week? No
2. On the Sub-Debt – could you share the latest term sheet and what is the status of this one? Is it over to OFA to provide comments back to OPG or are we waiting on OPG for something?

To the best of my knowledge we didn't have any major issues with the latest term sheet.

Thanks and happy to chat if that's easier

Kaitlin

416.326.6343

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From: Linda Smith
To: Mike Manning
Subject: FW: OPG forecast borrowing
Date: Friday, July 28, 2017 1:33:38 PM

From: Linda Smith
Sent: Thursday, July 27, 2017 11:26 AM
To: Mike Manning ; Carlos Yep ; James Devine ; David Peters ; Jean-Paul Lamoureux
Subject: OPG forecast borrowing

OPG provided the forecast below of what they expect to borrow in the coming months. Their current facility is $700 million. The amendment that hasn't been signed yet, will increase this amount to $1.5 b in 2017 and $850 million in 2018.
They have borrowed a total of $300 million to date.

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: Thursday, July 27, 2017 10:57 AM
To: Linda Smith <Linda.Smith@ofina.on.ca>
Cc: YAO Anthea -FUNDMGMT <anthea.yao@opg.com>; TETI Vicki -FIN & C CTRL <vicki.teti@opg.com>
Subject: Forecast OEFC debt for remainder of 2017

Linda,
Per your request here is current forecast of debt requirements:
Aug $100 million
Sept $800 million
Q4 $450 million
Of course there are a number of uncertainties around this such as new regulated rates (whether they are retroactive to Jan 1, 2017), DRP spending and dividend payment for the sale of 700U. August and September are pretty good estimates.
Thanks,
Ken

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From: Whitfield, Tobias P. (MOF)
To: Mike Manning; Ken Kandeepan; Opal Kandelas
Cc: Malle Hanslep (MOF); Ronald Kwan
Subject: FW: OPG/IESO Indemnities - Section 28 Approvals
Date: Wednesday, May 24, 2017 3:26:17 PM
Attachments: OPG Indemnity - Torys, OPG Comments (May 17, 2017).docx
Blackline OPG Indemnity.pdf
20170515-s.28 business case - IESO and OPG Indemnity OFHP -DRAFT FINALPK....docx
20170523-IESO Indemnity Agreement Confidential track changes -ENERGY LSB....docx

---

FYI,

Indemnity materials, as discussed.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Kaufman, Paul (TBS)
Sent: May 24, 2017 11:25 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Compagnone, Lisa (TBS)
Subject: RE: OPG/IESO Indemnities - Section 28 Approvals

Hi again – the TBS DM has agreed with the staff recommendation here that it would be best if this request went to the Minister of Finance rather than the President of TB, since it primarily covers financing activities and since it fits in with/overlaps with some of the other activities that MOF and the OFA are more directly involved in.

I know this is coming somewhat late so wanted to check in with you both to make sure you're comfortable with that approach before I suggest to Harkamal that she and her clients direct their request to MOF. Happy to stay involved or help out, or discuss if you have concerns.

Thanks,

Paul

Paul Kaufman
Counsel
Ministry of the Attorney General | Legal Services Branch | Treasury Board Secretariat
9th Floor, 77 Wellesley Street West, Ferguson Block, Toronto, ON M7A 1N3
Phone: 416-327-7012 Fax: 416-325-9404
This email contains privileged and confidential information intended only for the personal and confidential use of the recipient(s) named above. If the reader of this email is not an intended recipient, you have received this email in error and any review, dissemination, distribution or copying is strictly prohibited. If you have received this email in error, please notify the sender immediately by return email and permanently delete the copy you received. Thank you.

From: Kaufman, Paul (TBS)
Sent: May-24-17 10:24 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Compagnone, Lisa (TBS)
Subject: FW: OPG/IESO Indemnities - Section 28 Approvals

Hi – as discussed with Malle just now, attached are the latest materials that we received through energy legal, and a note to the TBS client that summarizes a discussion I had this morning with Harkamal about this.

Thanks,

Paul

Paul Kaufman
Counsel
Ministry of the Attorney General | Legal Services Branch | Treasury Board Secretariat
9th Floor, 77 Wellesley Street West, Ferguson Block, Toronto, ON M7A 1N3
Phone: 416-327-7012 Fax: 416-325-9404
This email contains privileged and confidential information intended only for the personal and confidential use of the recipient(s) named above. If the reader of this email is not an intended recipient, you have received this email in error and any review, dissemination, distribution or copying is strictly prohibited. If you have received this email in error, please notify the sender immediately by return email and permanently delete the copy you received. Thank you.

From: Kaufman, Paul (TBS)
Sent: May-24-17 10:17 AM
To: Strang, James (TBS)
Cc: Fung, Felix (TBS); Compagnone, Lisa (TBS)
Subject: FW: OPG/IESO Indemnities - Section 28 Approvals

James, I spoke to counsel at Energy about the proposed revisions to the boilerplate indemnity agreements. I told her that some minor clarifications to the existing text likely wouldn't raise concerns here, but that even minor changes might add some time to the approvals process on our end.

The changes that OPG is proposing are more substantive in nature and in a number of cases seem like they would result in the province assuming more than a reasonable amount of risk. Energy legal agrees with this and it sounds like energy is going to push back pretty hard with OPG. They also understand that we'll need them to provide a rationale for any substantive deviations from the original draft agreements.

It sounds like Energy is hoping to finalize the agreements today or tomorrow and proceed with approvals on their end. They hope to get us a minister-signed request by early next week, but will share the materials that they send up the line in the interim.

I also flagged the appropriations issue and they are going to consider it further. I didn't note the section 22 option because, as discussed, it's not clear if MOF would be comfortable with it. Our branch is going to discuss this file with MOF legal today, and we understand they are also talking to the OFA today.

Paul

Paul Kaufman
Counsel
Ministry of the Attorney General | Legal Services Branch | Treasury Board Secretariat
9th Floor, 77 Wellesley Street West, Ferguson Block, Toronto, ON M7A 1N3
Phone: 416-327-7012 Fax: 416-325-9404
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From: Multani, Harkamal (ENERGY)
Sent: May-23-17 7:02 PM
To: Kaufman, Paul (TBS)
Cc: Strang, James (TBS); Montgomery, Kaitlin (MOF); Ho, Larissa (ENERGY)
Subject: RE: OPG/IESO Indemnities - Section 28 Approvals

Thanks for this Paul.

We received comments back from OPG and IESO on the Business case as well as on the indemnity agreements. I've attached the updated business case that includes changes to reflect your comments as well as OPG and IESO's comments. Please let us know if you have any further concerns.
On the indemnity agreements, we are working through the proposed changes that both IESO and OPG have proposed to them. The IESO indemnity agreement changes that the IESO has proposed appear to be okay, and I've just made some further edits/comments that I am in the process of clarifying with IESO. Could you please take a look at the attached and let us know if there are any concerns from your end on the changes?
The OPG changes to its indemnity agreement are much more substantial and we are working through them still, however, I am wondering whether you can take a look and let us know if you or your policy clients have any significant concerns as well in the interests of time. The changes seem to be more for clarity, but given that they differ from the standard template language just wanted to make sure TBS is comfortable. Both clean and tracked versions of the OPG indemnity agreement are attached.
If it is easier and would be quicker to have a call to discuss, I would be happy to set something up.
Thank you,
Harkamal

Harkamal Multani
Counsel
Legal Services Branch
ENERGY/MOI/MEDG/MRIS/ADO
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Tel: 416-212-5409
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From: Kaufman, Paul (TBS)
Sent: May-18-17 4:24 PM
To: Multani, Harkamal (ENERGY)
Cc: Strang, James (TBS); Montgomery, Kaitlin (MOF); Christie, Tim (ENERGY)
Subject: RE: OPG/IESO Indemnities - Section 28 Approvals

Thanks, Harkamal. I had a few fairly minor comments on the business case, set out in the attached. Let me know if you want to discuss.

Paul

Paul Kaufman
Counsel
Ministry of the Attorney General | Legal Services Branch | Treasury Board Secretariat
9th Floor, 77 Wellesley Street West, Ferguson Block, Toronto, ON M7A 1N3
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From: Multani, Harkamal (ENERGY)
Sent: May-17-17 5:27 PM
To: Kaufman, Paul (TBS)
Cc: Strang, James (TBS); Montgomery, Kaitlin (MOF); Christie, Tim (ENERGY)

Subject: RE: OPG/IESO Indemnities - Section 28 Approvals

Thanks very much Paul – we've asked OPG/IESO to provide us with specifics on the risks as they would be in the best position to advise on these. I am hoping to receive their input by tomorrow and will send to you accordingly.

On the timing of the security offerings, I am assuming you are asking about the security offerings to be made to the investors with respect to the special purpose entity. We don't have a certain date but generally I believe we are looking at some time in Fall 2017 (Tim/Kaitlin, please correct me if I am wrong on this).

If you have further questions, please let us know.

Best regards,

Harkamal

Harkamal Multani
Counsel
Legal Services Branch
ENERGY/MOI/MEDG/MRIS/ADO
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Tel: 416-212-5409

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From: Kaufman, Paul (TBS)
Sent: May-17-17 4:50 PM
To: Multani, Harkamal (ENERGY)
Cc: Strang, James (TBS); Montgomery, Kaitlin (MOF); Christie, Tim (ENERGY)
Subject: RE: OPG/IESO Indemnities - Section 28 Approvals

Hi Harkamal – we're still reviewing whether this might go to MOF instead of TBS, but in the interim had some questions from the information set out in the business case:

Can some examples of the risks associated with securities offerings (generally, typically)be provided, and on how Energy might mitigate those risks risk?

Also, can Energy provide info on timing of securities offerings (when expecting to be in the market)?

I'll have some more technical feedback that I'll likely get to you tomorrow.

Thanks,

Paul

Paul Kaufman
Counsel
Ministry of the Attorney General | Legal Services Branch | Treasury Board Secretariat
9th Floor, 77 Wellesley Street West, Ferguson Block, Toronto, ON M7A 1N3
Phone: 416-327-7012 Fax: 416-325-9404

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From: Multani, Harkamal (ENERGY)
Sent: May-16-17 3:12 PM
To: Kaufman, Paul (TBS)
Cc: Fung, Felix (TBS); Strang, James (TBS); Montgomery, Kaitlin (MOF); Christie, Tim (ENERGY)

Subject: OPG/IESO Indemnities - Section 28 Approvals

Hi Paul,

As discussed, I've attached our draft s.28 approval materials as well as the indemnity agreements for the IESO and OPG. We are also consulting further with OPG and IESO on providing input on the risks to them if the indemnities are not provided so there may be further changes to these materials based on comments from OPG/IESO. These materials are drafts for TBS legal/policy review and input before we finalize. Once we've addressed TBS' comments we will submit the finalized documents for formal s.28 approval.

As mentioned, we require the section 28 approval by June 1, 2017, so if there is anything we can do to assist with speeding things up, please let us know as we recognize these are tight timelines.

Also, I understand that this is to go to TBS for approval (this goes back to our conversation earlier, whether Finance or TBS needs to approve). Please let us know if you hear otherwise.

If you require anything else from us please let us know. I've copied our program area clients on this email as well.

Many thanks,

Harkamal

Harkamal Multani
Counsel
Legal Services Branch
ENERGY/MOI/MEDG/MRIS/ADO
Email: harkamal.multani@ontario.ca
Tel: 416-212-5409

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Comments from OPG
May 18, 2017

CONFIDENTIAL DRAFT

INDEMNITY AGREEMENT

THIS INDEMNITY AGREEMENT effective as of this day of June, 2017.

BETWEEN: **Ontario Power Generation Inc.**
(hereinafter the "**Corporation**")

OF THE FIRST PART,

Her Majesty the Queen in Right of the Province of Ontario as Represented by the Minister of Energy

(hereinafter called the "**Province**")

OF THE SECOND PART

WHEREAS the Corporation and/or one or more of its subsidiaries may or, in certain circumstances is or will be required to, carry out certain activities with respect to (i) the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), (ii) the regulations made pursuant to the Act, and/or (iii) the agreements (A) relating to any financing entity (as defined in the Act) and/or any debt issued by any such financing entity and/or (B) to which any such financing entity is a party (the Act, such regulations and agreements, collectively the "**Fair Hydro Plan**").

AND WHEREAS the Corporation, its subsidiaries and each of their respective directors, officers and employees may face risk of liability due to or as a result of the Fair Hydro Plan.

NOW THEREFORE, in consideration of the sum of $1.00 now paid by the Corporation to the Province and other good and valuable consideration (the receipt of which is hereby acknowledged), the Province hereby agrees:

1. To indemnify, defend and save harmless the Corporation, each of the Corporation's subsidiaries and each of their respective directors, officers, and employees (collectively the "**Protected Persons**" and individually, a "**Protected Person**") from and against all losses, costs, damages, charges, expenses, demands, liabilities, taxes, fines, penalties, statutory payments, judgments and/or settlement amounts directly or indirectly suffered, sustained or incurred by any Protected Person, including any special, indirect, incidental, punitive, exemplary and/or consequential damages and/or loss of profits and damages in respect of economic loss and/or loss of opportunity, and all legal and other professional fees and out-of-pocket expenses (collectively, "**Losses**"), in relation to any civil, criminal, administrative, investigative and/or other claim, demand, action, suit, application, litigation, charge, complaint, prosecution, assessment, reassessment, investigation (formal or informal), hearing and/or

other proceeding of any nature or kind whatsoever (any of the foregoing being a "**Claim**") arising, directly or indirectly, as a result of the Corporation's, any of the Corporation's subsidiaries and/or any such other Protected Person's activities, acts and/or omissions in the implementation of, or otherwise relating to, the Fair Hydro Plan (including, without limitation, where a Protected Person is acting, at the request of the Corporation, in a different capacity than as a director, officer or employee of the Corporation or a subsidiary of the Corporation).

2. This indemnity does not apply with respect to Losses of a Protected Person:

    (a) for which coverage is provided under an insurance policy but only to the extent that a Protected Person is actually paid under such insurance policy for those Losses; or

    (b) for which other indemnities are already provided to a Protected Person but only to the extent that the Protected Person is actually so indemnified for those Losses by such indemnities; or

    (c) if and to the extent that a court of competent jurisdiction in a final, non-appealable judgment determines that the Claim associated with such Losses resulted from the gross negligence or willful misconduct of the Protected Person claiming such indemnity; for greater certainty, and notwithstanding Section 2(d), the Province agrees that it does not intend that any failure by a Protected Person to conduct such reasonable investigation as necessary to provide the Corporation, a subsidiary of the Corporation or a financing entity, as applicable, with reasonable grounds for believing any prospectus, registration statement, offering document or any other document filed by, or on behalf of, a financing entity under applicable securities laws contained no misrepresentation shall constitute "gross negligence" or "wilful misconduct" for purposes of this Section 2(c) or otherwise disentitle a Protected Person from indemnification hereunder; or

    (d) to the extent arising from any circumstances in which a Protected Person did not have reasonable grounds for believing that the Protected Person's conduct was lawful in the case of a criminal or administrative action or proceeding that enforces a monetary penalty.

3. In order to be entitled to indemnification hereunder in respect of any Losses, the Protected Person shall:

    (a) as soon as practicable, deliver to the Province (through the Director of the Legal Services Branch of the Ministry of Energy) a notice setting forth in reasonable detail the particulars of any Claim;

    (b) upon written request of the Province, furnish to the Province copies of any document, or provide to the Province any information, that relates to the Claims that is in the possession or under the control of the Protected Person (except to the extent that provision of same would cause the Protected Party to lose its entitlement to claim privilege with respect to same);

DRAFT

(c) take all reasonable steps, at the expense of the Province, necessary to secure and preserve the rights of the Protected Person in respect of the Claim; and

(d) promptly take all reasonable steps to obtain indemnification to the fullest extent possible under insurance policies, or under indemnities provided by the Corporation, that are referred to in subsections 2(a) or (b) above.

A failure to give prompt notice as provided in this section 3 shall not affect the rights or obligations of any party to this indemnity unless and only to the extent that such failure to provide such prompt notice has actually prejudiced the Province.

4. The Province shall have the right to participate in or, where the Province has confirmed in writing to the applicable Protected Person(s) that all Losses in respect of a Claim will be fully indemnified under this indemnity agreement, assume control of the negotiation, settlement or defence of the Claim and in no event shall a Protected Person negotiate, settle, compromise or pay the Claim without the prior written consent of the Province, such consent not to be unreasonably withheld, delayed or conditioned. If the Province elects to so participate in or assume control of the negotiation, settlement or defence of the Claim, the applicable Protected Person(s) shall co-operate fully with the Province in connection with the same, and each applicable Protected Person shall agree to be represented by legal counsel chosen by the Province, unless, in the opinion of such legal counsel, there would arise a conflict of interest preventing such legal counsel from representing the applicable Protected Person. Where it is such legal counsel's opinion that a conflict of interest prevents that legal counsel representing a Protected Person, the Protected Person will be entitled, after consultation with the Province and acting reasonably, to obtain legal counsel of the Protected Person's choice, and the fees and expenses of the Protected Person's counsel incurred in the Protected Person's representation shall be Losses to which this indemnity extends. The Province shall not agree to any settlement of a Claim on behalf of a Protected Person without the Protected Person's written consent unless (i) the terms of such settlement require only the payment of money (by persons or entities other than the Protected Person) and include an unconditional, full release of the Protected Person, and do not require a Protected Person to admit any wrongdoing or take or refrain from taking any action and (ii) the Province has fully indemnified the Protected Person with respect to, and held the Protected Person harmless from and against, all Losses incurred by or on behalf of the Protected Person in connection with the Claim.

5. The Province shall reimburse or advance the funds necessary for the payment of Losses incurred in connection with any Claim, including without limitation, the investigation, monitoring, defence and appeal thereof, in advance of the final disposition of such Claim, within thirty (30) days of any request in writing by a Protected Person to the Province for such reimbursement or advance, accompanied by reasonable details and supporting documentation with respect to the Losses in respect of which such reimbursement or advance is requested. The Protected Person shall repay forthwith any advances that are ultimately in excess of amounts necessary for payment of any such Losses or for which it is judicially determined that the Protected Person is not entitled to indemnification hereunder.

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6. The Province hereby waives any claim it, as the shareholder of the Corporation, could otherwise make against a Protected Person, whether now or in the future, relating in any way to the Corporation's, any of the Corporation's subsidiaries and/or any such other Protected Person's activities, acts and/or omissions in the implementation of, or otherwise relating to, the Fair Hydro Plan (including, without limitation, where a Protected Person is acting, at the request of the Corporation, in a different capacity than as a director, officer or employee of the Corporation or a subsidiary of the Corporation).

7. The Province represents and warrants to each Protected Person as follows and acknowledges that each Protected Person is relying on the following representations and warranties in connection with any and all of its activities, acts and/or omissions in the implementation of, or otherwise relating to, the Fair Hydro Plan (including where a Protected Person is acting, at the request of the Corporation, in a different capacity than as a director, officer or employee of the Corporation or a subsidiary of the Corporation):

    (a) the Province has all necessary power, authority and capacity to enter into this indemnity agreement and to perform its obligations hereunder;

    (b) all necessary actions have been taken by the Province or on the Province's part to authorize its execution and delivery of this indemnity agreement and the performance of its obligations hereunder, and without limiting the foregoing, the Province has received all necessary approvals under the *Financial Administration Act* (Ontario) (including approval of the Minister of Finance pursuant to Section 28 of the *Financial Administration Act* (Ontario)) and under the Act required for it to enter into this indemnity agreement and perform its obligations hereunder;

    (c) this indemnity agreement has been duly executed and delivered by the Province and is a legal, valid and binding obligation of it enforceable against it in accordance with its terms, except as that enforcement may be limited by the provisions of the *Proceedings Against the Crown Act* (Ontario), subject to bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereinafter in effect relating to creditors' rights generally, to the application of equitable principles and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction, to section 11.3 of the *Financial Administration Act* (Ontario) and to section 43 of the *Financial Administration Act* (Ontario).

8. It is the intention of the Province to constitute the Corporation as trustee for the Protected Parties that are not party to this indemnity agreement of the covenants, waivers, representations, warranties and obligations of the Province under this indemnity agreement and the Corporation agrees to accept such trust and to hold and enforce such covenants, representations, warranties and obligations on behalf of such Protected Parties.

9. This indemnity agreement shall be interpreted and governed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

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10. The provisions of this indemnity agreement and the benefit of all covenants, waivers, representations, warranties and other obligations herein contained shall enure to the benefit of the Protected Persons and the Protected Persons' heirs, administrators, executors and assigns as applicable.

NOW THEREFORE, the parties have executed this indemnity as of the day and year first above written.

ONTARIO POWER GENERATION INC.

By: _____

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Glenn Thibeault
Minister of Energy

DRAFT

Comments from OPG
May 18, 2017

CONFIDENTIAL DRAFT

INDEMNITY AGREEMENT

THIS INDEMNITY AGREEMENT effective as of this day of June, 2017.

BETWEEN: **Ontario Power Generation Inc.**
(hereinafter the "**Corporation**")

OF THE FIRST PART,

Her Majesty the Queen in Right of the Province of Ontario as Represented by the Minister of Energy

(hereinafter called the "**Province**")~~,~~

OF THE SECOND PART

WHEREAS the Corporation ~~is~~and/or one or more of its subsidiaries may or, in certain circumstances is or will be required to, carry out certain activities with respect to ~~the implementation of~~(i) the *Ontario Fair Hydro Plan Act* ~~(the "Act~~, *2017* (the "Act"), (ii) the regulations made pursuant to the Act, and/or (iii) the agreements (A) relating to any financing entity (as defined in the Act) and/or any debt issued by any such financing entity and/or (B) to which any such financing entity is a party (the Act, such regulations and agreements, collectively the "Fair Hydro Plan").

AND WHEREAS the Corporation, its subsidiaries and each of their respective directors, officers and employees may face risk of liability ~~which extends beyond the typical operations risk of the Corporation and which may arise solely due to the Corporation's role in the implementation~~due to or as a result of the ~~Act.~~Fair Hydro Plan.

NOW THEREFORE, in consideration of the sum of $1.00 now paid by the Corporation to the Province and other good and valuable consideration (the receipt of which is hereby acknowledged), the Province hereby agrees:

1. ~~to~~To indemnify, defend and save harmless the Corporation, each of the Corporation's subsidiaries and each of ~~its~~their respective directors, officers, and employees (collectively the "**Protected Persons**" and individually, a "**Protected Person**") from and against all losses, costs, damages, charges, expenses, ~~claims,~~ demands ~~and~~, liabilities, taxes, fines, penalties, statutory payments, judgments and/or settlement amounts directly or indirectly suffered, sustained or incurred by ~~the Protected Persons arising specifically~~any Protected Person, including any special, indirect, incidental, punitive, exemplary and/or consequential damages and/or loss

of profits and damages in respect of economic loss and/or loss of opportunity, and all legal and other professional fees and out-of-pocket expenses (collectively, "Losses"), in relation to any civil, criminal, administrative, investigative and/or other claim, demand, action, suit, application, litigation, charge, complaint, prosecution, assessment, reassessment, investigation (formal or informal), hearing and/or other proceeding of any nature or kind whatsoever (any of the foregoing being a "Claim") arising, directly or indirectly, as a result of the Corporation's, any of the Corporation's subsidiaries and/or any such other Protected ~~Persons' direct role in carrying out~~Person's activities ~~related to~~, acts and/or omissions in the implementation of, or otherwise relating to, the ~~Act (collectively, "Claims" and individually, a "Claim"),~~ Fair Hydro Plan (including, without limitation, where a Protected Person is acting, at the request of the Corporation, in a different capacity than as a director, officer or employee of the Corporation or a subsidiary of the Corporation).

2. This indemnity does not apply with respect to ~~Claims~~Losses of a Protected Person:

(a) for which coverage is provided under an insurance policy ~~or claims fund~~but only to the extent that a Protected Person is actually ~~so indemnified or covered~~paid under such insurance policy ~~or fund~~for those Losses; or

(b) for which other indemnities are already provided to a Protected Person but only to the extent that the Protected Person is actually so indemnified for those Losses by such indemnities; or

(c) ~~brought about or contributed to by a Protected Person's dishonesty, gross negligence or willful misconduct if a judgment or other final adjudication adverse to the Protected Person establishes that there was dishonesty, gross negligence or willful misconduct on the Protected Person's part which was material to the cause of action as adjudicated; or~~if and to the extent that a court of competent jurisdiction in a final, non-appealable judgment determines that the Claim associated with such Losses resulted from the gross negligence or willful misconduct of the Protected Person claiming such indemnity; for greater certainty, and notwithstanding Section 2(d), the Province agrees that it does not intend that any failure by a Protected Person to conduct such reasonable investigation as necessary to provide the Corporation, a subsidiary of the Corporation or a financing entity, as applicable, with reasonable grounds for believing any prospectus, registration statement, offering document or any other document filed by, or on behalf of, a financing entity under applicable securities laws contained no misrepresentation shall constitute "gross negligence" or "wilful misconduct" for purposes of this Section 2(c) or otherwise disentitle a Protected Person from indemnification hereunder; or

(d) to the extent arising from any circumstances in which a Protected Person did not have reasonable grounds for believing that the Protected Person's conduct was

lawful in the case of a criminal or administrative action or proceeding that enforces a monetary penalty.

3. In order to be entitled to indemnification hereunder in respect of any ~~notice of a Claim that the Protected Person receives~~Losses, the Protected Person ~~must~~shall:

   (a) ~~immediately and without delay~~as soon as practicable, deliver to the Province (through the Director of the Legal Services Branch of the Ministry of Energy) a notice setting forth in reasonable detail the particulars of ~~the~~any Claim~~(s)~~;

   (b) upon written request of the Province, furnish to the Province copies of any document, or provide to the Province any information, that relates to the Claims~~(s)~~ that is in the possession or under the control of the Protected Person (except to the extent that provision of same would cause the Protected Party to lose its entitlement to claim privilege with respect to same);

   (c) take all reasonable steps, at the expense of the Province, necessary to secure and preserve the rights of the Protected Person in respect of the Claim~~(s)~~; and

   (d) promptly take all ~~necessary~~reasonable steps to obtain indemnification ~~or coverage~~ to the fullest extent possible under insurance policies ~~or claims funds~~, or under indemnities provided by the Corporation, that are referred to in subsections 2(a) or (b) above.

   A failure to give prompt notice as provided in this section 3 shall not affect the rights or obligations of any party to this indemnity~~,~~ unless and only to the extent that~~, as a result of~~ such failure~~, the party which was entitled to receive~~ to provide such prompt notice ~~was~~has actually prejudiced the Province.

4. The Province shall have the right to participate in or, where the Province has confirmed in writing to the applicable Protected Person(s) that all Losses in respect of a Claim will be fully indemnified under this indemnity agreement, assume control of the negotiation, settlement or defence of the Claim~~(s)~~ and in no event shall a Protected Person negotiate, settle, compromise or pay the Claim~~(s)~~ without the prior written consent of the Province, such consent not to be unreasonably withheld, delayed or conditioned. If the Province elects to so participate in or assume control of the negotiation, settlement or defence of the Claim~~(s)~~, the applicable Protected Person(s) shall co-operate fully with the Province in connection with the same, and ~~the~~each applicable Protected Person shall agree to be represented by legal counsel chosen by the Province, unless, in the opinion of such legal counsel, there would arise a conflict of interest preventing such legal counsel from representing the applicable Protected Person. Where it is such legal counsel's opinion that a conflict of interest prevents that legal counsel representing ~~the~~a Protected Person, the Protected Person will be entitled, after consultation with the Province and acting reasonably, to obtain legal counsel of the Protected Person's choice, and the fees and expenses of the Protected Person's counsel incurred in the Protected Person's representation shall be ~~costs~~Losses to which this indemnity extends. The Province shall not agree to any settlement of a Claim on behalf of

a Protected Person without the Protected Person's written consent unless (i) the terms of such settlement require only the payment of money (by persons or entities other than the Protected Person) and include an unconditional, full release of the Protected Person, and do not require a Protected Person to admit any wrongdoing or take or refrain from taking any action and (ii) the Province has fully indemnified the Protected Person with respect to, and held the Protected Person harmless from and against, all Losses incurred by or on behalf of the Protected Person in connection with the Claim.

5. ~~For greater clarity, with respect to directors, officers and employees of the Corporation this indemnity shall only apply to Claim(s) that are referable to the period during which a director, officer or employee of the Corporation is actually a director, officer or employee (respectively) of the Corporation, and of which notice is received by the Province either during the period of time that the director, officer, or employee is a director officer, employee of the Corporation or after he or she ceases to be a director, officer, employee of the Corporation.~~ The Province shall reimburse or advance the funds necessary for the payment of Losses incurred in connection with any Claim, including without limitation, the investigation, monitoring, defence and appeal thereof, in advance of the final disposition of such Claim, within thirty (30) days of any request in writing by a Protected Person to the Province for such reimbursement or advance, accompanied by reasonable details and supporting documentation with respect to the Losses in respect of which such reimbursement or advance is requested. The Protected Person shall repay forthwith any advances that are ultimately in excess of amounts necessary for payment of any such Losses or for which it is judicially determined that the Protected Person is not entitled to indemnification hereunder.

6. The Province hereby waives any claim it, as the shareholder of the Corporation, could otherwise make against a Protected Person, whether now or in the future, relating in any way to the Corporation's, any of the Corporation's subsidiaries and/or any such other Protected Person's activities, acts and/or omissions in the implementation of, or otherwise relating to, the Fair Hydro Plan (including, without limitation, where a Protected Person is acting, at the request of the Corporation, in a different capacity than as a director, officer or employee of the Corporation or a subsidiary of the Corporation).

7. The Province represents and warrants to each Protected Person as follows and acknowledges that each Protected Person is relying on the following representations and warranties in connection with any and all of its activities, acts and/or omissions in the implementation of, or otherwise relating to, the Fair Hydro Plan (including where a Protected Person is acting, at the request of the Corporation, in a different capacity than as a director, officer or employee of the Corporation or a subsidiary of the Corporation):

   (a) the Province has all necessary power, authority and capacity to enter into this indemnity agreement and to perform its obligations hereunder;

   (b) all necessary actions have been taken by the Province or on the Province's part to authorize its execution and delivery of this indemnity agreement and the performance of its obligations hereunder, and without limiting the

foregoing, the Province has received all necessary approvals under the *Financial Administration Act* (Ontario) (including approval of the Minister of Finance pursuant to Section 28 of the *Financial Administration Act* (Ontario)) and under the Act required for it to enter into this indemnity agreement and perform its obligations hereunder;

(c) this indemnity agreement has been duly executed and delivered by the Province and is a legal, valid and binding obligation of it enforceable against it in accordance with its terms, except as that enforcement may be limited by the provisions of the *Proceedings Against the Crown Act* (Ontario), subject to bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereinafter in effect relating to creditors' rights generally, to the application of equitable principles and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction, to section 11.3 of the *Financial Administration Act* (Ontario) and to section 43 of the *Financial Administration Act* (Ontario).

8. It is the intention of the Province to constitute the Corporation as trustee for the Protected Parties that are not party to this indemnity agreement of the covenants, waivers, representations, warranties and obligations of the Province under this indemnity agreement and the Corporation agrees to accept such trust and to hold and enforce such covenants, representations, warranties and obligations on behalf of such Protected Parties.

9. ~~6.~~ This indemnity agreement shall be interpreted and governed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

10. ~~7.~~ The provisions of this indemnity agreement and the benefit of all covenants, waivers, representations, warranties and other obligations herein contained shall enure to the benefit of the Protected Persons and the Protected Persons' heirs, administrators, executors and assigns as applicable.

NOW THEREFORE, the parties have executed this indemnity as of the day and year first above written.

~~SIGNED, SEALED AND DELIVERED~~) **ONTARIO**
POWER GENERATION INC.
~~in the presence of~~)

)

_____) By: _____
~~Name:~~)

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By:_____

Glenn Thibeault
Minister of Energy

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Description	#23514933v1<TorysAtWork> - OPG Indemnity - Torys, OPG Comments (May 17, 2017)
Document 2 ID	C:\NRPortbl\TorysAtWork\NDRAKE\23514933_5.docx
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Statistics:	
	Count
Insertions	77
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Style change	0
Format changed	0
Total changes	124

Request for Approval
Pursuant to Section 28 of the *Financial Administration Act* (Ontario)

1. MINISTRY REQUEST

On March 2, 2017, the Premier announced Ontario's Fair Hydro Plan (the "ONFHP"), under which the government proposes to take steps to lower electricity bills on an after-tax basis by 25 per cent for a typical residential customer relative to what those bills would otherwise have been without the ONFHP. This proposed 25 per cent rate relief measure would be inclusive of the 8 per cent rebate that is already in effect under the *Ontario Rebate for Electricity Consumers Act, 2016* and the savings that are anticipated to result from the proposed shifting of the Ontario Electricity Support Program ("OESP") and the Rural or Remote Rate Protection program ("RRRP") costs from ratepayers to provincial revenues. Changes to the Global Adjustment ("GA") are also proposed to be a component of the 25 per cent rate relief under the ONFHP.

On May 11, 2017 t~~T~~he Government introduced Bill 132, which, if passed would ~~is proposing to enact introduce~~ legislation to enable the implementation of the ONFHP (the "Proposed Legislation"). If the Proposed Legislation is passed, the implementation of the ONFHP will require the participation of the Ontario Power Generation ("OPG") and the Independent Electricity System Operator ("IESO") among other government entities. Both the OPG and the IESO have each requested an indemnity covering their respective corporations, subsidiaries (in the case of OPG), agents (in the case of IESO), directors, officers and employees in relation to their respective roles in carrying out the implementation of the ONFHP if the Proposed Legislation is passed.

Commented [PMK1]: This seems out of date now.

Commented [HM2]: I've updated

The Ministry is seeking the approval pursuant to section 28 of the *Financial Administration Act* (Ontario) to provide these indemnities, in the forms attached as Appendix "A" and Appendix "B" (collectively the "Indemnities" and individually the "Indemnity"), on behalf of the Crown to the OPG and IESO, respectively.

Timing:

Approval is sought by June 1, 2017. The Indemnities are required in conjunction with the coming into force of the Proposed Legislation, if passed.

2. RECOMMENDATION

Approve the giving of the Indemnities to OPG and IESO on the condition that such Indemnities shall only come into effect at the date upon which the proposed legislation is passed.

3. BACKGROUND

~~***OPG – Role in Implementation of ONFHP***~~

OPG – Role in Implementation of Ontario's Fair Hydro Plan (ONFHP)

OPG will play a central role in the implementation of the ONFHP, particularly with respect to the implementation of the GA refinancing component of the ONFHP. As part of the ONFHP, it was announced that a portion of the GA would be refinanced in order to fairly allocate costs across present and future generations of electricity consumers with respect to investments made to decarbonize (i.e., phase-out coal) and modernize Ontario's electricity system (i.e., build and maintain a reliable electricity system). This would result in a deferred GA amount that a special purpose entity created by OPG (i.e. a financing entity) is expected to finance. Risks associated with carrying out this role would fall outside of the scope of OPG's usual business/operations risks and would arise solely due to the OPG's role in implementation of the ONFHP. Examples of these risks include, without limitation:

- liability as a promoter under Canadian securities laws (or the equivalent, if any, under other applicable securities laws);
- secondary market liability under Canadian and/or other applicable securities laws;
- liability the signatories to the prospectuses will have (i.e., the individuals signing the prospectus); and
- liability of OPG as the Financial Services Manager under any of the transaction agreements (e.g., the Financial Services Management Agreement, the Administration Agreement, the MSSA, the Master Trust Indenture and any Supplemental Indentures).

As a result, pre-existing indemnities and protections do not adequately protect OPG, its subsidiaries and each of their respective directors, officers and employees as explained further below.

Providing the requested Indemnity to OPG would help facilitate OPG undertaking its role with respect to the implementation of the ONFHP.

~~The OPG will play a central role in the implementation of the ONFHP, particularly with respect to the implementation of the GA refinancing component of the ONFHP.~~

~~As part of ONFHP, it was announced that a portion of the GA would be refinanced in order to fairly allocate costs across present and future generations of electricity consumers with respect to investments made to decarbonize (i.e., phase-out coal) and modernize Ontario's electricity system (i.e., build and maintain a reliable electricity system). This would result in a deferred GA amount that OPG is expected to fund from a special purpose entity that OPG creates (i.e. a financing entity). It is likely that risks associated with carrying out this role would fall outside of the scope of OPG's usual business/operations risks and would arise solely due to the OPG's role in implementation of the ONFHP. This is particularly true with respect to any securities offerings of OPG's financing entity. Products are expected to be offered into the Canadian and U.S. Markets. As a result, pre-existing indemnities and protections do not adequately protect OPG, its directors, officers and employees.~~

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~~Providing the requested Indemnity to OPG would help facilitate OPG undertaking its role with respect to the implementation of the ONFHP.~~

IESO – *Role in Implementation of ONFHP*

The Proposed Legislation, if passed would impose certain obligations and requirements on IESO to carry out various activities in relation to the implementation of the ONFHP such as the deferral of costs related to the GA, the creation of a regulatory asset in relation to the GA financing component of the ONFHP, the conveyance of that asset to OPG's financing entity and providing a servicing role in recovering OPG's funding costs from future ratepayers. IESO may also be required to play a role in potential securities offerings of OPG's financing entity. If so, this may come with heightened exposure to liability for the IESO, particularly for offerings into the US market.~~.~~ IESO has expressed concern that all of this drives an increased risk of liability to the IESO, its directors, officers and employees, which is over and above typical operations risks and arises solely due to the ONFHP.

Providing the requested Indemnity would help facilitate the IESO's undertaking of the activities requested by the Minister in order to facilitate the implementation of the ONFHP.

4. ANALYSIS SUPPORTING RECOMMENDATION

(a) Why the Indemnities are being sought?

(i) Indemnities are required to facilitate IESO and OPG in carrying out their respective roles in implementing the ONFHP

Commented [HM3]: OPG/IESO input required on this regarding the specific risks they are concerned about.

~~The provision of the Indemnities to the IESO, OPG and their respective directors, officers and employees is required in order to facilitate the carrying out of implementation of the ONFHP in the event that the Proposed Legislation is passed. Both OPG and the IESO are anticipated to carry out activities that fall outside the scope of their typical business activities and corporate mandate. This creates the risk that such activities could be perceived as not being carried out in "good faith" or in the best interest of the corporation thereby exposing OPG and/or the IESO to increased liability (statutory protections from liability only extend to "good faith acts". This is further described in section (ii) below). If the indemnities are not provided, this could impact the OPG and IESO directors' willingness to undertake such activities jeopardizing the successful implementation of the ONFHP. Both the IESO and OPG have specifically asked for these Indemnities in order to allow them to carry out their roles in implementing the ONFHP.~~

~~Providing OPG and the IESO with the requested Indemnities will provide them with assurance against liability in order to allow them to comprehensively carry out their respective roles in the successful implementation of the ONFHP.~~

~~To the extent that a claim would be covered under any other indemnity provided to OPG or IESO by the Province, or provided by OPG or IESO to their directors, officers and employees, these Indemnities would not apply. Language to address any possible duplication is included in the attached Indemnities.~~

The provision of the Indemnities to the IESO, OPG, OPG's subsidiaries, and each of their respective directors, officers and employees, as well as IESO's agents is required in order to facilitate the carrying out of implementation of the ONFHP in the event that the Proposed Legislation is passed. Both OPG and the IESO are anticipated to carry out activities that fall outside the scope of their typical business activities and corporate mandate which existing indemnities would address. This creates the risk that such activities could be perceived as not being carried out in "good faith" or in the best interest of the corporation thereby exposing OPG and/or the IESO to increased liability (statutory protections from liability only extend to "good faith acts". In addition the statutory protections do not indemnify for costs relating to defending a claim. This is further described in section (ii) below). Examples of specific risks to OPG include, without limitation:

- liability as a promoter under Canadian securities laws (or the equivalent, if any, under other applicable securities laws);
- secondary market liability under Canadian and/or other applicable securities laws;
- liability that the signatories to the prospectuses will have (i.e., the individuals signing the prospectus); and
- liability of OPG as the Financial Services Manager under any of the transaction agreements (e.g., the Financial Services Management Agreement, the Administration Agreement, the MSSA, the Master Trust Indenture and any Supplemental Indentures).

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Examples of specific risks to the IESO include without limitation,

- liability for its role in potential securities offerings of OPG's financing entity. This may come with heightened exposure to liability for the IESO, particularly for offerings into the U.S. market. It is not clear whether the statutory protections would apply federally or in the U.S. context. If they would not extend to a U.S. claim, for example, it would support the need for a separate indemnity for the IESO.

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If the indemnities are not provided, this could impact OPG and the IESO's willingness to undertake such activities jeopardizing the successful implementation of the ONFHP.

Both the IESO and OPG have specifically asked for these Indemnities in order to allow them to carry out their roles in implementing the ONFHP. Providing OPG and the IESO with the requested Indemnities will provide them with assurance against liability in order to allow them to comprehensively carry out their respective roles in the successful implementation of the ONFHP.

To the extent that a claim would be covered under any other indemnity provided to OPG or IESO by the Province, or provided by OPG and IESO to any of its subsidiaries (in the case of OPG), agents (in the case of the IESO), directors, officers and employees, these Indemnities

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would not apply. Language to address any possible duplication is included in the attached Indemnities.

Existing indemnities previously provided by the Province to OPG have been limited to specific directives provided to OPG by the Province (e.g., in connection with the Bruce Lease). Accordingly, the scope of the existing indemnities provided by the Province would not cover the ONFHP. The IESO does not have any other indemnity from the Province.

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(ii) Statutory Immunity does not preclude a person from bringing an action or other civil proceeding

Subsection 19(1) of the *Electricity Act, 1998* provides IESO directors, officers and employees with the following protection from liability:

> "No action or other civil proceeding shall be commenced against a director, officer, employee or agent of the IESO or a member of a committee or panel established by the board of directors of the IESO for any act done in good faith in the exercise or performance or the intended exercise or performance of a power or duty under any Act, the regulations under any Act, the IESO's licence, the IESO's by-laws or the market rules, or for any neglect or default in the exercise or performance in good faith of such a power or duty."

The *Electricity Act, 1998* does not contain a similar statutory immunity for OPG's directors, officers, employees or agents. However, under subsection 39(2) of the Proposed Legislation, a statutory immunity is provided to the OPG's employees. This provision states:

> "No action or other civil proceeding shall be commenced against any employee of the Province or Ontario Power Generation Inc. for any act done in good faith in the exercise or performance or the intended exercise or performance of a power or duty under [the Proposed Legislation], the regulations or for any alleged neglect or default in the exercise or performance in good faith of such a power or duty."

Subsection 39(2) of the Proposed Legislation provides that nothing in subsection 39(1) limits the effect of subsection 19(1) of the *Electricity Act, 1998.*

The statutory immunities provided under the *Electricity Act, 1998* and the Proposed Legislation prohibits/would prohibit an action or other civil proceeding from being commenced against the enumerated protected persons under the respective provisions for any act done in good faith in the exercise or performance of their duties. Nothing precludes a person from bringing an action

or other civil proceeding against these persons causing them to incur costs in defending the claim (for example, arguing that the act was not carried out in "good faith").

The immunity from suit provisions outlined above, are qualified by the words "for any act done in good faith in the exercise or performance or intended exercise or performance of a power or duty under this Act…" This is a question of fact that needs to be considered by a court of competent jurisdiction. As such, statutory immunity would not necessarily be a bar to litigation and does not ensure that the IESO and OPG's employees, officer or directors (as applicable) would not become embroiled in litigation.

In the case of OPG, there is no similar statutory immunity explicitly provided for its directors or officers, or each of its subsidiaries, their directors, officers, or employees so the risk of litigation is greater for these individuals in the even the Proposed Legislation is passed.

For the reasons mentioned above, the Indemnities requested under this application would ensure that if a claim is brought against ~~OPG or IESO's directors, officers, and employees~~the protected persons as a result of carrying out their roles in implementing the ONFHP (despite the statutory immunities provided or that will be provided if the Proposed Legislation is passed), they are protected for any costs, losses etc. subject to the limitations provided for in the Indemnities.

(b) Description of the risk and any risk mitigants.

The ONFHP is a novel program, the first of its kind in Canada. Because the work to be undertaken by OPG and IESO in carrying out their roles in implementing the ONFHP will fall outside of the usual operations/business risk that these corporation's face, there is a risk that these corporations may be subject to increased liability specifically due to their roles with the ONFHP. This risk arises in part because of the kind of market that OPG, and IESO indirectly, are to participate in, and the steps that investors could take to protect their investments.

The risk to the Province of giving the Indemnities is undeterminable at this time, but any such risk may be mitigated by the following factors:

1) In the case of the IESO, the existence of a statutory immunity under subsection 19(1) of the *Electricity Act, 1998* may mitigate against a liability arising against its directors, officers and employees, but as mentioned, does not eliminate such risk.

2) In the case of OPG, the proposed statutory immunity under subsection 39(1) of the Proposed Legislation may mitigate against a liability arising against its employees, but as mentioned, does not eliminate such risk.

3) The Indemnities is limited ~~specifically~~ to claims arising in relation

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to IESO and OPG's respective role in implementing the ONFHP in the event that the Proposed Legislation is passed.

4) The Indemnities do not apply with respect to claims for which coverage is provided and paid under insurance, for which indemnity is already provided and paid to the OPG or IESO or its respective directors, officers or employees, or is brought about by the dishonesty, gross negligence or willful misconduct of the ~~director~~protected persons.

A contingent liability table is attached as Appendix "C"

(c) Scope of liability in the Indemnities

The Province would agree to indemnify and hold harmless the IESO and OPG as well as their respective directors, officers and employees from any claims, liabilities, costs or losses that might arise to the corporation, him or her (respectively) as a result of their direct roles in carrying out activities related to the implementation of the ONFHP.

The Indemnities would not apply with respect to ~~c~~lossesl~~aim~~s:

(a) for which coverage is provided under an insurance policy ~~or claims fund~~ to the extent that the protected person is actually s~~o indemnified or covered~~paid under such policy ~~or fund~~for those losses; or

(b) for which other indemnities are already provided to the protected person but only to the extent that the Protected Person is actually so indemnified for those losses by such indemnities;

(c) ~~brought about or contributed to by~~is the result of the~~a~~ Protected Person's dishonesty, gross negligence or willful misconduct, but only such ~~if a judgment or other final adjudication adverse to the Protected Person establishes that there was~~ dishonesty, gross negligence or willful misconduct on the Protected Person's part ~~which was material to the cause of action as adjudicated~~has been established by a final and non-appealable judgment or other final adjudication adverse to the Protected Person;~~;~~ or

(d) to the extent arising from any circumstances in which a Protected Person did not have reasonable grounds for believing that the Protected Person's conduct was lawful in the case of a criminal or administrative action or proceeding that enforces a monetary penalty.

Commented [PMK4]: Why is the carve out limited to 'gross' negligence vs just negligence?

Commented [HM5]: Gross negligence is used to be consistent with the OBCA requirement.

Commented [PMK6]: Small point, but I think this should say 'protected person' since people other than directors would be covered.

Commented [HM7]: I've changed the reference accordingly.

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OPG's indemnity, with respect to clause (c) above, further provides that the Province agrees that it does not intend that any failure by a Protected Person to conduct a reasonable investigation with respect to advising the OPG about misrepresentations in any prospectus, registration statement or other securities/offering document, shall constitute "gross negligence" or "wilful misconduct" for this purposes of clause (c) above and does not disentitle the protected person from the Indemnity. This language has been included at the request of OPG in order to provide additional clarity to limit the OPG's liability with respect to carrying out any investigation of securities/offering documents.

The Indemnities would not apply with respect to ~~claims~~ losses for which coverage is provided and paid under insurance, or which are covered by another indemnity~~-~~under which the protected person is already so indemnified~~already provided~~;~~,~~ for claims brought about by the dishonesty, gross negligence or willful misconduct of the persons protected under the Indemnities;~~,~~ or for claims arising from circumstances where the ~~corporation, director, officer or employee~~protected persons did not have grounds for believing that their conduct was lawful in the case of a criminal or administrative action or proceeding that enforces a monetary penalty.

(d) Effect of failure to obtain section 28 approval

If the requested Indemnities are not provided, this could impact the OPG and IESO directors' willingness to fully undertake their roles in implementing the ONFHP thereby jeopardizing the successful implementation of this plan in the event the Proposed Legislation is passed. For example, IESO directors may not be willing to carry out certain activities that would fall outside of the scope of its typical business activities and mandate if they view these as creating a risk of liability. Providing the Indemnities, would give OPG and IESO, along with their directors, officers and employees to more confidently carry out their role in implementing the ONFHP.

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APPENDIX "A"

PROPOSED INDEMNITY AGREEMENT FOR OPG
(Attached as a separate document)

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APPENDIX "B"

PROPOSED INDEMNITY AGREEMENT FOR IESO
(Attached as a separate document)

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APPENDIX "C"

CONTINGENT LIABILITY TABLE
(Attached as a separate document)

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CONFIDENTIAL DRAFT

INDEMNITY

THIS INDEMNITY effective as of this day of June, 2017.

BETWEEN: **The Independent Electricity System Operator**
(hereinafter the "**Corporation**")

OF THE FIRST PART,

Her Majesty the Queen in Right of the Province of Ontario as Represented by the Minister of Energy

(hereinafter called the "**Province**"),

OF THE SECOND PART

WHEREAS the Corporation is required to carry out certain activities with respect to the implementation of the *Ontario Fair Hydro Plan Act* (the "Act").

A**ND WHEREAS** the Corporation, and its directors, officers and employees, may, as a result of the Corporation's role in the implementation of the Act, face ~~risk~~risks of liability which ~~extends~~extend beyond the typical operations risk of the Corporation ~~and which may arise solely due to the Corporation's role in the implementation of the Act~~.

NOW THEREFORE, in consideration of the sum of $1.00 now paid by the Corporation to the Province (the receipt of which is hereby acknowledged), the Province hereby agrees:

1. to indemnify and save harmless the Corporation and each of its directors, officers, ~~and employees~~employees or agents of the Corporation or a member of a committee or panel established by the directors of the Corporation (collectively the "Protected Persons" and individually, a "Protected Person") from and against all losses, costs, charges, expenses, claims, demands and liabilities directly or indirectly suffered, sustained or incurred by ~~the~~a Protected ~~Persons~~Person arising ~~specifically~~ as a result of, or in connection with, the ~~Protected Persons' direct~~IESO's role in carrying out activities related to the implementation of the Act (collectively, "Claims" and individually, a "Claim"), **[IESO note: we request that the indemnity not be limited to actions arising specifically as a result of a Persons' "direct" role. We request that the indemnity be broad enough to include actions that arise due to the IESO's role in implementing the Act. We prefer to not have to argue, if the indemnity is ever called on, whether something was "specifically" as a result of, or related to a "direct" role.]**

~~2. This indemnity does not apply with respect to Claims:~~

2. A Protected Person shall not be entitled to be indemnified in respect of a Claim, or a portion thereof:

(a) for which coverage is provided under an insurance policy or claims fund to the extent that ~~a~~ payment has been made thereunder to such Protected Person~~ is actually so indemnified or covered under such policy;~~ or~~ fund; or~~

(b) for which other indemnities are already provided to a Protected Person to the extent that ~~the~~ payment has been made to such Protected Person ~~is actually so indemnified by~~under such indemnities; or

(c) ~~brought about or contributed to by a~~is the result of such Protected Person's dishonesty, gross negligence or willful misconduct, but only if ~~a judgment or other final adjudication adverse to the Protected Person establishes that there was~~such dishonesty, gross negligence or willful misconduct on the Protected Person's part has been established by a final and non-appealable judgment or other final adjudication adverse to the Protected Person.

(d) To the extent arising from any circumstances in which a Protected Person did not have reasonable grounds for believing that the Protected Person's conduct was lawful in the case of a criminal or administrative action or proceeding that enforces a monetary penalty.

Commented [A1]: I've re-inserted this provision. This provision is part of the standard Indemnity Template that we typically use. We would like to include in order to ensure consistency with the OPG indemnity.

3. Each Protected Person shall:

~~(a)~~ upon becoming aware of a Claim for which ~~was material to the cause of action as adjudicated; or~~

~~4. In order to be entitled to~~ such Protected Person may seek indemnification hereunder~~ in respect of any notice of a Claim that the Protected Person receives, the Protected Person must:~~

~~(f)~~(a) ~~immediately and without delay~~, as soon as practicable deliver to the Province (through the Director of the Legal Services Branch of the Ministry of Energy) a notice setting forth in reasonable detail the particulars of the Claim~~(s)~~;

Commented [A2]: Change made to be consistent with OPG edits to its indemnity.

~~(g)~~(b) upon written request of the Province, acting reasonably, furnish to the Province copies of any document, or provide to the Province any information that relates to the Claims~~(s)~~ that is in the possession or under the control of the Protected Person;

~~(h)~~(c) take all reasonable steps necessary to secure and preserve the rights of the Protected Person in respect of the Claim; and

~~(i)~~(d) promptly take all ~~necessary~~ reasonable steps to obtain indemnification or coverage to the fullest extent possible under insurance policies or claims funds, or under indemnities provided by the Corporation, that are referred to in subsections 2(a) or (b) above.

A failure ~~to give prompt notice as provided in this section 3 shall not affect the rights or obligations~~on the part of a Protected Person to take any ~~party to this indemnity, and only~~of the actions provided in this section 3 shall not affect the rights of such Protected Person except to the extent that, as a result of such failure, ~~the party which was entitled to receive such notice~~~~Ontario~~ the Province was actually prejudiced. A failure on the part of a Protected Person to take any of the actions provided in this section 3 shall not affect the rights of any other Protected Person.

4. The Province shall have the right to participate in or assume control of the negotiation, settlement or defence of the Claim(s) and in no event shall a Protected Person negotiate, settle, compromise or pay the Claim(s) without the prior written consent of the Province. If the Province elects to participate in or assume control of the negotiation, settlement or defence of the Claim(s), ~~the~~each Protected Person shall co-operate fully with the Province in connection with the same, and ~~the~~each Protected Person shall agree to be represented by legal counsel chosen by the Province, unless, in the opinion of such legal counsel, there would arise a conflict of interest preventing such legal counsel from representing ~~the~~such Protected Person. Where it is such legal counsel's opinion that a conflict of interest prevents that legal counsel representing the Protected Person, the Protected Person will be entitled, after consultation with the Province and acting reasonably, to obtain legal counsel of the Protected Person's choice, and the fees and expenses of the Protected Person's counsel incurred in the Protected Person's representation shall be costs to which this indemnity extends.

5. For greater clarity, with respect to directors, officers and employees of the Corporation this indemnity shall only apply to Claim(s) that are referable to the period during which a director, officer or employee of the Corporation is actually a director, officer or employee (respectively) of the Corporation, ~~and of which notice is received by the Province either during the period of time that the director, officer, or employee is a director officer, employee of the Corporation or after he or she ceases to be a director, officer, employee of the Corporation.~~

6. This indemnity shall be interpreted and governed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

7. The provisions of this agreement and the benefit of all covenants herein contained shall enure to the benefit of the Protected Persons and the Protected Persons' heirs, administrators, executors and assigns as applicable.

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Commented [A3]: Again – this is standard language we include in our indemnities. Please advise what the risk to IESO is with including this provision.

NOW THEREFORE, the parties have executed this indemnity as of the day and year first above written.

SIGNED, SEALED AND DELIVERED)	**THE INDEPENDENT ELECTRICITY SYSTEM OPERATOR**
in the presence of)	)
_____)	By: _____
Name:)	

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Glenn Thibeault
Minister of Energy

DRAFT

From: Whitfield, Tobias P. (MOF)
To: Mike Manning; Ken Kandeepan; Opal Kandelas
Cc: Malle Hanslep (MOF); Ronald Kwan
Subject: FW: OPG/IESO Indemnities - Section 28 Approvals
Date: Wednesday, May 24, 2017 3:26:17 PM
Attachments: OPG Indemnity - Torys, OPG Comments (May 17, 2017).docx
Blackline OPG Indemnity.pdf
20170515-s.28 business case - IESO and OPG Indemnity OFHP -DRAFT FINALPK....docx
20170523-IESO Indemnity Agreement Confidential track changes -ENERGY LSB....docx

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FYI,

Indemnity materials, as discussed.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Kaufman, Paul (TBS)
Sent: May 24, 2017 11:25 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Compagnone, Lisa (TBS)
Subject: RE: OPG/IESO Indemnities - Section 28 Approvals

Hi again – the TBS DM has agreed with the staff recommendation here that it would be best if this request went to the Minister of Finance rather than the President of TB, since it primarily covers financing activities and since it fits in with/overlaps with some of the other activities that MOF and the OFA are more directly involved in.

I know this is coming somewhat late so wanted to check in with you both to make sure you're comfortable with that approach before I suggest to Harkamal that she and her clients direct their request to MOF. Happy to stay involved or help out, or discuss if you have concerns.

Thanks,

Paul

Paul Kaufman
Counsel
Ministry of the Attorney General | Legal Services Branch | Treasury Board Secretariat
9th Floor, 77 Wellesley Street West, Ferguson Block, Toronto, ON M7A 1N3
Phone: 416-327-7012 Fax: 416-325-9404
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From: Kaufman, Paul (TBS)
Sent: May-24-17 10:24 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Compagnone, Lisa (TBS)
Subject: FW: OPG/IESO Indemnities - Section 28 Approvals

Hi – as discussed with Malle just now, attached are the latest materials that we received through energy legal, and a note to the TBS client that summarizes a discussion I had this morning with Harkamal about this.

Thanks,

Paul

Paul Kaufman
Counsel
Ministry of the Attorney General | Legal Services Branch | Treasury Board Secretariat
9th Floor, 77 Wellesley Street West, Ferguson Block, Toronto, ON M7A 1N3
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From: Kaufman, Paul (TBS)
Sent: May-24-17 10:17 AM
To: Strang, James (TBS)
Cc: Fung, Felix (TBS); Compagnone, Lisa (TBS)
Subject: FW: OPG/IESO Indemnities - Section 28 Approvals

James, I spoke to counsel at Energy about the proposed revisions to the boilerplate indemnity agreements. I told her that some minor clarifications to the existing text likely wouldn't raise concerns here, but that even minor changes might add some time to the approvals process on our end.

The changes that OPG is proposing are more substantive in nature and in a number of cases seem like they would result in the province assuming more than a reasonable amount of risk. Energy legal agrees with this and it sounds like energy is going to push back pretty hard with OPG. They also understand that we'll need them to provide a rationale for any substantive deviations from the original draft agreements.

It sounds like Energy is hoping to finalize the agreements today or tomorrow and proceed with approvals on their end. They hope to get us a minister-signed request by early next week, but will share the materials that they send up the line in the interim.

I also flagged the appropriations issue and they are going to consider it further. I didn't note the section 22 option because, as discussed, it's not clear if MOF would be comfortable with it. Our branch is going to discuss this file with MOF legal today, and we understand they are also talking to the OFA today.

Paul

Paul Kaufman
Counsel
Ministry of the Attorney General | Legal Services Branch | Treasury Board Secretariat
9th Floor, 77 Wellesley Street West, Ferguson Block, Toronto, ON M7A 1N3
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From: Multani, Harkamal (ENERGY)
Sent: May-23-17 7:02 PM
To: Kaufman, Paul (TBS)
Cc: Strang, James (TBS); Montgomery, Kaitlin (MOF); Ho, Larissa (ENERGY)
Subject: RE: OPG/IESO Indemnities - Section 28 Approvals

Thanks for this Paul.

We received comments back from OPG and IESO on the Business case as well as on the indemnity agreements. I've attached the updated business case that includes changes to reflect your comments as well as OPG and IESO's comments. Please let us know if you have any further concerns.
On the indemnity agreements, we are working through the proposed changes that both IESO and OPG have proposed to them. The IESO indemnity agreement changes that the IESO has proposed appear to be okay, and I've just made some further edits/comments that I am in the process of clarifying with IESO. Could you please take a look at the attached and let us know if there are any concerns from your end on the changes?
The OPG changes to its indemnity agreement are much more substantial and we are working through them still, however, I am wondering whether you can take a look and let us know if you or your policy clients have any significant concerns as well in the interests of time. The changes seem to be more for clarity, but given that they differ from the standard template language just wanted to make sure TBS is comfortable. Both clean and tracked versions of the OPG indemnity agreement are attached.
If it is easier and would be quicker to have a call to discuss, I would be happy to set something up.
Thank you,
Harkamal

Harkamal Multani
Counsel
Legal Services Branch
ENERGY/MOI/MEDG/MRIS/ADO
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Tel: 416-212-5409
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From: Kaufman, Paul (TBS)
Sent: May-18-17 4:24 PM
To: Multani, Harkamal (ENERGY)
Cc: Strang, James (TBS); Montgomery, Kaitlin (MOF); Christie, Tim (ENERGY)
Subject: RE: OPG/IESO Indemnities - Section 28 Approvals

Thanks, Harkamal. I had a few fairly minor comments on the business case, set out in the attached. Let me know if you want to discuss.

Paul

Paul Kaufman
Counsel
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From: Multani, Harkamal (ENERGY)
Sent: May-17-17 5:27 PM
To: Kaufman, Paul (TBS)
Cc: Strang, James (TBS); Montgomery, Kaitlin (MOF); Christie, Tim (ENERGY)

Subject: RE: OPG/IESO Indemnities - Section 28 Approvals

Thanks very much Paul – we've asked OPG/IESO to provide us with specifics on the risks as they would be in the best position to advise on these. I am hoping to receive their input by tomorrow and will send to you accordingly.

On the timing of the security offerings, I am assuming you are asking about the security offerings to be made to the investors with respect to the special purpose entity. We don't have a certain date but generally I believe we are looking at some time in Fall 2017 (Tim/Kaitlin, please correct me if I am wrong on this).

If you have further questions, please let us know.

Best regards,

Harkamal

Harkamal Multani
Counsel
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Tel: 416-212-5409

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From: Kaufman, Paul (TBS)
Sent: May-17-17 4:50 PM
To: Multani, Harkamal (ENERGY)
Cc: Strang, James (TBS); Montgomery, Kaitlin (MOF); Christie, Tim (ENERGY)
Subject: RE: OPG/IESO Indemnities - Section 28 Approvals

Hi Harkamal – we're still reviewing whether this might go to MOF instead of TBS, but in the interim had some questions from the information set out in the business case:

Can some examples of the risks associated with securities offerings (generally, typically)be provided, and on how Energy might mitigate those risks risk?

Also, can Energy provide info on timing of securities offerings (when expecting to be in the market)?

I'll have some more technical feedback that I'll likely get to you tomorrow.

Thanks,

Paul

Paul Kaufman
Counsel
Ministry of the Attorney General | Legal Services Branch | Treasury Board Secretariat
9th Floor, 77 Wellesley Street West, Ferguson Block, Toronto, ON M7A 1N3
Phone: 416-327-7012 Fax: 416-325-9404

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From: Multani, Harkamal (ENERGY)
Sent: May-16-17 3:12 PM
To: Kaufman, Paul (TBS)
Cc: Fung, Felix (TBS); Strang, James (TBS); Montgomery, Kaitlin (MOF); Christie, Tim (ENERGY)

Subject: OPG/IESO Indemnities - Section 28 Approvals

Hi Paul,

As discussed, I've attached our draft s.28 approval materials as well as the indemnity agreements for the IESO and OPG. We are also consulting further with OPG and IESO on providing input on the risks to them if the indemnities are not provided so there may be further changes to these materials based on comments from OPG/IESO. These materials are drafts for TBS legal/policy review and input before we finalize. Once we've addressed TBS' comments we will submit the finalized documents for formal s.28 approval.

As mentioned, we require the section 28 approval by June 1, 2017, so if there is anything we can do to assist with speeding things up, please let us know as we recognize these are tight timelines.

Also, I understand that this is to go to TBS for approval (this goes back to our conversation earlier, whether Finance or TBS needs to approve). Please let us know if you hear otherwise.

If you require anything else from us please let us know. I've copied our program area clients on this email as well.

Many thanks,

Harkamal

Harkamal Multani
Counsel
Legal Services Branch
ENERGY/MOI/MEDG/MRIS/ADO
Email: harkamal.multani@ontario.ca
Tel: 416-212-5409

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Comments from OPG
May 18, 2017

CONFIDENTIAL DRAFT

INDEMNITY AGREEMENT

THIS INDEMNITY AGREEMENT effective as of this day of June, 2017.

BETWEEN: **Ontario Power Generation Inc.**
(hereinafter the "**Corporation**")

OF THE FIRST PART,

Her Majesty the Queen in Right of the Province of Ontario as Represented by the Minister of Energy

(hereinafter called the "**Province**")

OF THE SECOND PART

WHEREAS the Corporation and/or one or more of its subsidiaries may or, in certain circumstances is or will be required to, carry out certain activities with respect to (i) the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), (ii) the regulations made pursuant to the Act, and/or (iii) the agreements (A) relating to any financing entity (as defined in the Act) and/or any debt issued by any such financing entity and/or (B) to which any such financing entity is a party (the Act, such regulations and agreements, collectively the "**Fair Hydro Plan**").

AND WHEREAS the Corporation, its subsidiaries and each of their respective directors, officers and employees may face risk of liability due to or as a result of the Fair Hydro Plan.

NOW THEREFORE, in consideration of the sum of $1.00 now paid by the Corporation to the Province and other good and valuable consideration (the receipt of which is hereby acknowledged), the Province hereby agrees:

1. To indemnify, defend and save harmless the Corporation, each of the Corporation's subsidiaries and each of their respective directors, officers, and employees (collectively the "**Protected Persons**" and individually, a "**Protected Person**") from and against all losses, costs, damages, charges, expenses, demands, liabilities, taxes, fines, penalties, statutory payments, judgments and/or settlement amounts directly or indirectly suffered, sustained or incurred by any Protected Person, including any special, indirect, incidental, punitive, exemplary and/or consequential damages and/or loss of profits and damages in respect of economic loss and/or loss of opportunity, and all legal and other professional fees and out-of-pocket expenses (collectively, "**Losses**"), in relation to any civil, criminal, administrative, investigative and/or other claim, demand, action, suit, application, litigation, charge, complaint, prosecution, assessment, reassessment, investigation (formal or informal), hearing and/or

other proceeding of any nature or kind whatsoever (any of the foregoing being a "**Claim**") arising, directly or indirectly, as a result of the Corporation's, any of the Corporation's subsidiaries and/or any such other Protected Person's activities, acts and/or omissions in the implementation of, or otherwise relating to, the Fair Hydro Plan (including, without limitation, where a Protected Person is acting, at the request of the Corporation, in a different capacity than as a director, officer or employee of the Corporation or a subsidiary of the Corporation).

2. This indemnity does not apply with respect to Losses of a Protected Person:

    (a) for which coverage is provided under an insurance policy but only to the extent that a Protected Person is actually paid under such insurance policy for those Losses; or

    (b) for which other indemnities are already provided to a Protected Person but only to the extent that the Protected Person is actually so indemnified for those Losses by such indemnities; or

    (c) if and to the extent that a court of competent jurisdiction in a final, non-appealable judgment determines that the Claim associated with such Losses resulted from the gross negligence or willful misconduct of the Protected Person claiming such indemnity; for greater certainty, and notwithstanding Section 2(d), the Province agrees that it does not intend that any failure by a Protected Person to conduct such reasonable investigation as necessary to provide the Corporation, a subsidiary of the Corporation or a financing entity, as applicable, with reasonable grounds for believing any prospectus, registration statement, offering document or any other document filed by, or on behalf of, a financing entity under applicable securities laws contained no misrepresentation shall constitute "gross negligence" or "wilful misconduct" for purposes of this Section 2(c) or otherwise disentitle a Protected Person from indemnification hereunder; or

    (d) to the extent arising from any circumstances in which a Protected Person did not have reasonable grounds for believing that the Protected Person's conduct was lawful in the case of a criminal or administrative action or proceeding that enforces a monetary penalty.

3. In order to be entitled to indemnification hereunder in respect of any Losses, the Protected Person shall:

    (a) as soon as practicable, deliver to the Province (through the Director of the Legal Services Branch of the Ministry of Energy) a notice setting forth in reasonable detail the particulars of any Claim;

    (b) upon written request of the Province, furnish to the Province copies of any document, or provide to the Province any information, that relates to the Claims that is in the possession or under the control of the Protected Person (except to the extent that provision of same would cause the Protected Party to lose its entitlement to claim privilege with respect to same);

DRAFT

(c) take all reasonable steps, at the expense of the Province, necessary to secure and preserve the rights of the Protected Person in respect of the Claim; and

(d) promptly take all reasonable steps to obtain indemnification to the fullest extent possible under insurance policies, or under indemnities provided by the Corporation, that are referred to in subsections 2(a) or (b) above.

A failure to give prompt notice as provided in this section 3 shall not affect the rights or obligations of any party to this indemnity unless and only to the extent that such failure to provide such prompt notice has actually prejudiced the Province.

4. The Province shall have the right to participate in or, where the Province has confirmed in writing to the applicable Protected Person(s) that all Losses in respect of a Claim will be fully indemnified under this indemnity agreement, assume control of the negotiation, settlement or defence of the Claim and in no event shall a Protected Person negotiate, settle, compromise or pay the Claim without the prior written consent of the Province, such consent not to be unreasonably withheld, delayed or conditioned. If the Province elects to so participate in or assume control of the negotiation, settlement or defence of the Claim, the applicable Protected Person(s) shall co-operate fully with the Province in connection with the same, and each applicable Protected Person shall agree to be represented by legal counsel chosen by the Province, unless, in the opinion of such legal counsel, there would arise a conflict of interest preventing such legal counsel from representing the applicable Protected Person. Where it is such legal counsel's opinion that a conflict of interest prevents that legal counsel representing a Protected Person, the Protected Person will be entitled, after consultation with the Province and acting reasonably, to obtain legal counsel of the Protected Person's choice, and the fees and expenses of the Protected Person's counsel incurred in the Protected Person's representation shall be Losses to which this indemnity extends. The Province shall not agree to any settlement of a Claim on behalf of a Protected Person without the Protected Person's written consent unless (i) the terms of such settlement require only the payment of money (by persons or entities other than the Protected Person) and include an unconditional, full release of the Protected Person, and do not require a Protected Person to admit any wrongdoing or take or refrain from taking any action and (ii) the Province has fully indemnified the Protected Person with respect to, and held the Protected Person harmless from and against, all Losses incurred by or on behalf of the Protected Person in connection with the Claim.

5. The Province shall reimburse or advance the funds necessary for the payment of Losses incurred in connection with any Claim, including without limitation, the investigation, monitoring, defence and appeal thereof, in advance of the final disposition of such Claim, within thirty (30) days of any request in writing by a Protected Person to the Province for such reimbursement or advance, accompanied by reasonable details and supporting documentation with respect to the Losses in respect of which such reimbursement or advance is requested. The Protected Person shall repay forthwith any advances that are ultimately in excess of amounts necessary for payment of any such Losses or for which it is judicially determined that the Protected Person is not entitled to indemnification hereunder.

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6. The Province hereby waives any claim it, as the shareholder of the Corporation, could otherwise make against a Protected Person, whether now or in the future, relating in any way to the Corporation's, any of the Corporation's subsidiaries and/or any such other Protected Person's activities, acts and/or omissions in the implementation of, or otherwise relating to, the Fair Hydro Plan (including, without limitation, where a Protected Person is acting, at the request of the Corporation, in a different capacity than as a director, officer or employee of the Corporation or a subsidiary of the Corporation).

7. The Province represents and warrants to each Protected Person as follows and acknowledges that each Protected Person is relying on the following representations and warranties in connection with any and all of its activities, acts and/or omissions in the implementation of, or otherwise relating to, the Fair Hydro Plan (including where a Protected Person is acting, at the request of the Corporation, in a different capacity than as a director, officer or employee of the Corporation or a subsidiary of the Corporation):

    (a) the Province has all necessary power, authority and capacity to enter into this indemnity agreement and to perform its obligations hereunder;

    (b) all necessary actions have been taken by the Province or on the Province's part to authorize its execution and delivery of this indemnity agreement and the performance of its obligations hereunder, and without limiting the foregoing, the Province has received all necessary approvals under the *Financial Administration Act* (Ontario) (including approval of the Minister of Finance pursuant to Section 28 of the *Financial Administration Act* (Ontario)) and under the Act required for it to enter into this indemnity agreement and perform its obligations hereunder;

    (c) this indemnity agreement has been duly executed and delivered by the Province and is a legal, valid and binding obligation of it enforceable against it in accordance with its terms, except as that enforcement may be limited by the provisions of the *Proceedings Against the Crown Act* (Ontario), subject to bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereinafter in effect relating to creditors' rights generally, to the application of equitable principles and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction, to section 11.3 of the *Financial Administration Act* (Ontario) and to section 43 of the *Financial Administration Act* (Ontario).

8. It is the intention of the Province to constitute the Corporation as trustee for the Protected Parties that are not party to this indemnity agreement of the covenants, waivers, representations, warranties and obligations of the Province under this indemnity agreement and the Corporation agrees to accept such trust and to hold and enforce such covenants, representations, warranties and obligations on behalf of such Protected Parties.

9. This indemnity agreement shall be interpreted and governed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

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10. The provisions of this indemnity agreement and the benefit of all covenants, waivers, representations, warranties and other obligations herein contained shall enure to the benefit of the Protected Persons and the Protected Persons' heirs, administrators, executors and assigns as applicable.

NOW THEREFORE, the parties have executed this indemnity as of the day and year first above written.

ONTARIO POWER GENERATION INC.

By: _____

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Glenn Thibeault
Minister of Energy

DRAFT

Comments from OPG
May 18, 2017

CONFIDENTIAL DRAFT

INDEMNITY AGREEMENT

THIS INDEMNITY AGREEMENT effective as of this day of June, 2017.

BETWEEN: **Ontario Power Generation Inc.**
(hereinafter the "**Corporation**")

OF THE FIRST PART,

Her Majesty the Queen in Right of the Province of Ontario as Represented by the Minister of Energy

(hereinafter called the "**Province**")~~,~~

OF THE SECOND PART

WHEREAS the Corporation ~~is~~and/or one or more of its subsidiaries may or, in certain circumstances is or will be required to, carry out certain activities with respect to ~~the implementation of~~(i) the *Ontario Fair Hydro Plan Act* ~~(the "Act~~, *2017* (the "Act"), (ii) the regulations made pursuant to the Act, and/or (iii) the agreements (A) relating to any financing entity (as defined in the Act) and/or any debt issued by any such financing entity and/or (B) to which any such financing entity is a party (the Act, such regulations and agreements, collectively the "Fair Hydro Plan").

AND WHEREAS the Corporation, its subsidiaries and each of their respective directors, officers and employees may face risk of liability ~~which extends beyond the typical operations risk of the Corporation and which may arise solely due to the Corporation's role in the implementation~~due to or as a result of the ~~Act.~~Fair Hydro Plan.

NOW THEREFORE, in consideration of the sum of $1.00 now paid by the Corporation to the Province and other good and valuable consideration (the receipt of which is hereby acknowledged), the Province hereby agrees:

1. ~~to~~To indemnify, defend and save harmless the Corporation, each of the Corporation's subsidiaries and each of ~~its~~their respective directors, officers, and employees (collectively the "**Protected Persons**" and individually, a "**Protected Person**") from and against all losses, costs, damages, charges, expenses, ~~claims,~~ demands ~~and~~, liabilities, taxes, fines, penalties, statutory payments, judgments and/or settlement amounts directly or indirectly suffered, sustained or incurred by ~~the Protected Persons arising specifically~~any Protected Person, including any special, indirect, incidental, punitive, exemplary and/or consequential damages and/or loss

of profits and damages in respect of economic loss and/or loss of opportunity, and all legal and other professional fees and out-of-pocket expenses (collectively, "Losses"), in relation to any civil, criminal, administrative, investigative and/or other claim, demand, action, suit, application, litigation, charge, complaint, prosecution, assessment, reassessment, investigation (formal or informal), hearing and/or other proceeding of any nature or kind whatsoever (any of the foregoing being a "Claim") arising, directly or indirectly, as a result of the Corporation's, any of the Corporation's subsidiaries and/or any such other Protected ~~Persons' direct role in carrying out~~Person's activities ~~related to~~, acts and/or omissions in the implementation of, or otherwise relating to, the ~~Act (collectively, "Claims" and individually, a "Claim"),~~ Fair Hydro Plan (including, without limitation, where a Protected Person is acting, at the request of the Corporation, in a different capacity than as a director, officer or employee of the Corporation or a subsidiary of the Corporation).

2. This indemnity does not apply with respect to ~~Claims~~Losses of a Protected Person:

(a) for which coverage is provided under an insurance policy ~~or claims fund~~but only to the extent that a Protected Person is actually ~~so indemnified or covered~~paid under such insurance policy ~~or fund~~for those Losses; or

(b) for which other indemnities are already provided to a Protected Person but only to the extent that the Protected Person is actually so indemnified for those Losses by such indemnities; or

(c) ~~brought about or contributed to by a Protected Person's dishonesty, gross negligence or willful misconduct if a judgment or other final adjudication adverse to the Protected Person establishes that there was dishonesty, gross negligence or willful misconduct on the Protected Person's part which was material to the cause of action as adjudicated; or~~if and to the extent that a court of competent jurisdiction in a final, non-appealable judgment determines that the Claim associated with such Losses resulted from the gross negligence or willful misconduct of the Protected Person claiming such indemnity; for greater certainty, and notwithstanding Section 2(d), the Province agrees that it does not intend that any failure by a Protected Person to conduct such reasonable investigation as necessary to provide the Corporation, a subsidiary of the Corporation or a financing entity, as applicable, with reasonable grounds for believing any prospectus, registration statement, offering document or any other document filed by, or on behalf of, a financing entity under applicable securities laws contained no misrepresentation shall constitute "gross negligence" or "wilful misconduct" for purposes of this Section 2(c) or otherwise disentitle a Protected Person from indemnification hereunder; or

(d) to the extent arising from any circumstances in which a Protected Person did not have reasonable grounds for believing that the Protected Person's conduct was

lawful in the case of a criminal or administrative action or proceeding that enforces a monetary penalty.

3. In order to be entitled to indemnification hereunder in respect of any ~~notice of a Claim that the Protected Person receives~~Losses, the Protected Person ~~must~~shall:

   (a) ~~immediately and without delay~~as soon as practicable, deliver to the Province (through the Director of the Legal Services Branch of the Ministry of Energy) a notice setting forth in reasonable detail the particulars of ~~the~~any Claim~~(s)~~;

   (b) upon written request of the Province, furnish to the Province copies of any document, or provide to the Province any information, that relates to the Claims~~(s)~~ that is in the possession or under the control of the Protected Person (except to the extent that provision of same would cause the Protected Party to lose its entitlement to claim privilege with respect to same);

   (c) take all reasonable steps, at the expense of the Province, necessary to secure and preserve the rights of the Protected Person in respect of the Claim~~(s)~~; and

   (d) promptly take all ~~necessary~~reasonable steps to obtain indemnification ~~or coverage~~ to the fullest extent possible under insurance policies ~~or claims funds~~, or under indemnities provided by the Corporation, that are referred to in subsections 2(a) or (b) above.

   A failure to give prompt notice as provided in this section 3 shall not affect the rights or obligations of any party to this indemnity~~,~~ unless and only to the extent that~~, as a result of~~ such failure~~, the party which was entitled to receive~~ to provide such prompt notice ~~was~~has actually prejudiced the Province.

4. The Province shall have the right to participate in or, where the Province has confirmed in writing to the applicable Protected Person(s) that all Losses in respect of a Claim will be fully indemnified under this indemnity agreement, assume control of the negotiation, settlement or defence of the Claim~~(s)~~ and in no event shall a Protected Person negotiate, settle, compromise or pay the Claim~~(s)~~ without the prior written consent of the Province, such consent not to be unreasonably withheld, delayed or conditioned. If the Province elects to so participate in or assume control of the negotiation, settlement or defence of the Claim~~(s)~~, the applicable Protected Person(s) shall co-operate fully with the Province in connection with the same, and ~~the~~each applicable Protected Person shall agree to be represented by legal counsel chosen by the Province, unless, in the opinion of such legal counsel, there would arise a conflict of interest preventing such legal counsel from representing the applicable Protected Person. Where it is such legal counsel's opinion that a conflict of interest prevents that legal counsel representing ~~the~~a Protected Person, the Protected Person will be entitled, after consultation with the Province and acting reasonably, to obtain legal counsel of the Protected Person's choice, and the fees and expenses of the Protected Person's counsel incurred in the Protected Person's representation shall be ~~costs~~Losses to which this indemnity extends. The Province shall not agree to any settlement of a Claim on behalf of

a Protected Person without the Protected Person's written consent unless (i) the terms of such settlement require only the payment of money (by persons or entities other than the Protected Person) and include an unconditional, full release of the Protected Person, and do not require a Protected Person to admit any wrongdoing or take or refrain from taking any action and (ii) the Province has fully indemnified the Protected Person with respect to, and held the Protected Person harmless from and against, all Losses incurred by or on behalf of the Protected Person in connection with the Claim.

5. ~~For greater clarity, with respect to directors, officers and employees of the Corporation this indemnity shall only apply to Claim(s) that are referable to the period during which a director, officer or employee of the Corporation is actually a director, officer or employee (respectively) of the Corporation, and of which notice is received by the Province either during the period of time that the director, officer, or employee is a director officer, employee of the Corporation or after he or she ceases to be a director, officer, employee of the Corporation.~~ The Province shall reimburse or advance the funds necessary for the payment of Losses incurred in connection with any Claim, including without limitation, the investigation, monitoring, defence and appeal thereof, in advance of the final disposition of such Claim, within thirty (30) days of any request in writing by a Protected Person to the Province for such reimbursement or advance, accompanied by reasonable details and supporting documentation with respect to the Losses in respect of which such reimbursement or advance is requested. The Protected Person shall repay forthwith any advances that are ultimately in excess of amounts necessary for payment of any such Losses or for which it is judicially determined that the Protected Person is not entitled to indemnification hereunder.

6. The Province hereby waives any claim it, as the shareholder of the Corporation, could otherwise make against a Protected Person, whether now or in the future, relating in any way to the Corporation's, any of the Corporation's subsidiaries and/or any such other Protected Person's activities, acts and/or omissions in the implementation of, or otherwise relating to, the Fair Hydro Plan (including, without limitation, where a Protected Person is acting, at the request of the Corporation, in a different capacity than as a director, officer or employee of the Corporation or a subsidiary of the Corporation).

7. The Province represents and warrants to each Protected Person as follows and acknowledges that each Protected Person is relying on the following representations and warranties in connection with any and all of its activities, acts and/or omissions in the implementation of, or otherwise relating to, the Fair Hydro Plan (including where a Protected Person is acting, at the request of the Corporation, in a different capacity than as a director, officer or employee of the Corporation or a subsidiary of the Corporation):

   (a) the Province has all necessary power, authority and capacity to enter into this indemnity agreement and to perform its obligations hereunder;

   (b) all necessary actions have been taken by the Province or on the Province's part to authorize its execution and delivery of this indemnity agreement and the performance of its obligations hereunder, and without limiting the

foregoing, the Province has received all necessary approvals under the *Financial Administration Act* (Ontario) (including approval of the Minister of Finance pursuant to Section 28 of the *Financial Administration Act* (Ontario)) and under the Act required for it to enter into this indemnity agreement and perform its obligations hereunder;

(c) this indemnity agreement has been duly executed and delivered by the Province and is a legal, valid and binding obligation of it enforceable against it in accordance with its terms, except as that enforcement may be limited by the provisions of the *Proceedings Against the Crown Act* (Ontario), subject to bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereinafter in effect relating to creditors' rights generally, to the application of equitable principles and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction, to section 11.3 of the *Financial Administration Act* (Ontario) and to section 43 of the *Financial Administration Act* (Ontario).

8. It is the intention of the Province to constitute the Corporation as trustee for the Protected Parties that are not party to this indemnity agreement of the covenants, waivers, representations, warranties and obligations of the Province under this indemnity agreement and the Corporation agrees to accept such trust and to hold and enforce such covenants, representations, warranties and obligations on behalf of such Protected Parties.

9. ~~6.~~ This indemnity agreement shall be interpreted and governed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

10. ~~7.~~ The provisions of this indemnity agreement and the benefit of all covenants, waivers, representations, warranties and other obligations herein contained shall enure to the benefit of the Protected Persons and the Protected Persons' heirs, administrators, executors and assigns as applicable.

NOW THEREFORE, the parties have executed this indemnity as of the day and year first above written.

~~SIGNED, SEALED AND DELIVERED~~) **ONTARIO**
POWER GENERATION INC.
~~in the presence of~~)

)

_____) By: _____
~~Name:~~)

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By:_____

Glenn Thibeault
Minister of Energy

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Request for Approval
Pursuant to Section 28 of the *Financial Administration Act* (Ontario)

1. MINISTRY REQUEST

On March 2, 2017, the Premier announced Ontario's Fair Hydro Plan (the "ONFHP"), under which the government proposes to take steps to lower electricity bills on an after-tax basis by 25 per cent for a typical residential customer relative to what those bills would otherwise have been without the ONFHP. This proposed 25 per cent rate relief measure would be inclusive of the 8 per cent rebate that is already in effect under the *Ontario Rebate for Electricity Consumers Act, 2016* and the savings that are anticipated to result from the proposed shifting of the Ontario Electricity Support Program ("OESP") and the Rural or Remote Rate Protection program ("RRRP") costs from ratepayers to provincial revenues. Changes to the Global Adjustment ("GA") are also proposed to be a component of the 25 per cent rate relief under the ONFHP.

On May 11, 2017 t~~T~~he Government introduced Bill 132, which, if passed would ~~is proposing to enact introduce~~ legislation to enable the implementation of the ONFHP (the "Proposed Legislation"). If the Proposed Legislation is passed, the implementation of the ONFHP will require the participation of the Ontario Power Generation ("OPG") and the Independent Electricity System Operator ("IESO") among other government entities. Both the OPG and the IESO have each requested an indemnity covering their respective corporations, subsidiaries (in the case of OPG), agents (in the case of IESO), directors, officers and employees in relation to their respective roles in carrying out the implementation of the ONFHP if the Proposed Legislation is passed.

Commented [PMK1]: This seems out of date now.

Commented [HM2]: I've updated

The Ministry is seeking the approval pursuant to section 28 of the *Financial Administration Act* (Ontario) to provide these indemnities, in the forms attached as Appendix "A" and Appendix "B" (collectively the "Indemnities" and individually the "Indemnity"), on behalf of the Crown to the OPG and IESO, respectively.

Timing:

Approval is sought by June 1, 2017. The Indemnities are required in conjunction with the coming into force of the Proposed Legislation, if passed.

2. RECOMMENDATION

Approve the giving of the Indemnities to OPG and IESO on the condition that such Indemnities shall only come into effect at the date upon which the proposed legislation is passed.

3. BACKGROUND

~~***OPG – Role in Implementation of ONFHP***~~

OPG – Role in Implementation of Ontario's Fair Hydro Plan (ONFHP)

OPG will play a central role in the implementation of the ONFHP, particularly with respect to the implementation of the GA refinancing component of the ONFHP. As part of the ONFHP, it was announced that a portion of the GA would be refinanced in order to fairly allocate costs across present and future generations of electricity consumers with respect to investments made to decarbonize (i.e., phase-out coal) and modernize Ontario's electricity system (i.e., build and maintain a reliable electricity system). This would result in a deferred GA amount that a special purpose entity created by OPG (i.e. a financing entity) is expected to finance. Risks associated with carrying out this role would fall outside of the scope of OPG's usual business/operations risks and would arise solely due to the OPG's role in implementation of the ONFHP. Examples of these risks include, without limitation:

- liability as a promoter under Canadian securities laws (or the equivalent, if any, under other applicable securities laws);
- secondary market liability under Canadian and/or other applicable securities laws;
- liability the signatories to the prospectuses will have (i.e., the individuals signing the prospectus); and
- liability of OPG as the Financial Services Manager under any of the transaction agreements (e.g., the Financial Services Management Agreement, the Administration Agreement, the MSSA, the Master Trust Indenture and any Supplemental Indentures).

As a result, pre-existing indemnities and protections do not adequately protect OPG, its subsidiaries and each of their respective directors, officers and employees as explained further below.

Providing the requested Indemnity to OPG would help facilitate OPG undertaking its role with respect to the implementation of the ONFHP.

~~The OPG will play a central role in the implementation of the ONFHP, particularly with respect to the implementation of the GA refinancing component of the ONFHP.~~

~~As part of ONFHP, it was announced that a portion of the GA would be refinanced in order to fairly allocate costs across present and future generations of electricity consumers with respect to investments made to decarbonize (i.e., phase-out coal) and modernize Ontario's electricity system (i.e., build and maintain a reliable electricity system). This would result in a deferred GA amount that OPG is expected to fund from a special purpose entity that OPG creates (i.e. a financing entity). It is likely that risks associated with carrying out this role would fall outside of the scope of OPG's usual business/operations risks and would arise solely due to the OPG's role in implementation of the ONFHP. This is particularly true with respect to any securities offerings of OPG's financing entity. Products are expected to be offered into the Canadian and U.S. Markets. As a result, pre-existing indemnities and protections do not adequately protect OPG, its directors, officers and employees.~~

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~~Providing the requested Indemnity to OPG would help facilitate OPG undertaking its role with respect to the implementation of the ONFHP.~~

IESO – *Role in Implementation of ONFHP*

The Proposed Legislation, if passed would impose certain obligations and requirements on IESO to carry out various activities in relation to the implementation of the ONFHP such as the deferral of costs related to the GA, the creation of a regulatory asset in relation to the GA financing component of the ONFHP, the conveyance of that asset to OPG's financing entity and providing a servicing role in recovering OPG's funding costs from future ratepayers. IESO may also be required to play a role in potential securities offerings of OPG's financing entity. If so, this may come with heightened exposure to liability for the IESO, particularly for offerings into the US market.~~.~~ IESO has expressed concern that all of this drives an increased risk of liability to the IESO, its directors, officers and employees, which is over and above typical operations risks and arises solely due to the ONFHP.

Providing the requested Indemnity would help facilitate the IESO's undertaking of the activities requested by the Minister in order to facilitate the implementation of the ONFHP.

4. ANALYSIS SUPPORTING RECOMMENDATION

(a) Why the Indemnities are being sought?

(i) Indemnities are required to facilitate IESO and OPG in carrying out their respective roles in implementing the ONFHP

Commented [HM3]: OPG/IESO input required on this regarding the specific risks they are concerned about.

~~The provision of the Indemnities to the IESO, OPG and their respective directors, officers and employees is required in order to facilitate the carrying out of implementation of the ONFHP in the event that the Proposed Legislation is passed. Both OPG and the IESO are anticipated to carry out activities that fall outside the scope of their typical business activities and corporate mandate. This creates the risk that such activities could be perceived as not being carried out in "good faith" or in the best interest of the corporation thereby exposing OPG and/or the IESO to increased liability (statutory protections from liability only extend to "good faith acts". This is further described in section (ii) below). If the indemnities are not provided, this could impact the OPG and IESO directors' willingness to undertake such activities jeopardizing the successful implementation of the ONFHP. Both the IESO and OPG have specifically asked for these Indemnities in order to allow them to carry out their roles in implementing the ONFHP.~~

~~Providing OPG and the IESO with the requested Indemnities will provide them with assurance against liability in order to allow them to comprehensively carry out their respective roles in the successful implementation of the ONFHP.~~

~~To the extent that a claim would be covered under any other indemnity provided to OPG or IESO by the Province, or provided by OPG or IESO to their directors, officers and employees, these Indemnities would not apply. Language to address any possible duplication is included in the attached Indemnities.~~

The provision of the Indemnities to the IESO, OPG, OPG's subsidiaries, and each of their respective directors, officers and employees, as well as IESO's agents is required in order to facilitate the carrying out of implementation of the ONFHP in the event that the Proposed Legislation is passed. Both OPG and the IESO are anticipated to carry out activities that fall outside the scope of their typical business activities and corporate mandate which existing indemnities would address. This creates the risk that such activities could be perceived as not being carried out in "good faith" or in the best interest of the corporation thereby exposing OPG and/or the IESO to increased liability (statutory protections from liability only extend to "good faith acts". In addition the statutory protections do not indemnify for costs relating to defending a claim. This is further described in section (ii) below). Examples of specific risks to OPG include, without limitation:

- liability as a promoter under Canadian securities laws (or the equivalent, if any, under other applicable securities laws);
- secondary market liability under Canadian and/or other applicable securities laws;
- liability that the signatories to the prospectuses will have (i.e., the individuals signing the prospectus); and
- liability of OPG as the Financial Services Manager under any of the transaction agreements (e.g., the Financial Services Management Agreement, the Administration Agreement, the MSSA, the Master Trust Indenture and any Supplemental Indentures).

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Examples of specific risks to the IESO include without limitation,

- liability for its role in potential securities offerings of OPG's financing entity. This may come with heightened exposure to liability for the IESO, particularly for offerings into the U.S. market. It is not clear whether the statutory protections would apply federally or in the U.S. context. If they would not extend to a U.S. claim, for example, it would support the need for a separate indemnity for the IESO.

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If the indemnities are not provided, this could impact OPG and the IESO's willingness to undertake such activities jeopardizing the successful implementation of the ONFHP.

Both the IESO and OPG have specifically asked for these Indemnities in order to allow them to carry out their roles in implementing the ONFHP. Providing OPG and the IESO with the requested Indemnities will provide them with assurance against liability in order to allow them to comprehensively carry out their respective roles in the successful implementation of the ONFHP.

To the extent that a claim would be covered under any other indemnity provided to OPG or IESO by the Province, or provided by OPG and IESO to any of its subsidiaries (in the case of OPG), agents (in the case of the IESO), directors, officers and employees, these Indemnities

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would not apply. Language to address any possible duplication is included in the attached Indemnities.

Existing indemnities previously provided by the Province to OPG have been limited to specific directives provided to OPG by the Province (e.g., in connection with the Bruce Lease). Accordingly, the scope of the existing indemnities provided by the Province would not cover the ONFHP. The IESO does not have any other indemnity from the Province.

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(ii) Statutory Immunity does not preclude a person from bringing an action or other civil proceeding

Subsection 19(1) of the *Electricity Act, 1998* provides IESO directors, officers and employees with the following protection from liability:

> "No action or other civil proceeding shall be commenced against a director, officer, employee or agent of the IESO or a member of a committee or panel established by the board of directors of the IESO for any act done in good faith in the exercise or performance or the intended exercise or performance of a power or duty under any Act, the regulations under any Act, the IESO's licence, the IESO's by-laws or the market rules, or for any neglect or default in the exercise or performance in good faith of such a power or duty."

The *Electricity Act, 1998* does not contain a similar statutory immunity for OPG's directors, officers, employees or agents. However, under subsection 39(2) of the Proposed Legislation, a statutory immunity is provided to the OPG's employees. This provision states:

> "No action or other civil proceeding shall be commenced against any employee of the Province or Ontario Power Generation Inc. for any act done in good faith in the exercise or performance or the intended exercise or performance of a power or duty under [the Proposed Legislation], the regulations or for any alleged neglect or default in the exercise or performance in good faith of such a power or duty."

Subsection 39(2) of the Proposed Legislation provides that nothing in subsection 39(1) limits the effect of subsection 19(1) of the *Electricity Act, 1998.*

The statutory immunities provided under the *Electricity Act, 1998* and the Proposed Legislation prohibits/would prohibit an action or other civil proceeding from being commenced against the enumerated protected persons under the respective provisions for any act done in good faith in the exercise or performance of their duties. Nothing precludes a person from bringing an action

or other civil proceeding against these persons causing them to incur costs in defending the claim (for example, arguing that the act was not carried out in "good faith").

The immunity from suit provisions outlined above, are qualified by the words "for any act done in good faith in the exercise or performance or intended exercise or performance of a power or duty under this Act…" This is a question of fact that needs to be considered by a court of competent jurisdiction. As such, statutory immunity would not necessarily be a bar to litigation and does not ensure that the IESO and OPG's employees, officer or directors (as applicable) would not become embroiled in litigation.

In the case of OPG, there is no similar statutory immunity explicitly provided for its directors or officers, or each of its subsidiaries, their directors, officers, or employees so the risk of litigation is greater for these individuals in the even the Proposed Legislation is passed.

For the reasons mentioned above, the Indemnities requested under this application would ensure that if a claim is brought against ~~OPG or IESO's directors, officers, and employees~~the protected persons as a result of carrying out their roles in implementing the ONFHP (despite the statutory immunities provided or that will be provided if the Proposed Legislation is passed), they are protected for any costs, losses etc. subject to the limitations provided for in the Indemnities.

(b) Description of the risk and any risk mitigants.

The ONFHP is a novel program, the first of its kind in Canada. Because the work to be undertaken by OPG and IESO in carrying out their roles in implementing the ONFHP will fall outside of the usual operations/business risk that these corporation's face, there is a risk that these corporations may be subject to increased liability specifically due to their roles with the ONFHP. This risk arises in part because of the kind of market that OPG, and IESO indirectly, are to participate in, and the steps that investors could take to protect their investments.

The risk to the Province of giving the Indemnities is undeterminable at this time, but any such risk may be mitigated by the following factors:

1) In the case of the IESO, the existence of a statutory immunity under subsection 19(1) of the *Electricity Act, 1998* may mitigate against a liability arising against its directors, officers and employees, but as mentioned, does not eliminate such risk.

2) In the case of OPG, the proposed statutory immunity under subsection 39(1) of the Proposed Legislation may mitigate against a liability arising against its employees, but as mentioned, does not eliminate such risk.

3) The Indemnities is limited ~~specifically~~ to claims arising in relation

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to IESO and OPG's respective role in implementing the ONFHP in the event that the Proposed Legislation is passed.

4) The Indemnities do not apply with respect to claims for which coverage is provided and paid under insurance, for which indemnity is already provided and paid to the OPG or IESO or its respective directors, officers or employees, or is brought about by the dishonesty, gross negligence or willful misconduct of the ~~director~~protected persons.

A contingent liability table is attached as Appendix "C"

(c) Scope of liability in the Indemnities

The Province would agree to indemnify and hold harmless the IESO and OPG as well as their respective directors, officers and employees from any claims, liabilities, costs or losses that might arise to the corporation, him or her (respectively) as a result of their direct roles in carrying out activities related to the implementation of the ONFHP.

The Indemnities would not apply with respect to ~~c~~lossesl~~aim~~s:

(a) for which coverage is provided under an insurance policy ~~or claims fund~~ to the extent that the protected person is actually s~~o indemnified or covered~~paid under such policy ~~or fund~~for those losses; or

(b) for which other indemnities are already provided to the protected person but only to the extent that the Protected Person is actually so indemnified for those losses by such indemnities;

(c) ~~brought about or contributed to by~~is the result of the~~a~~ Protected Person's dishonesty, gross negligence or willful misconduct, but only such ~~if a judgment or other final adjudication adverse to the Protected Person establishes that there was~~ dishonesty, gross negligence or willful misconduct on the Protected Person's part ~~which was material to the cause of action as adjudicated~~has been established by a final and non-appealable judgment or other final adjudication adverse to the Protected Person;~~;~~ or

(d) to the extent arising from any circumstances in which a Protected Person did not have reasonable grounds for believing that the Protected Person's conduct was lawful in the case of a criminal or administrative action or proceeding that enforces a monetary penalty.

Commented [PMK4]: Why is the carve out limited to 'gross' negligence vs just negligence?

Commented [HM5]: Gross negligence is used to be consistent with the OBCA requirement.

Commented [PMK6]: Small point, but I think this should say 'protected person' since people other than directors would be covered.

Commented [HM7]: I've changed the reference accordingly.

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OPG's indemnity, with respect to clause (c) above, further provides that the Province agrees that it does not intend that any failure by a Protected Person to conduct a reasonable investigation with respect to advising the OPG about misrepresentations in any prospectus, registration statement or other securities/offering document, shall constitute "gross negligence" or "wilful misconduct" for this purposes of clause (c) above and does not disentitle the protected person from the Indemnity. This language has been included at the request of OPG in order to provide additional clarity to limit the OPG's liability with respect to carrying out any investigation of securities/offering documents.

The Indemnities would not apply with respect to ~~claims~~ losses for which coverage is provided and paid under insurance, or which are covered by another indemnity~~-~~under which the protected person is already so indemnified~~already provided~~;~~,~~ for claims brought about by the dishonesty, gross negligence or willful misconduct of the persons protected under the Indemnities;~~,~~ or for claims arising from circumstances where the ~~corporation, director, officer or employee~~protected persons did not have grounds for believing that their conduct was lawful in the case of a criminal or administrative action or proceeding that enforces a monetary penalty.

(d) Effect of failure to obtain section 28 approval

If the requested Indemnities are not provided, this could impact the OPG and IESO directors' willingness to fully undertake their roles in implementing the ONFHP thereby jeopardizing the successful implementation of this plan in the event the Proposed Legislation is passed. For example, IESO directors may not be willing to carry out certain activities that would fall outside of the scope of its typical business activities and mandate if they view these as creating a risk of liability. Providing the Indemnities, would give OPG and IESO, along with their directors, officers and employees to more confidently carry out their role in implementing the ONFHP.

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APPENDIX "A"

PROPOSED INDEMNITY AGREEMENT FOR OPG
(Attached as a separate document)

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APPENDIX "B"

PROPOSED INDEMNITY AGREEMENT FOR IESO
(Attached as a separate document)

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APPENDIX "C"

CONTINGENT LIABILITY TABLE
(Attached as a separate document)

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CONFIDENTIAL DRAFT

INDEMNITY

THIS INDEMNITY effective as of this day of June, 2017.

BETWEEN: **The Independent Electricity System Operator**
(hereinafter the "**Corporation**")

OF THE FIRST PART,

Her Majesty the Queen in Right of the Province of Ontario as Represented by the Minister of Energy

(hereinafter called the "**Province**"),

OF THE SECOND PART

WHEREAS the Corporation is required to carry out certain activities with respect to the implementation of the *Ontario Fair Hydro Plan Act* (the "Act").

A**ND WHEREAS** the Corporation, and its directors, officers and employees, may, as a result of the Corporation's role in the implementation of the Act, face ~~risk~~risks of liability which ~~extends~~extend beyond the typical operations risk of the Corporation ~~and which may arise solely due to the Corporation's role in the implementation of the Act~~.

NOW THEREFORE, in consideration of the sum of $1.00 now paid by the Corporation to the Province (the receipt of which is hereby acknowledged), the Province hereby agrees:

1. to indemnify and save harmless the Corporation and each of its directors, officers, ~~and employees~~employees or agents of the Corporation or a member of a committee or panel established by the directors of the Corporation (collectively the "Protected Persons" and individually, a "Protected Person") from and against all losses, costs, charges, expenses, claims, demands and liabilities directly or indirectly suffered, sustained or incurred by ~~the~~a Protected ~~Persons~~Person arising ~~specifically~~ as a result of, or in connection with, the ~~Protected Persons' direct~~IESO's role in carrying out activities related to the implementation of the Act (collectively, "Claims" and individually, a "Claim"), **[IESO note: we request that the indemnity not be limited to actions arising specifically as a result of a Persons' "direct" role. We request that the indemnity be broad enough to include actions that arise due to the IESO's role in implementing the Act. We prefer to not have to argue, if the indemnity is ever called on, whether something was "specifically" as a result of, or related to a "direct" role.]**

~~2. This indemnity does not apply with respect to Claims:~~

2. A Protected Person shall not be entitled to be indemnified in respect of a Claim, or a portion thereof:

(a) for which coverage is provided under an insurance policy or claims fund to the extent that ~~a~~ payment has been made thereunder to such Protected Person~~ is actually so indemnified or covered under such policy;~~ or~~ fund; or~~

(b) for which other indemnities are already provided to a Protected Person to the extent that ~~the~~ payment has been made to such Protected Person ~~is actually so indemnified by~~under such indemnities; or

(c) ~~brought about or contributed to by a~~is the result of such Protected Person's dishonesty, gross negligence or willful misconduct, but only if ~~a judgment or other final adjudication adverse to the Protected Person establishes that there was~~such dishonesty, gross negligence or willful misconduct on the Protected Person's part has been established by a final and non-appealable judgment or other final adjudication adverse to the Protected Person.

(d) To the extent arising from any circumstances in which a Protected Person did not have reasonable grounds for believing that the Protected Person's conduct was lawful in the case of a criminal or administrative action or proceeding that enforces a monetary penalty.

Commented [A1]: I've re-inserted this provision. This provision is part of the standard Indemnity Template that we typically use. We would like to include in order to ensure consistency with the OPG indemnity.

3. Each Protected Person shall:

~~(a)~~ upon becoming aware of a Claim for which ~~was material to the cause of action as adjudicated; or~~

~~4. In order to be entitled to~~ such Protected Person may seek indemnification hereunder~~ in respect of any notice of a Claim that the Protected Person receives, the Protected Person must:~~

~~(f)~~(a) ~~immediately and without delay~~, as soon as practicable deliver to the Province (through the Director of the Legal Services Branch of the Ministry of Energy) a notice setting forth in reasonable detail the particulars of the Claim~~(s)~~;

Commented [A2]: Change made to be consistent with OPG edits to its indemnity.

~~(g)~~(b) upon written request of the Province, acting reasonably, furnish to the Province copies of any document, or provide to the Province any information that relates to the Claims~~(s)~~ that is in the possession or under the control of the Protected Person;

~~(h)~~(c) take all reasonable steps necessary to secure and preserve the rights of the Protected Person in respect of the Claim; and

~~(i)~~(d) promptly take all ~~necessary~~ reasonable steps to obtain indemnification or coverage to the fullest extent possible under insurance policies or claims funds, or under indemnities provided by the Corporation, that are referred to in subsections 2(a) or (b) above.

A failure ~~to give prompt notice as provided in this section 3 shall not affect the rights or obligations~~on the part of a Protected Person to take any ~~party to this indemnity, and only~~of the actions provided in this section 3 shall not affect the rights of such Protected Person except to the extent that, as a result of such failure, ~~the party which was entitled to receive such notice~~~~Ontario~~ the Province was actually prejudiced. A failure on the part of a Protected Person to take any of the actions provided in this section 3 shall not affect the rights of any other Protected Person.

4. The Province shall have the right to participate in or assume control of the negotiation, settlement or defence of the Claim(s) and in no event shall a Protected Person negotiate, settle, compromise or pay the Claim(s) without the prior written consent of the Province. If the Province elects to participate in or assume control of the negotiation, settlement or defence of the Claim(s), ~~the~~each Protected Person shall co-operate fully with the Province in connection with the same, and ~~the~~each Protected Person shall agree to be represented by legal counsel chosen by the Province, unless, in the opinion of such legal counsel, there would arise a conflict of interest preventing such legal counsel from representing ~~the~~such Protected Person. Where it is such legal counsel's opinion that a conflict of interest prevents that legal counsel representing the Protected Person, the Protected Person will be entitled, after consultation with the Province and acting reasonably, to obtain legal counsel of the Protected Person's choice, and the fees and expenses of the Protected Person's counsel incurred in the Protected Person's representation shall be costs to which this indemnity extends.

5. For greater clarity, with respect to directors, officers and employees of the Corporation this indemnity shall only apply to Claim(s) that are referable to the period during which a director, officer or employee of the Corporation is actually a director, officer or employee (respectively) of the Corporation, ~~and of which notice is received by the Province either during the period of time that the director, officer, or employee is a director officer, employee of the Corporation or after he or she ceases to be a director, officer, employee of the Corporation.~~

6. This indemnity shall be interpreted and governed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

7. The provisions of this agreement and the benefit of all covenants herein contained shall enure to the benefit of the Protected Persons and the Protected Persons' heirs, administrators, executors and assigns as applicable.

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Commented [A3]: Again – this is standard language we include in our indemnities. Please advise what the risk to IESO is with including this provision.

NOW THEREFORE, the parties have executed this indemnity as of the day and year first above written.

SIGNED, SEALED AND DELIVERED)	**THE INDEPENDENT ELECTRICITY SYSTEM OPERATOR**
in the presence of)	)
_____)	By: _____
Name:)	

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Glenn Thibeault
Minister of Energy

DRAFT

From:	John Kim
To:	Ken Kandeepan; Carlos Yep
Cc:	Mike Manning; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Bruno Amara
Subject:	FW: OPG/IESO indemnity Responses to OFA Questions
Date:	Thursday, June 22, 2017 1:28:12 PM
Attachments:	IESO_OPG Indemnity Questions v5 MOF Legal Comments June 8_Comments vClea....docx

Hi Ken, Carlos,

FYI, on the information provided by Energy Legal this morning. I'm sharing as it may have relevance for the support agreement discussion.

Thanks,

John

From: Multani, Harkamal (ENERGY) [mailto:Harkamal.Multani@ontario.ca]
Sent: Thursday, June 22, 2017 9:14 AM
To: Bruno Amara
Cc: John Kim ; Salman Qadir ; Tobias P. Whitfield (MOF)
Subject: OPG/IESO indemnity Responses to OFA Questions

Hi Bruno,

We have finally received all responses from OPG and IESO. Please find attached the consolidated set of responses to your questions.

These questions are in draft form and pending approval but wanted to get them to you in the interests of time.

Please let me know once you have completed your review and whether you have any further comments.

I will let you know once these have been approved on our end and whether there are any further changes.

Thanks,

Harkamal

Harkamal Multani
Counsel
Legal Services Branch
ENERGY/MOI/MEDG/MRIS/ADO
Email: harkamal.multani@ontario.ca
Tel: 416-212-5409

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IESO/OPG Indemnities

Ministry of Finance Questions

1. Could you please provide specific concerns/scenarios for which OPG/IESO or its directors, officers and employees may become liable and which the indemnity is intended to cover?
    - You have provided the examples which are related to financing mostly. Are there any other activities? Who would be most likely to sue: investors, what about other groups?

OPG's Response: The Protected Persons could potentially be liable in several circumstances relating to the Fair Hydro Plan, including potential liability to:

(i) the underwriters/agents selling debt securities of the financing entities;

(ii) the purchasers of debt securities of the financing entities (both the initial purchasers and subsequent purchasers of the debt securities in the secondary markets);

(iii) counterparties to agreements (e.g., the trustee of a financing entity that is a trust, the IESO);

(iv) other stakeholders of OPG if OPG (or any subsidiary thereof) is liable for any claim or obligation; these stakeholders could include, for example, the Province, as shareholder of OPG, pensioners, and employees; and

(v) regulators (e.g., OSC).

This is not an exhaustive list of all potential liability. It has been included for illustrative purposes only.

IESO's Response: Some examples of activities giving rise to liability include the following:

- Investors in any Fair Hydro investments or underwriters and banks regarding the offering of the investment asset to investors: any securities prospectus or underwriting arrangements, with the IESO named and / or IESO being involved
- OPG (or Financing Entity) in relation to the commercial arrangements regarding transfer of regulatory asset and servicing of investment asset, and related activities
- Market participants, program participants for issues in liquidity – e.g. short pay
- taxation authorities where prior approval of IESO's treatment is not approved by taxation authorities
- securities commissions regulators (US/Canada)
- parties who may challenge Fair Hydro Plan Act or any component of it and include the IESO as a party to such challenge

- in the case of an insolvency, Directors have statutory liability for payroll and taxes.

Are there situations where someone might not be acting in good faith and still warrant being covered under the indemnity? In that case, it would seem that the indemnity covers acting in bad faith. Should the indemnity cover actions "in good faith" to carry out the plan?

ENERGY's Response: The purpose of the indemnity is to provide coverage to the Protected Persons for Losses other than those arising out of gross negligence, dishonesty, or willful misconduct. Also, while a Protected Person may have been acting in good faith, this does not stop an individual/entity from bringing a claim against that Protected Person on the grounds that they did not "act in good faith" The Indemnity is to cover an expenses/losses etc. associated with defending against any such claims (coverage to be provided before a judgment is made).

i. Request for Approval points out that *Electricity Act, 1998* already protects IESO's directors, officers, employees or agents against civil proceedings if they act in good faith in the exercise or performance of powers or duties under the Act, etc. or for any neglect or default in the exercise or performance in good faith of such a power or duty. The Fair Hydro Plan has similar language for OPG s. 39(1), but only for employees of OPG (and the Province). Why doesn't the statutory provision also cover OPG's directors and officers of OPG and those of its subs?

ENERGY's Response: Section 39(1) was the result of ongoing discussions with OPG and the wording is what was agreed to by the Ministry and OPG. Further, the Ministry has made a commitment to OPG to provide an indemnity to its directors and officers.

ii. Has consideration been given to providing an indemnity to directors, officers and employees but not to the corporate entities themselves (IESO, OPG and its subs)

ENERGY's Response: This is the scope of the indemnity that has been requested by OPG/IESO (respectively). We are waiting to hear back from OPCD to determine whether there are accounting grounds to push back on having the Indemnities cover the Corporations, and in the case of OPG, also the Corporation's subsidiaries.

- Currently, IESO collects payments from ratepayers via LDCs, so are there any new processes required as a result of implementing FHP? If so, what are new processes need to be in place that will increase IESO's business risk?

IESO's Response:

- Additional processes are required to segregate the Fair Hydro flows (new charge types, new bank segregations, new input forms, new payment processing schedules).
- IESO may need to implement a separate process to receive and remit clean energy adjustments
- IESO will enter into commercial arrangements with the financing entity relating to the transfer of the regulatory asset, and to servicing arrangements relating to recovery of the clean energy adjustment.
- It is unclear at the moment what additional requirements OPG or the banks / underwriters may request.

2. Should indemnity agreements be tailored to specific circumstances of each company? Currently they appear to be drafted identically.

ENERGY's Response: Yes, the scope of the work and who is covered under the indemnity will further be tailored to the specific circumstances of IESO/OPG. However, the general provisions making up most of the Indemnity would be the same for both as we would want to be providing OPG/IESO with similar type of rights under the Indemnity.

3. Indemnity would cover "loss of profits" and "loss of opportunity" – Is this too broad?

ENERGY's Response: No, we do not think that this is too broad. The Province has previously provided OPG directors indemnities (s.28 approval granted) that indemnified directors "from and against any and all losses" – this wording would be broad enough to cover both loss of profits and loss of opportunity.

4. Please provide more detail on the type of insurance that OPG and IESO have to cover these risks? i.e. directors and officers insurance?

OPG's Response: OPG maintains Directors & Officers (D & O) Liability insurance with limits of USD $110M. The D&O liability insurance includes Personal Coverage (Side A) and Corporate Reimbursement Coverage (Side B) as follows:

Personal Coverage (Side A)

Under Personal Coverage (Side A), the policy pays losses where the organization is either not permitted by law or unable due to insolvency to indemnify the Insured Person under the policy (includes directors, officers and designated executives). This includes losses arising from a claim made during the policy period for a wrongful act (e.g. breach of duty, neglect, error, misstatement or omission) of such Insured Person. The full $110M limit is available for Side A coverage.

Corporate Reimbursement Coverage (Side B)

Under the Corporate Reimbursement Coverage (Side B), the policy reimburses the Company for losses incurred to indemnify an Insured Person under a D&O claim. The coverage is up to a maximum of USD $75 million, less the corporate deductible of $500K.

Directors and Officers have priority of payments over the Company for the entire $110M limit.

In addition, we note that pursuant to Section 2(a) of the draft Indemnity Agreement that a Protected Person shall not be entitled to indemnification to the extent that coverage is provided under an insurance policy and such Protected Person is actually paid under such insurance policy.

IESO Response: IESO carries:

- Directors & Officers insurance: max $15 million limit and $200,000 retention per claim. Employees are included in the definition of Individual Insureds.
- Professional liability: max $75 million limit.

5. Has OPG given a standard indemnity to its directors and officers that would be called upon first before the indemnity from the Province?

OPG's Response: OPG has provided its directors (but not its officers or employees) with an indemnity.

IESO's Response: Aside from indemnification arising by operation of common law for employees acting within the scope of their employment, the IESO has provided formal indemnity as follows:

- IESO has provided an indemnity to its board members.
- There is an indemnity provided to members of the Society of Energy Professionals pursuant to their collective agreement, whose members form a subset of all employees at the IESO.

6. What is the standard that is applied to conducting a reasonable investigation for "due diligence" defence? Is it possible to fail to meet that standard without gross negligence or wilful misconduct?

OPG's Response: The test under the Securities Act (Ontario) is a reasonableness test. It is therefore certainly possible for a Protected Person to fail to meet the standard for the due diligence defence while not also committing gross negligence or wilful misconduct.

7. What is the purpose of the provincial waiver of claims – as distinct from the protection provided by the indemnity?

ENERGY's Response: The purpose of the indemnity is to provide indemnification to the Protected Persons (cover Persons to the extent of their losses that are covered under the indemnity (indemnity excludes losses related to the Protected Persons' gross negligence, wrongful misconduct, or dishonesty). The purpose of the waiver is to restrict the province's ability to bring any claims (other than those arising out of gross negligence and wilful misconduct) against the Protected Persons. OPG has specifically requested the waiver. They believe that because they are carrying out the Fair Hydro Plan activities at the request of the Province, they should be given this waiver in the indemnity. We believe the risk associated with providing this waiver is likely low given that it is unlikely that the Province would bring a claim against a Protected Person for acts they would be providing an indemnity to the Protected Person for.

8. In what situations would a director, officer or employee be acting in a different capacity at the request of the company?

OPG's Response: One example arises if a financing entity is a trust. OPG directors/officers/employees will need to sign the prospectus/offering documents, but not in their capacities as those directors/officers/employees of OPG as the offering documents will not be offering documents of OPG. The directors/officers/employees will be performing these functions as a result of OPG acting as the Financial Services Manager of the financing entity.

9. Does the indemnity for OPG and its subsidiaries also include SPV (financing entity) and its directors, officers and employees?
    - What impact does this have on the SPV being treated as a separate entity to the OPG from an accounting perspective?
    - Or does SPV require an indemnity as well and why?
    - How does an indemnity for the SPV interact or overlap with the request for a guarantee from the Province in connection with the proposed financing transaction?

OPG's Response: OPG has clarified that it is not OPG's intention that the financing entities themselves be covered by this Indemnity Agreement. The Protected Persons would include

OPG and its subsidiaries that are not financing entities. Separate arrangements with the Province are being negotiated for the financing entities.

- Has consideration been given to limiting the indemnity to directors, officers and employees and not indemnifying the corporations, OPG, IESO, its subs? What are the implications?

ENERGY's Response: We had initially considered limiting the indemnities to directors and officers. However, IESO and OPG both have indicated that they require their respective indemnity cover their respective corporation as well (and in the case of OPG, its subsidiaries) given the nature of the risks they face.

OPCD is being consulted on whether there are accounting implications on extending the Indemnities to the Corporations and in the case of OPG, its subsidiaries. If there are accounting implications, ENERGY can take this back to OPG/IESO for further negotiation (i.e. to limit the indemnity to directors, officers and employees).

OPG's Response: OPG has indicated that they require an indemnity for the corporation and its subsidiaries for the following reason: as noted above in Question #1, OPG (and its subsidiaries) have potential liability to many stakeholders, including, for example, its pensioners. In approving OPG's participation in the Fair Hydro Plan, the OPG directors will want to know that these stakeholders are protected in the event that OPG or any of its subsidiaries is liable for a claim in relation to the Fair Hydro Plan. For example, if there is a large claim against OPG which could affect OPG's ability to make its pension contributions, the OPG directors will want to know that the indemnity agreement will protect OPG in this regard and allow OPG to make its pension contributions.

*** A response from IESO on this is pending. We will send to you once we receive it.*

10. Have previous Cabinet or TB submissions made reference to the requirement for indemnity agreements for IESO and OPG?

ENERGY's Response: No, the Cabinet decks and TB submissions in March did not reference the need for indemnity.

In the draft June TB submission, the document states that legislation includes… "scope of provincial undertaking and enabling the Province to provide guarantees and indemnities to back stop that undertaking."

11. It is mentioned that IESO and OPG management view their participation under the OFHP Act as "…outside their typical business activities and corporate mandate". However, the

legislation is specifically adding these activities as objects and activities of the companies? Wouldn't their other corporate documents be updated to reflect their role in OFHP? Can't the Minister of Energy provide an updated mandate to OPG and IESO? However, would this potentially affect accounting?

OPG's Response: OPG acknowledges that the Electricity Act has been amended to contemplate that OPG's objects include those related to the Fair Hydro Plan. This was a technical amendment designed to ensure that OPG could, if it chose to, participate in the Fair Hydro Plan. However, the role that the Province has requested OPG carry out in connection with the Fair Hydro Plan is outside its typical business activities and corporate mandate relating to power generation and therefore OPG's directors will need the indemnity agreement in order to approve OPG's participation in the Fair Hydro Plan. The accounting criteria that enable OPG to consolidate the financing entity is based on the relevant activities of the financing entity, and who has the power to control those activities. It is not dependent on the legal form of the structure, as accounting looks beyond legal form to the 'substance' of the transaction.

IESO's Response: The Fair Hydro Plan is a new element of IESO's mandate that it is being asked to implement, and one that may create material risk to the IESO, and potentially its directors, officers and employees.

Generally, the IESO currently administers a net zero market where money in equals money out within the normal monthly cycle (in the case of the current RPP program, the cash flows are expected to net to zero every six months). The Fair Hydro program(s) provides where the IESO will be responsible to settle and potentially carry very large amounts over many years and the IESO may be embroiled with investors' responsibilities as OPG Trust sells to investors.

12. The latest draft of the OPG Indemnity Agreement, second recital, now states that the indemnity is for "…risk of liability due to or as a result of the Fair Hydro Plan.". Previously, the indemnity only covered its role in the Fair Hydro Plan. Are there any concerns with this broader language?

OPG's Response: The Protected Persons need to be fully protected as a result of any claim connected to the Fair Hydro Plan. Having regard to this general principle, OPG would be happy to consider other drafting for this recital if desired by the Province.

ENERGY's Response: We note that the actual text of the indemnities state that indemnification would be triggered for certain losses/claims arising "as a result of the Corporation's, [any of the Corporation's subsidiaries in the case of OPG] and/or any such other Protected Person's *activities, acts and/or omissions in the implementation of, or otherwise relating to, the Fair Hydro Plan*. In this way the indemnity is restricted to acts/omissions of a Protected Person in the implementation or relating to the Fair Hydro Plan rather than claims due to or resulting

from the Fair Hydro Plan in and of itself. However, we are happy to re-draft this provision to address OFA/MOF's concerns.

13. 9(c) – Should this also reference that certain remedies such as specific performance etc. not available against the Crown? Suggest reviewing against representations given in other agreements, etc.

ENERGY's Response: We are open to putting this into the current draft before sending back to OPG/IESO for final review.

14. Contingent Liability chart may need to be made more consistent with business case.

ENERGY's Response: we can make those changes – could you please further specify what changes you are referring to?

15. Assume any payments under the indemnity would be made by the Ministry of Energy from its allocations.

ENERGY's Response: ENERGY's allocation will not be able to support payments under the indemnity in the event that the contingent liability materialises. Should the payment be required, the Ministry will need to return to TB/MBC for an increase in its allocation. This would be under Vote/Item 2905 - 01.

As background, ENERGY only has control of about 2% of its allocation to deliver on its mandate and commitments (i.e., payroll, ODOEs and ad hoc transfer payments). The largest component of ENERGY's allocation is for the rate mitigation programs that are demand-driven entitlement programs. Spending is non-discretionary and the Ministry does not have control over this allocation.

From:	Mike Manning on behalf of HAHN PARKER Janet -TREASURY
To:	John Kim; LEE John -TREASURY; RYFA Ken -TREASURY; LIU Sheen -TREASURY; GRECO Clara -LAWDIV; WONG Leslie -LAWDIV; Mike Manning; Scott Nelms (ENERGY); Anis Hirani; JORDA Jenny -FIN & C CTRL; MAUTI John -FIN & C CTRL
Cc:	Graham Monroe; Ken Kandeepan
Subject:	FW: OPG/OFA - Financing Issues Relating to the Fair Hydro Trust
Start:	Monday, June 05, 2017 11:00:00 AM
End:	Monday, June 05, 2017 12:30:00 PM
Location:	OPG, 700 University Avenue, 18th Floor, H18-E5
Attachments:	Draft Subordianted Debt Term Sheet.doc Financing Trust - Performance Fee Recommendation.doc GA Flow Chart May 2.ppt Term Sheet_Master Subscription_draftMay26.docx disclaimer.html

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-----Original Appointment-----
From: HAHN PARKER Janet -TREASURY [mailto:j.hahnparker@opg.com]
Sent: Friday, June 02, 2017 10:24 AM
To: HAHN PARKER Janet -TREASURY; LEE John -TREASURY; RYFA Ken -TREASURY; LIU Sheen -TREASURY; GRECO Clara -LAWDIV; WONG Leslie -LAWDIV; Mike Manning; Scott Nelms (ENERGY); Anis Hirani; JORDA Jenny -FIN & C CTRL; MAUTI John -FIN & C CTRL
Cc: Graham Monroe; Ken Kandeepan
Subject: OPG/OFA - Financing Issues Relating to the Fair Hydro Trust
When: Monday, June 05, 2017 11:00 AM-12:30 PM (UTC-05:00) Eastern Time (US & Canada).
Where: OPG, 700 University Avenue, 18th Floor, H18-E5

When: Monday, June 05, 2017 11:00 AM-12:30 PM (UTC-05:00) Eastern Time (US & Canada).
Where: OPG, 700 University Avenue, 18th Floor, H18-E5

Note: The GMT offset above does not reflect daylight saving time adjustments.

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Notice Update: 1. Change of Location of Meeting. Meeting moved to the 18th floor, H18 -E5, Please proceed to the 18th floor, no passes required. We will meet you at the elevators on 18.
2. Materials for meeting

Agenda:

1. Sub Debt
2. Performance Management
3. OPG Equity Injection, and
4. Guarantee

Should you have any questions, please advise. Thank you

Janet Hahn Parker
416 592-6749

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Fair Hydro Plan – Subordinated Debt Loan Arrangement
Term Sheet

- Parties: OPG, Fair Hydro Trust, OFA

- In accordance with the Master Subscription Agreement among OPG, OFA and Ministry of Energy, the Province agrees to inject 44% of total funding of GA asset by way of equity subscriptions in OPG, and OPG agrees to use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt (Equity Injection Plan) requirements as part of the Fair Hydro Plan

- OPG will lend the equity injection from the Province to Fair Hydro Trust by way of subordinated debt (one or more mezzanine level)

- Initial credit rating will be assigned to the subordinated debt of Fair Hydro Trust

- Based on monthly funding requirement of GA asset, the Trust will use short term financing, such as bank facilities, and take out bonds once accumulative short term funding reaches certain levels.

- The mechanism to implement Equity Injection Plan will be based on monthly equity injections reflecting funding requirements of GA asset

- Interest rates on the subordinated debt will be established as follows:

    - During the Trust short term financing period when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt

    - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. The process will be similar to the one established for pricing of OPG debt drawn from OEFC facilities.

FINANCING TRUST – PERFORMANCE FEE TO OPG

BACKGROUND

Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest. A performance fee relating to the funding obligations will be meaningful and allow OPG to make decisions that will significantly impact its return. The Act as drafted enables OPG to achieve its accounting objective of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.. The objective therefore is to recommend a reasonable variable performance fee structure for OPG to earn a return from the Trust, and meet the accounting requirement.

ANALYSIS OF ACCOUNTING REQUIREMENT

To support the accounting consolidation, OPG's variable performance return will be accomplished through the followings:

a. The cash flow from the investment asset shall include interest determined based on a relevant benchmark that is appropriate relative to the investment asset, plus an appropriate margin consistent with the relevant market and other risks
b. OPG shall have the authority to determine the financing strategy, which will vary the financing costs with the objective of enabling the Trust to achieve a more favorable return compared to the benchmark for interest on the investment asset
c. The Trust shall establish different classes of debt (senior, subordinated and the most subordinated). The classes would allow the Trust to delineate financing of lower risk investment and investment that would bear higher residual risk. The delineation would limit OPG's self-funded investment to a reasonable level in order to allow OPG to remain a self-sustaining entity.
d. OPG shall, through its ownership of the most subordinated liability, be able to capture and retain the pricing difference between cost of financing and benchmark for interest on the investment asset, or any residual risk of investment asset. The targeted return of the subordinated debt should be reflective of the underlying risks and compensate holders for active management that would be required.

PERFORMANCE FEE ANALYSIS

Based on the accounting requirements, the recommendation is for OPG to establish a variable performance fee structure as follows:

As the Trust may issue both long term bonds and medium term notes, benchmarks based on various terms, will be established on an annual basis, subject to the following methodology:

- Benchmarks will be established as the sum of (1) reference rate, and (2) spread
    - Both reference rate and spread will be term dependant

- For bond/note issuance, reference rate will be GOC rate of equivalent term
- Reference rate will be based on consensus forecast provided by various financial institutions

- Benchmarks will be established based on the weighted average rate of incremental debt issuance at the Trust level
- If the actual weighted average rate is lower than the corresponding benchmark, OPG will realize a gain, otherwise a loss
- Variable performance fee, i.e. gain/loss, is applicable only to OPG's investment in the Trust (5% of the funding requirement), and is capped at benchmark weighted average rate +/-1%

An example illustrating this structure is detailed in Appendix 1

APPENDIX 1

The illustration is based on the expected Trust debt structure as follows:

	Risk Profile	Source	% of Total Funding Requirement
Tranche A Senior Debt	the least risky	Capital Markets	51%
Tranche B Sub Debt	In between A&C	OPG via OEFC	39%
Tranche C Sub Debt	the most risky	OPG via OEFC	5%
		OPG via Capital Markets	5%

1. Benchmark is to be established at each year end for Trust issuance next year. In this example, assuming the following benchmark is established as of end of Yr 1

		Benchmark
Tranche A	51%	4.25%
Tranche B Sub Debt	39%	5.50%
Tranche C Sub Debt	10%	6.50%
Weighted Average Rate		**5.0%**

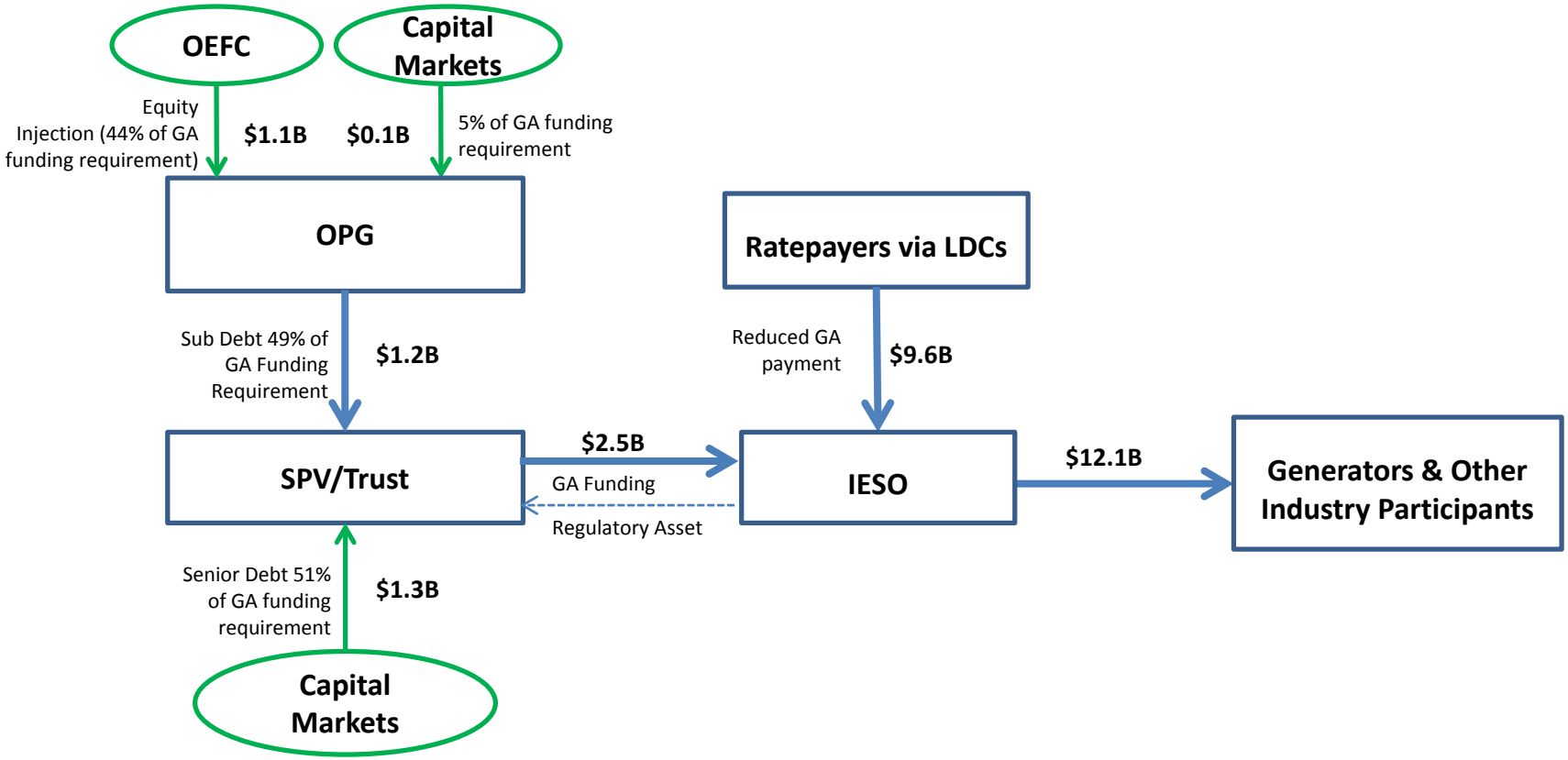
2. By the end of Yr 2, OPG will calculate the actual weighted average rate for all incremental issuance for the year. If the actual weighted average rate is lower than the corresponding benchmark, OPG will realize a gain, otherwise a loss.

	Allocation	Benchmark	Actual
Tranche A	51%	4.25%	5.0%
Tranche B Sub Debt	39%	5.50%	5.60%
Tranche C Sub Debt	10%	6.50%	6.60%
Weighted Average Rate		**5.0%**	5.4%
		Loss	0.4%

3. Variable management fee, i.e. gain/loss, is applicable only to OPG's investment (5% of the Trust funding requirement), and is capped at benchmark weighted average rate +/-1%.

   Based on the example above and assume incremental Trust issuance is $2B, OPG will realize loss of variable performance fee of 0.4M ($2B*5%*0.4%)

Illustration based on $2.5B GA Funding



Fair Hydro Plan –Master Subscription Agreement
Term Sheet

- Parties: OPG, OFA, Ministry of Energy

- The Province agrees to inject 44% of total funding of GA asset by way of equity subscription in OPG, which amount OPG in turn will invest in the Fair Hydro Trust as subordinated debt (**Equity Injection Plan**)

- Minister of Energy/Province approves Equity Injection Plan, and initial equity injection amount for 2017/18 fiscal year, and delegates to appropriate ministry staff authority to implement Equity Injection Plan (**Delegated Authority**)

- Long term, OPG equity requirements will form part of the business planning process in place between OPG and Ministry of Energy, ie, annually OPG to include forecasts of its equity requirements for the upcoming 3 years in its business plan submission -- NOTE: this portion of the business plan is not subject to concurrence by the shareholder

- Ministry of Energy will seek appropriation on an annual basis through PRRT for the amounts requested by OPG for its equity requirements-- NOTE: amount of annual appropriation to cover OPG multi year forecasts

- OPG agrees use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt requirements as part of the Fair Hydro Plan

- OPG will amend its Articles to create an additional class of shares – Class A Shares – which will be non-voting and redeemable at OPG's option

- OPG will issue Class A Shares to the Province monthly at a value per share equal to book value, as determined from OPG's last approved quarterly financial statements -- Value of first Class A shares issued to Province will be based on book value of OPG common shares – ie, existing shareholder's equity

- OPG will have the right to repay equity to the Province, through exercise of its right to redeem the Class A Shares, as principal repayment of the subordinated debt is made commencing in 2027

- Redemption value of the Class A Shares to be based on book value on the redemption date, ie, the equity value per Class A share at the end of the prior financial quarter as set out in OPG's approved financial statements

Monthly Process/Mechanics of Share Subscriptions:

a) OPG notifies OFA and Ministry of Energy of required equity injection and number of shares

   Timing: [same day as notice from Fair Hydro Trust]

   Documents/steps:

   (i) share subscription form,
   (ii) supporting documentation/invoice from Fair Hydro Trust, confirming amount of GA asset purchase for the month

b) OFA and OPG settle equity injection amounts

Timing: [five] business days from notice to OFA to payment/settlement with OPG
[NOTE: timing to be confirmed based on IESO/Trust process requirements]
Documents/steps:
(i) completed/signed share subscription form from OFA/Province to OPG
(ii) funds transfer from OFA to OPG account)
(iii) OPG receipt, together with secretary's certificate confirming issue of shares/update of share register

Longer term Process/Approvals:

1. Equity Requirements Estimates:
    a. Business Plan Submissions
    b. OPG Board Approvals
        - [Bi-annual] Board of Directors' resolutions authorizing equity requirement for period
        - [Bi-annual Shareholder's resolutions authorizing equity requirement for period][NOTE: TBD if needed]

    c. Ministry of Energy appropriations
    [describe annual process]

Share Redemption Process

- TBD -- process to be determined at a later date and appended as Appendix to Master Subscription Agreement

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From:	Anis Hirani on behalf of HAHN PARKER Janet -TREASURY
To:	Mike Manning; LEE John -TREASURY; James Devine; RYFA Ken -TREASURY; Carlos Yep; LIU Sheen -TREASURY; Ken Kandeepan; GRECO Clara -LAWDIV; Graham Monroe; WONG Leslie -LAWDIV; Scott Nelms (ENERGY); Anis Hirani
Cc:	Martine Bell
Subject:	FW: OPG/OFA - Financing Issues Relating to the Fair Hydro Trust
Attachments:	disclaimer.html

Meeting will take place at OPG offices, 700 University Avenue, 19th Floor.

Thanks

-----Original Appointment-----
From: HAHN PARKER Janet -TREASURY [mailto:j.hahnparker@opg.com]
Sent: Friday, June 02, 2017 10:24 AM
To: HAHN PARKER Janet -TREASURY; LEE John -TREASURY; RYFA Ken -TREASURY; LIU Sheen -TREASURY; GRECO Clara -LAWDIV; WONG Leslie -LAWDIV; Mike Manning; Scott Nelms (ENERGY); Anis Hirani
Subject: OPG/OFA - Financing Issues Relating to the Fair Hydro Trust
When: Monday, June 05, 2017 11:00 AM-12:30 PM (UTC-05:00) Eastern Time (US & Canada).
Where: OPG, 700 University Avenue, 19th Floor, CR#1

When: Monday, June 05, 2017 11:00 AM-12:30 PM (UTC-05:00) Eastern Time (US & Canada).
Where: OPG, 700 University Avenue, 19th Floor, CR#1

Note: The GMT offset above does not reflect daylight saving time adjustments.

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Agenda:

1. Sub Debt
2. Performance Management
3. OPG Equity Injection, and
4. Guarantee

Please come to the 19th floor. No visitor passes required. We will meeting you on 19.

Should you have any questions, please advise. Thank you

Janet Hahn Parker
416 592-6749

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From:	Mike Manning on behalf of HAHN PARKER Janet -TREASURY
To:	James Devine; LEE John -TREASURY; RYFA Ken -TREASURY; LIU Sheen -TREASURY; GRECO Clara -LAWDIV; WONG Leslie -LAWDIV; Mike Manning; Scott Nelms (ENERGY); Anis Hirani; JORDA Jenny -FIN & C CTRL; MAUTI John -FIN & C CTRL
Cc:	Graham Monroe; Ken Kandeepan
Subject:	FW: OPG/OFA - Financing Issues Relating to the Fair Hydro Trust
Start:	Monday, June 05, 2017 11:00:00 AM
End:	Monday, June 05, 2017 12:30:00 PM
Location:	OPG, 700 University Avenue, 18th Floor, H18-E5
Attachments:	Draft Subordianted Debt Term Sheet.doc Financing Trust - Performance Fee Recommendation.doc GA Flow Chart May 2.ppt Term Sheet_Master Subscription_draftMay26.docx disclaimer.html

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-----Original Appointment-----
From: HAHN PARKER Janet -TREASURY [mailto:j.hahnparker@opg.com]
Sent: Friday, June 02, 2017 10:24 AM
To: HAHN PARKER Janet -TREASURY; LEE John -TREASURY; RYFA Ken -TREASURY; LIU Sheen -TREASURY; GRECO Clara -LAWDIV; WONG Leslie -LAWDIV; Mike Manning; Scott Nelms (ENERGY); Anis Hirani; JORDA Jenny -FIN & C CTRL; MAUTI John -FIN & C CTRL
Cc: Graham Monroe; Ken Kandeepan
Subject: OPG/OFA - Financing Issues Relating to the Fair Hydro Trust
When: Monday, June 05, 2017 11:00 AM-12:30 PM (UTC-05:00) Eastern Time (US & Canada).
Where: OPG, 700 University Avenue, 18th Floor, H18-E5

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Note: The GMT offset above does not reflect daylight saving time adjustments.

+~+~+~+~+~+~+~+~+~+

Notice Update: 1. Change of Location of Meeting. Meeting moved to the 18th floor, H18 -E5, Please proceed to the 18th floor, no passes required. We will meet you at the elevators on 18.
2. Materials for meeting

Agenda:

1. Sub Debt
2. Performance Management
3. OPG Equity Injection, and
4. Guarantee

Should you have any questions, please advise. Thank you

Janet Hahn Parker
416 592-6749

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Fair Hydro Plan – Subordinated Debt Loan Arrangement
Term Sheet

- Parties: OPG, Fair Hydro Trust, OFA

- In accordance with the Master Subscription Agreement among OPG, OFA and Ministry of Energy, the Province agrees to inject 44% of total funding of GA asset by way of equity subscriptions in OPG, and OPG agrees to use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt (Equity Injection Plan) requirements as part of the Fair Hydro Plan

- OPG will lend the equity injection from the Province to Fair Hydro Trust by way of subordinated debt (one or more mezzanine level)

- Initial credit rating will be assigned to the subordinated debt of Fair Hydro Trust

- Based on monthly funding requirement of GA asset, the Trust will use short term financing, such as bank facilities, and take out bonds once accumulative short term funding reaches certain levels.

- The mechanism to implement Equity Injection Plan will be based on monthly equity injections reflecting funding requirements of GA asset

- Interest rates on the subordinated debt will be established as follows:

    - During the Trust short term financing period when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt

    - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. The process will be similar to the one established for pricing of OPG debt drawn from OEFC facilities.

FINANCING TRUST – PERFORMANCE FEE TO OPG

BACKGROUND

Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest. A performance fee relating to the funding obligations will be meaningful and allow OPG to make decisions that will significantly impact its return. The Act as drafted enables OPG to achieve its accounting objective of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.. The objective therefore is to recommend a reasonable variable performance fee structure for OPG to earn a return from the Trust, and meet the accounting requirement.

ANALYSIS OF ACCOUNTING REQUIREMENT

To support the accounting consolidation, OPG's variable performance return will be accomplished through the followings:

a. The cash flow from the investment asset shall include interest determined based on a relevant benchmark that is appropriate relative to the investment asset, plus an appropriate margin consistent with the relevant market and other risks
b. OPG shall have the authority to determine the financing strategy, which will vary the financing costs with the objective of enabling the Trust to achieve a more favorable return compared to the benchmark for interest on the investment asset
c. The Trust shall establish different classes of debt (senior, subordinated and the most subordinated). The classes would allow the Trust to delineate financing of lower risk investment and investment that would bear higher residual risk. The delineation would limit OPG's self-funded investment to a reasonable level in order to allow OPG to remain a self-sustaining entity.
d. OPG shall, through its ownership of the most subordinated liability, be able to capture and retain the pricing difference between cost of financing and benchmark for interest on the investment asset, or any residual risk of investment asset. The targeted return of the subordinated debt should be reflective of the underlying risks and compensate holders for active management that would be required.

PERFORMANCE FEE ANALYSIS

Based on the accounting requirements, the recommendation is for OPG to establish a variable performance fee structure as follows:

As the Trust may issue both long term bonds and medium term notes, benchmarks based on various terms, will be established on an annual basis, subject to the following methodology:

- Benchmarks will be established as the sum of (1) reference rate, and (2) spread
    - Both reference rate and spread will be term dependant

- For bond/note issuance, reference rate will be GOC rate of equivalent term
- Reference rate will be based on consensus forecast provided by various financial institutions

- Benchmarks will be established based on the weighted average rate of incremental debt issuance at the Trust level
- If the actual weighted average rate is lower than the corresponding benchmark, OPG will realize a gain, otherwise a loss
- Variable performance fee, i.e. gain/loss, is applicable only to OPG's investment in the Trust (5% of the funding requirement), and is capped at benchmark weighted average rate +/-1%

An example illustrating this structure is detailed in Appendix 1

APPENDIX 1

The illustration is based on the expected Trust debt structure as follows:

	Risk Profile	Source	% of Total Funding Requirement
Tranche A Senior Debt	the least risky	Capital Markets	51%
Tranche B Sub Debt	In between A&C	OPG via OEFC	39%
Tranche C Sub Debt	the most risky	OPG via OEFC	5%
		OPG via Capital Markets	5%

1. Benchmark is to be established at each year end for Trust issuance next year. In this example, assuming the following benchmark is established as of end of Yr 1

		Benchmark
Tranche A	51%	4.25%
Tranche B Sub Debt	39%	5.50%
Tranche C Sub Debt	10%	6.50%
Weighted Average Rate		**5.0%**

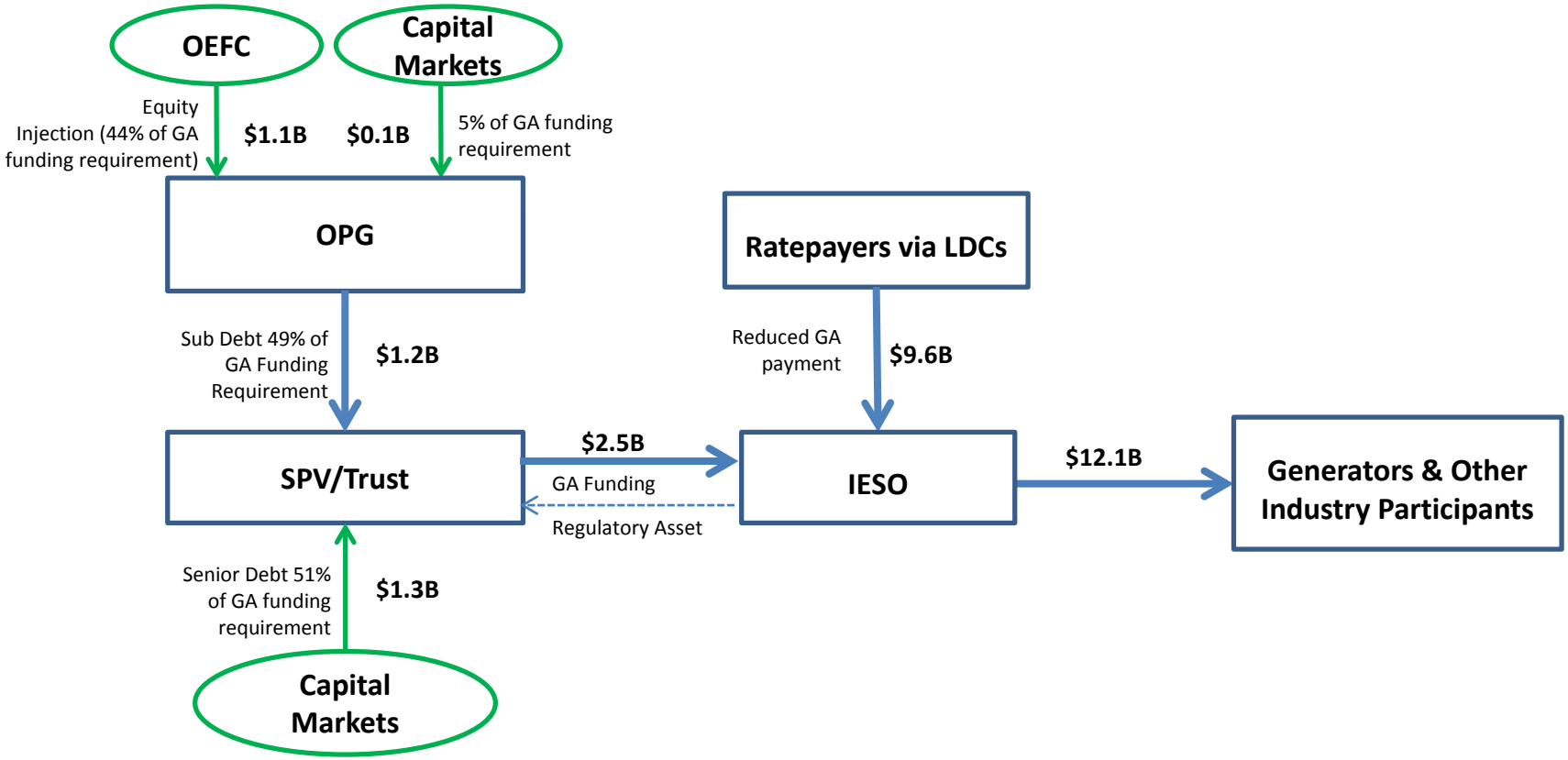
2. By the end of Yr 2, OPG will calculate the actual weighted average rate for all incremental issuance for the year. If the actual weighted average rate is lower than the corresponding benchmark, OPG will realize a gain, otherwise a loss.

	Allocation	Benchmark	Actual
Tranche A	51%	4.25%	5.0%
Tranche B Sub Debt	39%	5.50%	5.60%
Tranche C Sub Debt	10%	6.50%	6.60%
Weighted Average Rate		**5.0%**	5.4%
		Loss	0.4%

3. Variable management fee, i.e. gain/loss, is applicable only to OPG's investment (5% of the Trust funding requirement), and is capped at benchmark weighted average rate +/-1%.

   Based on the example above and assume incremental Trust issuance is $2B, OPG will realize loss of variable performance fee of 0.4M ($2B*5%*0.4%)

Illustration based on $2.5B GA Funding



Fair Hydro Plan –Master Subscription Agreement
Term Sheet

- Parties: OPG, OFA, Ministry of Energy

- The Province agrees to inject 44% of total funding of GA asset by way of equity subscription in OPG, which amount OPG in turn will invest in the Fair Hydro Trust as subordinated debt (**Equity Injection Plan**)

- Minister of Energy/Province approves Equity Injection Plan, and initial equity injection amount for 2017/18 fiscal year, and delegates to appropriate ministry staff authority to implement Equity Injection Plan (**Delegated Authority**)

- Long term, OPG equity requirements will form part of the business planning process in place between OPG and Ministry of Energy, ie, annually OPG to include forecasts of its equity requirements for the upcoming 3 years in its business plan submission -- NOTE: this portion of the business plan is not subject to concurrence by the shareholder

- Ministry of Energy will seek appropriation on an annual basis through PRRT for the amounts requested by OPG for its equity requirements-- NOTE: amount of annual appropriation to cover OPG multi year forecasts

- OPG agrees use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt requirements as part of the Fair Hydro Plan

- OPG will amend its Articles to create an additional class of shares – Class A Shares – which will be non-voting and redeemable at OPG's option

- OPG will issue Class A Shares to the Province monthly at a value per share equal to book value, as determined from OPG's last approved quarterly financial statements -- Value of first Class A shares issued to Province will be based on book value of OPG common shares – ie, existing shareholder's equity

- OPG will have the right to repay equity to the Province, through exercise of its right to redeem the Class A Shares, as principal repayment of the subordinated debt is made commencing in 2027

- Redemption value of the Class A Shares to be based on book value on the redemption date, ie, the equity value per Class A share at the end of the prior financial quarter as set out in OPG's approved financial statements

Monthly Process/Mechanics of Share Subscriptions:

a) OPG notifies OFA and Ministry of Energy of required equity injection and number of shares

   Timing: [same day as notice from Fair Hydro Trust]

   Documents/steps:

   (i) share subscription form,
   (ii) supporting documentation/invoice from Fair Hydro Trust, confirming amount of GA asset purchase for the month

b) OFA and OPG settle equity injection amounts

Timing: [five] business days from notice to OFA to payment/settlement with OPG
[NOTE: timing to be confirmed based on IESO/Trust process requirements]
Documents/steps:
(i) completed/signed share subscription form from OFA/Province to OPG
(ii) funds transfer from OFA to OPG account)
(iii) OPG receipt, together with secretary's certificate confirming issue of shares/update of share register

Longer term Process/Approvals:

1. Equity Requirements Estimates:
    a. Business Plan Submissions
    b. OPG Board Approvals
        - [Bi-annual] Board of Directors' resolutions authorizing equity requirement for period
        - [Bi-annual Shareholder's resolutions authorizing equity requirement for period][NOTE: TBD if needed]

    c. Ministry of Energy appropriations
    [describe annual process]

Share Redemption Process

- TBD -- process to be determined at a later date and appended as Appendix to Master Subscription Agreement

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From:	Carlos Yep
To:	James Devine; John Kim; Ken Kandeepan; John Psinas; "Kaitlin.Montgomery@ontario.ca"; Adam Prokop; Bruno Amara; George Sakura
Cc:	Mike Manning
Subject:	FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD
Date:	Tuesday, April 25, 2017 11:47:12 AM
Attachments:	Capital Injection Discussion (25-April-17).pdf

Attached are some initial comments from TD.
We will arrange a conference call later this week to discuss.

From: Thom, Trevor [mailto:Trevor.Thom@tdsecurities.com]
Sent: Tuesday, April 25, 2017 11:30 AM
To: Mike Manning ; Carlos Yep
Cc: Holloway, Harold ; Wolff, Michael ; Purkis, Brad ; Hilloowala, Maharukh ; Thompson, Susan
Subject: Ontario Fair Hydro Plan - Equity Infusion

Mike & team – please see attached for our analysis on the capital injection.
Let us know when you would like to discuss further. We have a # of folks on the road this week, but happy to accommodate later in the week if that works.

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TD Securities

A Confidential Presentation

Capital Injection Discussion

April 25, 2017

Presented By

Introduction

- The Province of Ontario (the "Province") is considering alternatives to fund its capital injection (the "Capital Injection") into Ontario Power Generation Inc. ("OPG"), which represents 44% of the Global Adjustment deferral financing requirement
- When evaluating the Province's alternatives, TD Securities Inc. ("TD Securities") understands that the Province's objectives are:
  1. **Equity Treatment:** Ensuring that the Capital Injection is treated as equity so as to mitigate the credit rating impact to OPG associated with 100% consolidation of the Special Purpose Vehicle ("SPV")/Trust
  2. **Managing Cash Flows for Interest Payments:** Timing, size, and priority of cash flows to repay interest used to fund the Capital Injection
  3. **Managing Cash Flows for Debt Repayments**: Timing, size, and priority of cash flows to repay the maturing principal for debt used to fund the Capital Injection
- In addition, simplicity is preferred to a complex structure

Capital Injection Options

	Common Equity	Preferred Equity	Fixed-to-Floating Sub. Notes, Convertible to Preferred Equity[1]	Mandatory Convertible Preferred Equity
Characteristics				
Instrument	▪ Equity instrument with no fixed dividend	▪ Preferred equity instrument with a fixed, floating, or resettable dividend	▪ A fixed income instrument with a fixed rate, which automatically converts into floating rate preferred shares, subject to an issuer cash redemption feature	▪ A preferred equity instrument that pays fixed, floating, or resettable dividends, which automatically converts into common equity
Capital Structure Ranking	▪ Lowest priority	▪ Priority to common equity	▪ Until converted, usually ranks higher than preferred equity, but lower than other fixed income instruments	▪ Priority to common equity until converted
OPG Tax Treatment	▪ Dividends are not tax-deductible	▪ Dividends are not tax-deductible	▪ Initial interest payments tax-deductible	▪ Dividends are not tax-deductible
DBRS Equity Treatment Methodology	▪ Considered equity	▪ Allocated an equity percentage (100% to 0%) based on (1) permanence, (2) subordination, and (3) legal implications (default considerations) ▪ Any less "equity-like" features reduce equity weighting allocated to the instrument ▪ Hybrid instruments[2] can receive 100% equity treatment, but limited to a quantity proportionate to 20% of common equity ▪ 100% of preferred dividends or interest payments are subtracted from cash flow credit metrics, regardless of equity treatment ▪ Cannot have a investor cash redemption provision to be considered equity		
S&P Equity Treatment Methodology	▪ Considered equity	▪ Hybrids placed into one of three categories based on equity content for purposes of calculating credit metrics: • High: 100% equity; Intermediate: 50% equity, 50% debt; Minimal: 0% equity ▪ Key considerations are: (1) ongoing payments, (2) permanence, and (3) subordination / credit default cushion ▪ Generally, equity content treatment applies to hybrids in proportions equal to or below 15% of total capitalization ▪ Same equity treatment methodology is applied in calculating cash flow credit metrics ▪ Must have at least 20 years or more remaining to the effective maturity to be given any equity content, subject to other features		
Objectives				
1. Equity Treatment	▪ Considered equity	▪ Typically given 50% and 100% equity treatment by S&P and DBRS, respectively, subject to quantity limits	▪ Recent hybrid sub-debt offerings given intermediate equity content by S&P ▪ Quantity limited by DBRS & S&P	▪ Typically given 100% equity treatment, depending on conversion length ▪ Quantity limited by DBRS & S&P
2. Cash Flows for Interest Payments	▪ By way of dividends ▪ **Dividend Timing:** flexible (monthly, quarterly, yearly) ▪ **Dividend Size:** flexible ▪ **Dividend Priority:** can be deferred indefinitely	▪ By way of preferred dividends ▪ **Dividend Timing:** fixed ▪ **Dividend Rate:** flexible at initiation ▪ **Dividend Priority:** can be deferred indefinitely, but prioritized above common dividends • Cumulative or non-cumulative	▪ By way of fixed interest payments until converted ▪ **Interest Timing:** flexible at initiation ▪ **Interest Rate:** flexible at initiation ▪ **Interest Priority:** can be deferred indefinitely, but prioritized above common dividends	▪ By way of preferred dividends until converted ▪ **Dividend Timing:** flexible at initiation ▪ **Dividend Rate:** flexible at initiation ▪ **Dividend Priority:** can be deferred indefinitely, but prioritized above common dividends until converted
3. Cash Flows for Debt Principal Payments	▪ Special dividends can be utilized to match timing of principal repayments	▪ Little incentive for principal repayment unless other features are added	▪ Interest rate step-up incentivizes redemption by the issuer at conversion, but may affect equity treatment	▪ Once converted, special dividends can be utilized to match timing of principal repayments

(1) Also referred to as U.S. Hybrids, with recent examples including TransCanada's US$1.25B offering in February 2017 and Emera's US$1.2B offering in June 2016
(2) Instruments that have both debt-like and equity-like features

Discussion

- Common equity provides the most flexibility to OPG with respect to:
  - Greater certainty in attaining equity treatment by credit rating agencies
  - Cash flow timing in the event that SPV/Trust payments are delayed
- Hybrid instruments(1) are an alternative in satisfying the Province's Capital Injection into OPG
  - Companies usually issue hybrids for specific purposes related to access to capital markets, credit rating, equity dilution, and tax considerations
- Two considerations required for OPG to consolidate the SPV/Trust that may directly affect the timing and amount of cash available to pay the Province are:
  - **Decision Making** – OPG needs to make funding / dividend decisions independent of the Province
  - **Business Risk** – OPG needs to demonstrate that it has variability of returns
- The two above considerations may result in cash not being distributed from the SPV/Trust to OPG, such that OPG cannot pay a dividend or special dividend to the Province
- Additionally, the dividend / interest rate on the Province's Capital Injection relative to the interest rate of the debt issued by the Province and the debt issued to OPG by the SPV/Trust determines where the excess cash will accumulate

(1) Instruments that have both debt-like and equity-like features, including the preferred equity, fixed-to-floating sub. notes, convertible to preferred equity, and mandatory convertible preferred equity discussed on page 3

Discussion (cont'd)

- Hybrid instruments(1) can be used to increase the Province's certainty of cash flows to cover the interest and principal payments on the underlying debt the Province issues
  - Subordination is less of a concern as the Province owns 100% of OPG
  - Direct trade-off exists between adding debt-like features to the hybrid instruments and reducing their degree of equity treatment for OPG by credit rating agencies
  - However, the instruments have to demonstrate some degree of permanency to warrant equity treatment and the total amount that receive equity treatment is limited by credit rating agencies
- At its simplest, the Capital Injection could take the form of common shares to the Province
  - Normal dividends set by the OPG Board, which the Province has the ability to direct, to equal the interest payments on the underlying debt
  - Repayment of principal through special dividends as cash becomes available at OPG after receiving distributions from the SPV/Trust
- Investing at market value as opposed to book value is more of a concern when allocating value between new and existing shareholders, which in not applicable in this case

The Province should have a detailed discussion with OPG and its auditors, and ultimately, the credit rating agencies when evaluating its alternatives in the context of its objectives

(1) Instruments that have both debt-like and equity-like features, including the preferred equity, fixed-to-floating sub. notes, convertible to preferred equity, and mandatory convertible preferred equity discussed on page 3

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Objectives				
1. Equity Treatment	▪ Considered equity	▪ Typically given 50% and 100% equity treatment by S&P and DBRS, respectively, subject to quantity limits	▪ Recent hybrid sub-debt offerings given intermediate equity content by S&P ▪ Quantity limited by DBRS & S&P	▪ Typically given 100% equity treatment, depending on conversion length ▪ Quantity limited by DBRS & S&P
2. Cash Flows for Interest Payments	▪ By way of dividends ▪ **Dividend Timing:** flexible (monthly, quarterly, yearly) ▪ **Dividend Size:** flexible ▪ **Dividend Priority:** can be deferred indefinitely	▪ By way of preferred dividends ▪ **Dividend Timing:** fixed ▪ **Dividend Rate:** flexible at initiation ▪ **Dividend Priority:** can be deferred indefinitely, but prioritized above common dividends • Cumulative or non-cumulative	▪ By way of fixed interest payments until converted ▪ **Interest Timing:** flexible at initiation ▪ **Interest Rate:** flexible at initiation ▪ **Interest Priority:** can be deferred indefinitely, but prioritized above common dividends	▪ By way of preferred dividends until converted ▪ **Dividend Timing:** flexible at initiation ▪ **Dividend Rate:** flexible at initiation ▪ **Dividend Priority:** can be deferred indefinitely, but prioritized above common dividends until converted
3. Cash Flows for Debt Principal Payments	▪ Special dividends can be utilized to match timing of principal repayments	▪ Little incentive for principal repayment unless other features are added	▪ Interest rate step-up incentivizes redemption by the issuer at conversion, but may affect equity treatment	▪ Once converted, special dividends can be utilized to match timing of principal repayments

(1) Also referred to as U.S. Hybrids, with recent examples including TransCanada's US$1.25B offering in February 2017 and Emera's US$1.2B offering in June 2016
(2) Instruments that have both debt-like and equity-like features

Discussion

- Common equity provides the most flexibility to OPG with respect to:
  - Greater certainty in attaining equity treatment by credit rating agencies
  - Cash flow timing in the event that SPV/Trust payments are delayed
- Hybrid instruments(1) are an alternative in satisfying the Province's Capital Injection into OPG
  - Companies usually issue hybrids for specific purposes related to access to capital markets, credit rating, equity dilution, and tax considerations
- Two considerations required for OPG to consolidate the SPV/Trust that may directly affect the timing and amount of cash available to pay the Province are:
  - **Decision Making** – OPG needs to make funding / dividend decisions independent of the Province
  - **Business Risk** – OPG needs to demonstrate that it has variability of returns
- The two above considerations may result in cash not being distributed from the SPV/Trust to OPG, such that OPG cannot pay a dividend or special dividend to the Province
- Additionally, the dividend / interest rate on the Province's Capital Injection relative to the interest rate of the debt issued by the Province and the debt issued to OPG by the SPV/Trust determines where the excess cash will accumulate

(1) Instruments that have both debt-like and equity-like features, including the preferred equity, fixed-to-floating sub. notes, convertible to preferred equity, and mandatory convertible preferred equity discussed on page 3

Discussion (cont'd)

- Hybrid instruments(1) can be used to increase the Province's certainty of cash flows to cover the interest and principal payments on the underlying debt the Province issues
  - Subordination is less of a concern as the Province owns 100% of OPG
  - Direct trade-off exists between adding debt-like features to the hybrid instruments and reducing their degree of equity treatment for OPG by credit rating agencies
  - However, the instruments have to demonstrate some degree of permanency to warrant equity treatment and the total amount that receive equity treatment is limited by credit rating agencies
- At its simplest, the Capital Injection could take the form of common shares to the Province
  - Normal dividends set by the OPG Board, which the Province has the ability to direct, to equal the interest payments on the underlying debt
  - Repayment of principal through special dividends as cash becomes available at OPG after receiving distributions from the SPV/Trust
- Investing at market value as opposed to book value is more of a concern when allocating value between new and existing shareholders, which in not applicable in this case

The Province should have a detailed discussion with OPG and its auditors, and ultimately, the credit rating agencies when evaluating its alternatives in the context of its objectives

(1) Instruments that have both debt-like and equity-like features, including the preferred equity, fixed-to-floating sub. notes, convertible to preferred equity, and mandatory convertible preferred equity discussed on page 3

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From:	Whitfield, Tobias P. (MOF)
To:	Mike Manning; Gadi Mayman; Ronald Kwan; Michael Waterston (MOF); Ken Kandeepan; John Kim; Malle Hanslep (MOF)
Subject:	FW: Ontario Fair Hydro Plan
Date:	Wednesday, April 26, 2017 5:07:58 PM

FYI, I have written to Energy legal to ask about making sure that deal counsel review the draft language around the guarantee to make sure it works for the current state of the deal.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: April 26, 2017 5:06 PM
To: Rehob, James (ENERGY)
Cc: Calwell, Carolyn (ENERGY/MEDEI/MRI); Hanslep, Malle (MOF); Johnson, Paul (ENERGY/MEDEI/MRI)
Subject: RE: Ontario Fair Hydro Plan

James,

Thanks for forwarding the draft. With respect to the guarantee language, we want to make sure that it works for the transaction. Since we are not familiar with the proposed transaction, we think that it makes sense for counsel that are familiar with the deal to review the guarantee provisions in the statute to ensure that it is sufficient to give authority for the type of guarantee that is contemplated. We note that the term sheet that we have seen provides for a very broad guarantee, although we also understand that there are ongoing discussions about the scope and content of the guarantee.

Best,

Toby

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Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Rehob, James (ENERGY)
Sent: April 26, 2017 3:20 PM
To: Whitfield, Tobias P. (MOF)
Subject: FW: Ontario Fair Hydro Plan

Confidential/Solicitor & Client Privileged

April 26, 2017

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Thanks for your help on all of this, and note that this version does not include amendments to EA ss.89 and 90 (PILS amendments). Those discussions are ongoing between MOF policy, OPG/Tory's and ENERGY is awaiting those discussions to close before finalizing the legislation on these matters.

Best regards,

James

James P. H. Rehob
Senior Counsel

Ministry of the Attorney General
Legal Services Branch
MAG Civil Law Division
Ministry of Energy, Ministry of Economic Development and Growth, Ministry of Research, Innovation and Science, Ministry of Infrastructure, Accessibility Directorate of Ontario
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From:	Bruno Amara
To:	Carlos Yep; Mike Manning; James Devine; Ken Kandeepan; John Psinas; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Opal Kandelas; Ronald Kwan; John Kim
Subject:	FW: Ontario Passes Legislation to Lower Electricity Bills by 25 Per Cent
Date:	Wednesday, May 31, 2017 4:00:38 PM

See Background Information: Ontario Fair Hydro Act

From: Ronald Kwan
Sent: Wednesday, May 31, 2017 12:53 PM
To: John Kim ; Bruno Amara
Cc: Gavin He
Subject: FW: Ontario Passes Legislation to Lower Electricity Bills by 25 Per Cent

Hi,
Please note and adjust the wording in the OIC package, and other products.
Thanks,
Ron

From: Ontario News [mailto:newsroom@ontario.ca]
Sent: May-31-17 12:33
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: Ontario Passes Legislation to Lower Electricity Bills by 25 Per Cent

Ontario Newsroom

News Release

Ontario Passes Legislation to Lower Electricity Bills by 25 Per Cent[news.ontario.ca]

May 31, 2017

Meaningful Savings for All Residential Households Coming this Summer

Ontario passed legislation today that will lower electricity bills by 25 per cent on average for all residential customers to provide significant rate relief and ensure greater fairness.

The Fair Hydro Act, 2017 reduces electricity bills for all residential consumers and as many as half a million small businesses and farms, starting this summer. Lower-income Ontarians and those living in eligible rural and northern communities will receive even greater reductions, as much as 40 to 50 per cent. As part of this plan, rate increases will be held to the rate of inflation for four years.

These measures include the eight per cent rebate introduced in January[news.ontario.ca] and build on previously announced initiatives to deliver broad-based rate relief on all electricity bills. Taken together, these changes are delivering the largest reduction to electricity rates in Ontario's history. To facilitate these immediate savings, the legislation:

- Enables the Independent Electricity System Operator (IESO) and Ontario Power Generation (OPG) to work together to spread out the costs of Ontario's clean energy investments over a longer period of time, which ensures that the costs of these investments are allocated fairly among current and future ratepayers. This will be accomplished through refinancing a portion of the Global Adjustment (GA), resulting in significant and immediate rate reductions.
- Modifies and broadens the Ontario Electricity Support Program (OESP) to expand benefits and ensure it is funded by government instead of ratepayers, reducing bills for all.
- Enhances the Rural or Remote Rate Protection (RRRP) program to provide distribution charge relief to a total of approximately 800,000 customers and shift costs from ratepayers to provincial revenues. The enhancement will benefit customers served by local distribution companies (LDCs) with the highest distribution rates. These savings will begin July 1, 2017.
- Provides on-reserve First Nations households serviced by licensed distributors with a 100 per cent credit of the delivery line on their monthly electricity bills, starting July 1, 2017.

Reducing electricity costs is part of Ontario's plan to create jobs, grow our economy and help people in their everyday lives.

QUICK FACTS

- Ontario’s Fair Hydro Plan will improve energy sector efficiency and modernize the province’s electricity market, building on the collaboration of IESO and OEB.

- In April 2017, the Industrial Conservation Initiative (ICI) was expanded to include electricity consumers in the manufacturing and greenhouse sectors with an average monthly peak demand of greater than 500 kW and less than 1 MW.

- On May 1, 2017, the Ontario Energy Board (OEB) reduced electricity rates across the province, including a portion of the Fair Hydro Plan. The OEB will have 15 days after the legislation comes into force to update rates to reflect the full benefit of the Fair Hydro Plan – delivering the 25 per cent on average reduction for all households and half a million small business and farms. Royal Assent could be scheduled as early as June 1, 2017.

- The province has expanded the OESP, providing 50 per cent more support in the form of monthly credits for people with low incomes and increasing eligibility, effective May 1, 2017.

- The province is also establishing an Affordability Fund that will be accessible to electricity distributors for customers who do not qualify for low-income conservation programs and who are unable to undertake energy efficiency improvements without financial assistance. This program is set to launch this summer.

BACKGROUND INFORMATION

- Ontario's Fair Hydro Act, 2017 [news.ontario.ca]

ADDITIONAL RESOURCES

- Learn about Ontario’s Fair Hydro Plan[ontario.ca]
- Read Premier Wynne’s statement announcing Ontario’s Fair Hydro Plan[news.ontario.ca]

QUOTES

"The savings coming this summer will help make life more affordable, including additional relief for the most vulnerable. The Fair Hydro Plan significantly lowers rates now for all Ontario families that pay an electricity bill and will bring fairer rates in the future."
— *Glenn Thibeault, Minister of Energy*

CONTACTS

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416-325-2690
Colin.Nekolaichuk@ontario.ca

Natasha Demetriades
Communications Branch
416 327-3855
Natasha.Demetriades@ontario.ca

Ministry of Energy
http://www.ontario.ca/energy[ontario.ca]

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99 Wellesley Street West 4th floor, Room 4620 Toronto ON M7A 1A1

From: William Tan
To: Mike Manning
Subject: FW: Policy question re OFHP Credit Facility Agreement
Date: Tuesday, August 08, 2017 10:20:56 AM

Good morning Mike,
I hope you enjoyed the long weekend.
Do you agree with the current structure of the credit facility as unsecured?
Or would you like some additional back ground regarding this matter?
Thanks,
Will

From: John Kim
Sent: Friday, August 04, 2017 3:42 PM
To: William Tan ; Bruno Amara
Cc: Sarah Harris ; Sarah Neville ; Jean-Francois Beaupre ; Lisa Stein ; Ken Kandeepan ; Mike Manning
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hi Lisa, William,
I am OK as long as the proposed approach is consistent with OFA's lending policy and practices. We have generally not opined on the details of the lending agreement, as we have been communicating.
I do want to copy Ken and Mike to ensure that they are onside, as well.
Thanks,
John

From: William Tan
Sent: Friday, August 04, 2017 3:24 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hello Bruno and John,
If you wish, I can arrange a call between legal and CEFD today.

From: Lisa Stein
Sent: Friday, August 04, 2017 2:36 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Policy question re OFHP Credit Facility Agreement
Importance: High

Hi Bruno and John,
I have some additional information pertaining to the structure of the OFA loan to IESO re: OFHP. While this information adds context, it doesn't address the policy question of whether an unsecured loan is appropriate (based on the extent of the insolvency risk) for this regulatory asset.
The current draft FHP Credit Facility Agreement is consistent with the OFA Lending Policy (last revised and approved April 16, 2010 – *status TBC*), which provides that except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision) in respect of loans made by the OFA to public

bodies (IESO is a public body for the purposes of CIPA). As such, the structure of this loan is consistent with the Policy (subject to my note below re: intercept provision). In my review of the supporting policy documentation, including the LRC minute, I didn't see any reference to a secured lending structure and I don't believe that there is any direction requiring this to be a secured loan. That being said, I query whether OFA CEFD staff are comfortable with this approach (see below).

In terms of the intercept provisions, which are required pursuant to s. 23 of CIPA, I have asked Toby from MOF Legal if they are aware of any agreement between the Ministry of Energy and the IESO agreeing that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this loan agreement (as required by CIPA)? Are you aware of any such agreement? However, even if there were such an agreement in place, it is unclear to whether adding intercept provisions to the credit facility agreement, will provide further comfort. I plan to discuss this matter further with MOF Legal.

Based on the foregoing (and pending any additional information that Toby may obtain from his discussions with the Ministry of Energy), I defer the following question to CEFD staff:

Are you comfortable with the current structure of this loan as an unsecured loan (and the risk that this may entail)? This decision ultimately needs to be made by business/policy people.

- **If yes,** the next draft of the agreement will be available in the next day or so to send to IESO for review. I will work with MOF Legal to draft/leverage intercept provisions to mitigate this risk (as far as possible, based on the foregoing). We are also working on the permitted liens, *pari passu* and negative pledge provisions of the draft agreement, as previously discussed.
- **If no,** additional Ministerial/TB direction, and a new legal agreement (likely with the assistance of external legal counsel) will be required. This will take additional time.

Please do not hesitate to contact me if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From:	William Tan
To:	Mike Manning
Cc:	Lisa Stein; Sarah Harris; Ken Kandeepan; Siva Nathan
Subject:	FW: Policy question re OFHP Credit Facility Agreement
Date:	Tuesday, August 08, 2017 12:51:19 PM

Hello Mike,
Based on Ken's response would you still like me to arrange a call?
Thanks,
Will

From: Ken Kandeepan
Sent: Tuesday, August 08, 2017 10:47 AM
To: William Tan
Cc: Siva Nathan
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hi Will
I am little confused here, yes its unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.
As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation.
Thanks and I am cc'ing Siva and John the former is responsible for the OFA and the latter for the implementation of the Fair Hydro plan.
Ken k

From: William Tan
Sent: Tuesday, August 08, 2017 10:21 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement

Good morning Ken,
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****

From:	Sarah Harris
To:	Bruno Amara; John Kim
Cc:	Mike Manning; Ken Kandeepan; Opal Kandelas; Lisa Stein; Tobias P. Whitfield (MOF); William Tan
Subject:	FW: Policy questions re OFHP Credit Facility Agreement
Date:	Wednesday, August 09, 2017 10:37:30 AM
Importance:	High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
>
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,

Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan ; Sarah Harris
Cc: Tobias P. Whitfield (MOF)
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly

summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.
Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield

Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	John Kim
To:	Mike Manning; James Devine; Carlos Yep; John Psinas
Cc:	Ronald Kwan; Ken Kandeepan; Usman Zahid; Anna Strathy
Subject:	FW: Provincial Support Agreement update
Date:	Thursday, August 31, 2017 2:52:17 PM
Attachments:	Fair Hydro - August Term Sheet v1.doc

Hi,

Pls. see attached note and the revised term sheet per MOF Legal, Energy Legal and Blake's. I believe the note is quite clear and self-explanatory. It was indicated at this morning's implementation meeting that things are moving along for September TB/MBC approval.

As suggested by MOF Legal, I am happy to coordinate a meeting for Wednesday when everyone (hopefully) is back and has had time to review.

Thanks,

John

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Thursday, August 31, 2017 2:18 PM
To: John Kim
Cc: Bruno Amara ; Elcombe, James (MOF)
Subject: Provincial Support Agreement update

John,

Together with our outside counsel at Blake's and Energy Legal we have revised the term sheet further.

The attached note, prepared by Energy Legal is a good summary of the issues and where things stand.

I think the next step is to have you and Ron discuss this draft, and prepare to meet with staff at the OFA and Energy once Gadi returns next week and has been briefed on the progress.

Please share as you think makes sense at the OFA, and let me know if you want to discuss further.

Best

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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Ministry of the Attorney General
Briefing Note
Civil Law Division
Legal Services Branch
ENERGY/MEDG/MRIS/MOI/ADO

FAIR HYDRO PLAN – PROVINCIAL GUARANTEE

A. Issue

- Provincial Support Agreement Term Sheet

B. Background

- Under the terms of the proposed *Ontario Fair Hydro Plan Act, 2017* (the "Act"),[1] it is anticipated that the Ontario Power Generation ("OPG") will establish a subsidiary entity (the "Financing Entity") that will undertake a public debt offering to finance the implementation of the Ontario Fair Hydro Plan (the "Fair Hydro Plan").

- The Ontario Finance Authority (the "OFA") is leading the negotiation of a term sheet with OPG that would outline the basis upon which the government of Ontario ("Ontario") would provide financial assurance to support such a debt offering.

- OPG has advised that a term sheet codifying Ontario's commitment, at least at a high level, will be necessary to support OPG's pending discussions with credit rating agencies, as well as the anticipated triple-A rating of the proposed debt offering.

- OPG provided the OFA with a draft of a proposed term sheet dated May 12, 2017 (the "May Term Sheet"). The May Term Sheet included a number of features that were unacceptable to Ontario, including, most notably, a performance guarantee covering obligations of the Independent Electricity System Operator (the "IESO") and a liquidity guarantee that would be triggered in the case of financial market disruption.

- In a meeting on July 12, 2017, the OFA communicated Ontario's concerns about the May Term Sheet and indicated that the province would be willing to provide financial assurance to prospective investors in respect of only two kinds of risk:

    - the possibility of future legislative by the government of Ontario compromising the economic rights of investors; and

[1] S.O. 2017, c. 16, Sched. 1.

- the possibility that the Fair Hydro Plan is ultimately found to be invalid from a constitutional perspective by a court of competent jurisdiction.

- The OFA accepted that it was fair and reasonable for the province to provide a guarantee in respect of these two risks because they would be a consequence of the government`s past and future policy decisions. However, the OFA indicated that investors would need to assume the risk associated with other aspects of the Fair Hydro Plan and the risk of future market disruption.

C. Current Status

- The OPG took Ontario's position back to the investment dealers and worked with them to develop a revised term sheet that better reflected this more limited form of provincial guarantee (the "August Term Sheet").

- Ontario's external counsel (Blake, Cassels & Graydon LLP ("Blakes")) provided a mark-up of the August Term Sheet identifying a number of continuing concerns arising out of the draft provisions and to propose further amendments intended to address those concerns.

- On August 22, 2017, counsel from the Ministry of Energy, the Ministry of Finance ("MOF-LSB") and Blakes met with representatives from the OFA to discuss a number the issues identified by Blakes, as well as a number of further concerns identified by counsel in MOF-LSB.

D. Analysis

Purpose of Term Sheet

- As a preliminary matter, it is important to recognize that the purpose of the proposed Term Sheet is not to create enforceable rights or obligations. Section 5(3) of the Act makes it clear that any guarantee provided by the province must be agreed to by the Minister of Energy and the Minister of Finance (acting together) as authorized by order of the Lieutenant Governor in Council (the "LGIC"). The LGIC has not yet made an OIC authorizing the responsible Ministers to enter into any guarantee and therefore the Ministers do not yet have any legal authority to do so.

- Against this backdrop, it is clear that the purpose of the Term Sheet is to outline, in a general way, a high level understanding of the type of financial assurance that the province might be willing to provide to prospective investors in appropriate circumstances. The actual terms and conditions of any future assurance agreement entered into by Ontario will need to be fully negotiated in the context of a specific transaction and would necessarily be subject to LGIC and Ministerial approval.

Continuing Legal Concerns

- Attached to this briefing note as **Appendix "A"** is a revised draft of the August Term Sheet reflecting the consolidated legal comments of Blakes, MOF-LSB and ENE-LSB. The revisions are broadly intended to address the following concerns:

  - **Title** – Blakes is of the view that the proposed provincial assurance agreement is more accurately characterized as an indemnity arrangement, than a guarantee. There are highly technical reasons underlying this position and we note that OPG's external counsel (Torys LLP) does not agree with this concern. Rather than engaging in this debate, we have simply re-titled the proposed agreement as a "Change of Law Assumption Agreement," which more specifically reflects the substantive nature of the assurances that the province intends to provide.

  - **Preamble** – We have added a provision to the preamble to more explicitly confirm that the arrangements contemplated in the Term Sheet are subject to further government approvals and that the document is not intended to create any legally binding obligations.

  - **Beneficiaries** – Torys has indicated that the provincial guarantee must be given directly in favour of the Indenture Trustee, rather than the Financing Entity. The purpose of this change is to ensure that bondholders would have a direct remedy against Ontario. We have revised the draft Term Sheet to reflect this intention on the basis that it would not materially increase the scope of Ontario's legal or financial liability under the guarantee. However, we note that one consequence of this change is that Ontario would be considered a separate issuer for U.S. securities law purposes.

  - **Specified Claims** – The August Term Sheet purported to extend to all of the "rights and interests of the Financing Entity", including, but not limited to, the right to receive the payments contemplated under the Fair Hydro Plan. The OFA has previously indicated to OPG that the province is only willing to be responsible for the payment of *principal* and *interest* on Senior Debt Obligations. This would exclude other costs and fees incurred by the Financing Entity related to the Fair Hydro program such as payments to service providers (*e.g.*, law firms, accountants) and other types of claims that might be advanced by Beneficiaries in connection with the proposed guarantee. Limiting the province's liability to "senior" debt holders excludes OPG (who is a subordinated debt holder) on the basis that the province has already funded OPG's contribution by way of a liquidity injection. We have revised the Term Sheet to reflect these more limited concepts (primarily by way of a new definition of "Specified Claims").

- **Materiality Threshold** – The August Term Sheet included a series of "Guarantee Activation Events" that would trigger Ontario's obligations under the provincial assurance agreement. Although the enumerated list of events substantially reflected the limited form of guarantee proposed by the OFA, the August Term Sheet removed the "materiality" threshold for guaranteed claims. The intent of this change is to make the province liable in any case where the obligations of bondholders are not paid in full. However, this strict form of guarantee would expose the province to any unreasonable degree of risk. Beneficiaries could potentially seek to trigger the guarantee in response to routine legislative amendments affecting the value of their investment interest only indirectly or in insignificant ways (*e.g.*, a merely theoretical diminution in the value of the regulatory asset or some kind of timing issue that modestly delays payment). For this reason, we have reintroduced the concept of "materiality" in the list of Guarantee Activation Events (now described as "Assumption Events").

- **Right of Subrogation** – We have added a provision to the Term Sheet making it clear that Ontario will be subrogated to the rights of Beneficiaries who receive payments under the guarantee. This ensures that the province will be entitled to pursue any civil remedies against third parties that may have been available to the Beneficiary in respect of such amounts.

- **"Assumption" of Obligations** – The provisions of the August Term Sheet stated that, upon the occurrence of a Guarantee Activation Event, Ontario "assume and pay" all of the obligations of the Financing Entity. This language seems to intend that the province would directly assume all of the Financing Entities obligations to the Indenture Trustee and bondholders. The OFA has previously indicated that Ontario is only willing to commit to pay the principal and interest obligations of the Financing Entity as they come due, and not to replace the Financing Entity and become directly liable for all its obligations (except at its own option as discussed below). We have revised the Term Sheet to reflect this more limited commitment.

- **Optional Replacement** – We have added to the Term Sheet an optional right on the part of the province to assume all of the rights and liabilities of the Financing Entity, without the need for any further consent or approval of the Indenture Trustee. This would provide Ontario with greater flexibility in determining how to deal with any claims arising under the guarantee, without imposing this more onerous obligation on the province.

- **Approval Requirements** – We have revised the approval requirement section of the Term Sheet to modestly strengthen Ontario's rights associated with the process for approving future transactions that will be covered by the provincial assurance agreement.

- **Warehousing/Commingling Risks** – The August Term Sheet included a series of provisions dealing with ongoing business concerns associated with debt warehousing risks and LDC credit rating commingling. As far as we are aware, the arrangements contemplated in these sections have not been agreed to by Ontario and it is not helpful to link them in this way to the ongoing negotiations around the proposed guarantee. For this reason, we have deleted them from the Term Sheet.

E. Recommendations and Next Steps

- MOF-LSB will be arranging a meeting with the OFA as early as practicable next week to discuss the communication of these comments and the revised draft Term Sheet to OPG.

Date: August 31, 2017

Prepared by: Tom McKinlay, General Counsel
Legal Services Branch, Ministry of Energy
416-212-5766

Approved by: Carolyn Calwell, Director
Legal Services Branch, Ministry of Energy
416-212-8392

APPENDIX "A"

Change of Law Assumption Agreement

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding on the parties.*

Change of Law Assumption Agreement:	A Change of Law Assumption Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval. Specified Claims are expected to include principal and interest on senior debt obligations issued by the Financing Entity [and any other monetary obligations of the Financing Entity that rank ahead of or equally in priority of payment with the senior debt obligations of the Financing Entity pursuant to the Trust Indenture].
Assumption Events:	Any of the following would constitute an Assumption Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute;

	(3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the General Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*), in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims or (b) the Change of Law Assumption Agreement or any of the agreements under which Specified Claims arise without the agreement of the Indenture Trustee; or (B) a court of competent jurisdiction in a final and non-appealable judgement determines that all or a portion of the Act or the Regulation is *ultra vires* in a way that materially and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Assume Specified Claims:	Upon the occurrence of an Assumption Event, the Indenture Trustee will have the right to require the Obligor to pay the amount of Specified Claims on behalf of the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Assumption Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Subrogation:	Upon paying an amount to a Beneficiary in respect of a Specified Claim, the Obligor shall become entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity and the obligations of the Financing Entity owing under the agreements under which the Specified Claim arises. The Financing Entity may not change or consent to any change in such rights and interests without the Obligor's prior written consent.

Optional Replacement:	At any time following the exercise by the Indenture Trustee of its right to require the Obligor to pay Specified Claims when due and payable, the Obligor shall be entitled (but not obligated) to replace the Financing Entity as obligor and debtor and directly assume all of the Financing Entity's outstanding obligations and liabilities. The Financing Entity (including through the Financial Services Manager) will ensure that any obligation and liabilities undertaken or assumed by it will by their terms permit such a replacement and assumption (or, if applicable, satisfaction and termination) by the Obligor without additional cost or penalty and without any requirement for further consent, approval or agreement.
Term:	The Change of Law Assumption Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The Change of Law Assumption Agreement will become effective in respect of a Specified Claim (including any modification) only after the Obligor has confirmed in writing that the Change of Law Assumption Agreement applies to such Specified Claim. The Change of Law Assumption Agreement will annex the applicable forms of program and series documents under which obligations of the Financing Entity may arise (e.g., including the form of trust indenture and series supplemental indenture) and set out the terms and conditions and process for obtaining the Obligor's approval and confirmation that the Change of Law Assumption Agreement will apply to Specified Claims. Such approval may be made conditional on such matters as may be specified by the Obligor, including a maximum amount applicable to Specified Claims. The Province's approval of the form of any IESO/Financing Entity transfer agreement and any amendments will also be required.
FIPPA:	The Change of Law Assumption Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Assumption Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.

Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

From: Mike Manning
To: Anis Hirani
Subject: FW: Provincial Support Term Sheet
Date: Wednesday, May 31, 2017 2:23:27 PM

Hi Anis:
Could you please set up a 3:30 conference call. I've tried to reach Ken, but it would be good if he was on the call.
Thanks, Mike

-----Original Message-----
From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Wednesday, May 31, 2017 2:20 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: Provincial Support Term Sheet

If the OFA could set up that would be helpful. Thanks

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Message-----
From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: May 31, 2017 12:45 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Kwan, Ronald (OFA)
Cc: Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA)
Subject: RE: Provincial Support Term Sheet

Does Legal Services have a call-in or would you like the OFA to set up?

Mike

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, May 31, 2017 12:31 PM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: Provincial Support Term Sheet

Yes 3:30 is fine with me too.

-----Original Message-----
From: Whitfield, Tobias P. (MOF)
Sent: May 31, 2017 12:30 PM
To: Kwan, Ronald (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF)
Cc: Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA)
Subject: RE: Provincial Support Term Sheet

3:30 is fine for me.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Message-----
From: Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
Sent: May 31, 2017 12:24 PM
To: Manning, Mike (OFA); Hanslep, Malle (MOF)
Cc: Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Provincial Support Term Sheet

Hi,

Either time works for me.

Ron

-----Original Message-----
From: Mike Manning
Sent: May-31-17 12:23
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Provincial Support Term Sheet

Would 3:30 work?

Mike

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, May 31, 2017 11:30 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Provincial Support Term Sheet

Hi all,

We had a very useful meeting with Blakes (Steven Ashbourne) and Energy Legal this morning. There are quite a few legal issues and concerns to discuss regarding this term sheet as it is overly broad. At this point in the development of the province's role in support, it seems that the development of this type of term sheet is premature given the uncertainties.

At our meeting we discussed, that a useful next step would be to have another meeting with Provincial representatives and Blakes which would include yourselves from the OFA, Energy legal and Energy reps as well as the Provincial Controller and likely TD as well as the Province's financial advisor so that we can all discuss next steps and the best approach.

In the meantime, Toby and I can have an internal call to give you an update on our meeting this morning. Possibly at 3pm today if that works.

Thanks.

Malle

-----Original Message-----
From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: May 29, 2017 8:44 PM
To: Hanslep, Malle (MOF)
Cc: Kwan, Ronald (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Whitfield, Tobias P. (MOF)
Subject: Re: Provincial Support Term Sheet

Would be useful to get some follow-up. Sorry for not being able to give you more deal information, but it is still lacking at this time.
Mike

Sent from my iPad

> On May 29, 2017, at 5:33 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:
>
> Hi Ron
>
> We are meeting on Wednesday morning so after that we could have a follow up
>
> Malle
>
> Sent from my BlackBerry 10 smartphone on the Rogers network.
> From: Ronald Kwan
> Sent: Monday, May 29, 2017 17:17
> To: Hanslep, Malle (MOF); Manning, Mike (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA)
> Cc: Whitfield, Tobias P. (MOF)
> Subject: RE: Provincial Support Term Sheet
>
>
> Hi Malle,
>
> Thanks for the list.
>
> Would it be helpful if the group met again to discuss?
>
> When are you meeting with Energy Legal and Blakes?
>
> Ron
>
> From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
> Sent: May-29-17 12:40
> To: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
> Subject: RE: Provincial Support Term Sheet
>
> Hi all,

>
> Here is our issues list.
>
> Malle
>
> From: Hanslep, Malle (MOF)
> Sent: May 29, 2017 9:18 AM
> To: Manning, Mike (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
> Cc: Whitfield, Tobias P. (MOF)
> Subject: RE: Provincial Support Term Sheet
>
> Hi all,
>
> We are also putting together an issues list for discussion with Energy Legal and Blakes and will share it with you as well.
>
> Is there any type of draft term sheet for the proposed financing transaction itself or the master sales and servicing agreement? Any general description of the proposed transaction would be helpful to us.
>
> Thank you.
>
> Malle
>
> From: Hanslep, Malle (MOF)
> Sent: May 26, 2017 3:16 PM
> To: Manning, Mike (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
> Cc: Whitfield, Tobias P. (MOF)
> Subject: Provincial Support Term Sheet
>
> Hi all,
>
> Further to our meeting on Wednesday, Toby and I have now been in touch with Energy Legal regarding the term sheet and will be attending a meeting with counsel at Blakes next Wednesday morning.
>
> Best,
>
> Malle
>
>
>
> Malle Hanslep
> Deputy Director
> Ministry of the Attorney General
> Ministry of Finance Legal Services Branch
> Telephone: 416-325-1457
>
> Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.
>
>
> _____
>
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prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Carlos Yep
To: Mike Manning; James Devine; Ken Kandeepan; John Psinas
Subject: FW: Provincial guarantee / (Payment in Liue of taxes) PiLs exemption
Date: Tuesday, June 13, 2017 4:06:32 PM
Attachments: DRAFT note on PILs and Guarantee-v02 (3).docx

FYI

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, June 13, 2017 3:50 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: Provincial guarantee / PiLs exemption

Hi Bruno,

I made a few small edits to this.

Malle

-----Original Message-----
From: Bruno Amara [mailto:Bruno.Amara@ofina.on.ca]
Sent: June 13, 2017 3:06 PM
To: Yep, Carlos (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Kim, John (OFA); Salman Qadir
Subject: FW: Provincial guarantee / PiLs exemption

Hi

In follow-up to my earlier email, Sriram (TPD) wants to provide a note to the MO in case OPG reaches out to them regarding the PILs issue or other. We drafted the attached short note to outline some of the outstanding initiatives being pursued and suggesting some coordination amongst provincial parties. Please let me know if you have any comments.

Thanks
Bruno

-----Original Message-----
From: Bruno Amara
Sent: Tuesday, June 13, 2017 10:20 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: Provincial guarantee / PiLs exemption

Hi

I'm checking with you to confirm that current discussions around the Provincial Support Agreement do not refer to exemption of OPG or OPG financial from PiLs.

You may be aware that there are currently discussions involving Tax Policy Division about such and exemption and there may be some confusion as to how this issue is will be brought forward. See first email below from Sriram, in

which he notes "OPG mentioned a provincial guarantee to negate tax"

As far as I recall, this was not part of the provincial Support Agreement which focussed on performance an payment guarantees. I do not see any language which would have any impact on the status quo PiLs regime.

If you could confirm your understanding that would be helpful.

Thanks
Bruno

-----Original Message-----
From: John Kim
Sent: Monday, June 12, 2017 8:59 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: OPG

Where the discussion was left.

-----Original Message-----
From: Ronald Kwan
Sent: June-12-17 7:11 PM
To: Sriram Subrahmanyan (MOF) <Sriram.Subrahmanyan@ontario.ca>
Cc: Robin Lewis (MOF) <Robin.Lewis@ontario.ca>; Ann Langleben (MOF) <Ann.Langleben@ontario.ca>; Patel, Lesley (MOF) <Lesley.Patel@ontario.ca>; Daniela Klassen (MOF) <Daniela.Klassen@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OPG

Hi Sriram,

Perhaps I missed the reference on the call, as I was drawn away for part.

I think the potential impact on the proposed provincial support agreement is arguably tenuous.

The payment guarantee (drafting is on-going) could be potentially triggered under certain circumstances (basically if there is an impact on bondholder) such as the Act is repealed; or if it is amended, or a regulation is amended, in a way that adversely impacts the ability of a Financing Entity to fully pay all funding obligations.

Given that the financing entity can recover, under the Act, taxes or PILs, if payable, from ratepayers (as I understand it), should mean that there should be no such impact on the financing entity's ability to pay bondholders -- there would just be a ratepayer impact if PILs or taxes are paid, which is why the PILs exemption is being asked for.

That said, if OPG is making such an argument, I'd want to hear the strength of their case too, of course, but it seems a stretch.

Perhaps Scott or John would have more to add on this.

Ron

-----Original Message-----
From: Subrahmanyan, Sriram (MOF) [mailto:Sriram.Subrahmanyan@ontario.ca]
Sent: June-12-17 18:41
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Robin Lewis (MOF) <Robin.Lewis@ontario.ca>; Ann Langleben (MOF) <Ann.Langleben@ontario.ca>; Patel,

Lesley (MOF) <Lesley.Patel@ontario.ca>; Daniela Klassen (MOF) <Daniela.Klassen@ontario.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OPG

OPG is claiming it includes PILs or taxes. It would be useful to clarify. Thanks

From: Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>
Date: Monday, Jun 12, 2017, 6:21 PM
To: Subrahmanyan, Sriram (MOF) <Sriram.Subrahmanyan@ontario.ca<mailto:Sriram.Subrahmanyan@ontario.ca>>
Cc: Lewis, Robin (MOF) <Robin.Lewis@ontario.ca<mailto:Robin.Lewis@ontario.ca>>, Langleben, Ann (MOF) <Ann.Langleben@ontario.ca<mailto:Ann.Langleben@ontario.ca>>, Patel, Lesley (MOF) <Lesley.Patel@ontario.ca<mailto:Lesley.Patel@ontario.ca>>, Klassen, Daniela (MOF) <Daniela.Klassen@ontario.ca<mailto:Daniela.Klassen@ontario.ca>>, Kim, John (OFA) <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>
Subject: RE: OPG

Hi Sriram,

I believe the MO is aware of the proposal for a provincial support agreement / guarantees.

We can try drafting a short summary on what that is about. Not sure how it would fit into a tax-related note. Perhaps John could discuss with Ann and Rob.

Ron

-----Original Message-----
From: Subrahmanyan, Sriram (MOF) [mailto:Sriram.Subrahmanyan@ontario.ca]
Sent: June-12-17 18:10
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Robin Lewis (MOF) <Robin.Lewis@ontario.ca>; Ann Langleben (MOF) <Ann.Langleben@ontario.ca>; Patel, Lesley (MOF) <Lesley.Patel@ontario.ca>; Daniela Klassen (MOF) <Daniela.Klassen@ontario.ca>
Subject: RE: OPG

Thanks. Can you provide some language on this to Rob and Daniela? We're writing a summary of our position for the MO in case OPG approaches them.

From: Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>
Date: Monday, Jun 12, 2017, 5:25 PM
To: Subrahmanyan, Sriram (MOF) <Sriram.Subrahmanyan@ontario.ca<mailto:Sriram.Subrahmanyan@ontario.ca>>
Cc: Lewis, Robin (MOF) <Robin.Lewis@ontario.ca<mailto:Robin.Lewis@ontario.ca>>
Subject: RE: OPG

Hi Sriram,

A Provincial support agreement (or agreements) is being worked on, and there are services or performance guarantee portions discussed but a tax or PILs component does not sound familiar to me. I'll enquire.

It's more about a Provincial payment guarantee to bondholders of the financing entity under certain circumstances.

Ron

From: Subrahmanyan, Sriram (MOF) [mailto:Sriram.Subrahmanyan@ontario.ca]
Sent: June-12-17 12:58
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Robin Lewis (MOF) <Robin.Lewis@ontario.ca>
Subject: OPG

Ron, no sure if you were on the call this morning. OPG mentioned a provincial guarantee to negate tax or (I think) other liabilities, and that they're working on the wording. Do you have a copy of this, or any detail?

thanks

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DRAFT

There are a number of distinct outstanding business issues related to Ontario's Fair Hydro Plan that are under discussion between the Province and electricity sector organizations, primarily OPG. These include:

1. A **Provincial Support Agreement** whereby the Province (Minister of Finance and Minister of Energy jointly) ~~will~~ would provide support to ~~credit ratings of~~ the financing entity established by OPG and ~~provide assurances to~~ prospective debt holders by providing certain guarantees that obligations o~~f~~f the IESO are fulfilled ("performance guarantee") and ensuring that funding obligations of the financing entity are met under certain circumstances e.g., repeal of the Fair Hydro Act by a future government, amendments to the Fair Hydro Act that have a material and adverse impact on the financing entity ('payment guarantee/indemnity").
2. **Payment in lieu of Taxes** (PILs) exemption for the financing entity to minimise PILs payments as these costs would be recovered from ratepayers
3. Establishment of **OPG management fees** for provision of services to the financing entity
4. Indemnity Agreements by the Minister of Energy for IESO and OPG (and its subsidiaries) and directors, officers and employees to indemnify them against all losses, costs, damages and other expenses and claims which might be brought against them as a result of activities undertaken in support of the Fair Hydro Plan.
5. Approving a **new IESO credit facility** of $2 billion to manage temporary funding shortfalls in deferral financing e.g., due to cash timing differences.

Each of these initiatives are still under development/negotiation and being discussed among various Provincial interests (Ministry of Finance, Electricity Investment and Governance Secretariat, Ontario Financing Authority, Ministry of Energy) and electricity sector organizations OPG and IESO.

As different Provincial interests may be more or less involved in these different initiatives there may be a benefit to having a coordinated approach to these discussions.

From:	Sarah Harris
To:	Mike Manning
Cc:	Opal Kandelas; Salman Qadir
Subject:	FW: Question - OIC for new IESO Credit Facility
Date:	Tuesday, May 30, 2017 11:13:54 AM
Attachments:	CIPA OIC s.22 May 2017 (v.2) - ENG and FRE.DOCX

Hi Mike,
I originally sent this e-mail below to Linda and she thought it looked fine, but she thought I should also run it by you.
As part of putting in place the new credit facility between IESO and the OFA, a new OIC is required for the OFA to borrow from the Province, so the Province may in turn make loans to IESO. As matter of prudence, I am asking is for you to review the rates that the OFA pays to the Province in the OIC are still appropriate. The OIC package must go to the DMO today.
In short, the rates included in the OIC are effectively the same as the existing OIC underpinning the $975 million credit facility between the OFA and IESO. Specifically, section(c)(ii) of the OIC says if the OFA uses the borrowed monies to fund 3rd party loans, then the rate will **be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans.
The OIC also contains a more general borrowing rate. That is, Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to **the 90 day ONT T-Bill yield.** However, for the purposes of this OIC, it is unlikely that this section would ever be used.
Again, both rates above are consistent with existing OICs.
Please let me if these rates look okay.
Thanks,
Sarah

From: Sarah Harris
Sent: Tuesday, May 30, 2017 9:30 AM
To: Linda Smith
Cc: Opal Kandelas
Subject: Question - OIC for new IESO Credit Facility
Hi Linda,
As a matter of prudence, I just wanted to check with you on one aspect of the draft OIC for OFA to make loans to IESO under the proposed credit facility in relation to the Fair Hydro Plan. The OIC package will be delivered today to the DMO, but I wanted to confirm with you that the rates that under the Section (c) of the attached OIC are still appropriate (perhaps it is I should be asking Mike?, but since this is IESO related, I wanted to check with you first).
Section (c) deals with the rates the OFA pays to the Minister for any funds it borrows, and is essentially the same as the OFA's existing OIC from 1999. Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to **the 90 day ONT T-Bill yield.** Section(c)(ii) says that if the OFA uses the borrowed monies to fund 3rd party loans, then the rate will **be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans.

Please let me know your thoughts.
Thanks,
Sarah

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Three Billion Five Hundred Million Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Three Billion Five Hundred Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by June 30, 2053;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de trois milliards cinq cent millions de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de trois milliards cinq cent millions de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 30 juin 2053;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

From:	Gadi Mayman
To:	Ken Kandeepan; Mike Manning; Ronald Kwan
Cc:	Gavin He; Anna Strathy
Subject:	FW: Rate Mitigation Implementation Meeting - April 25, 2017
Date:	Monday, April 24, 2017 5:02:03 PM
Attachments:	Agenda_Weekly Rate Mitig Implmentation Group_April 25.docx Consolidated - OFHP Matrix - Week of April 24.docx

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From: Katona, Keley (ENERGY) [mailto:Keley.Katona@ontario.ca]
Sent: Monday, April 24, 2017 5:02 PM
To: Steen Hume (CAB) ; Kaili Sermat-Harding (ENERGY) ; Michael Reid (ENERGY) ; Carolyn Calwell (MCSS) ; Scott Nelms (ENERGY) ; 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com) ; HARTWICK Ken - FINANCE (ken.hartwick@opg.com) ; Rosemaire Leclair ; Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca) ; Campbell, Bruce (bruce.campbell@ieso.ca) ; Kim Marshall (Kim.Marshall@ieso.ca) ; Scott Thompson (CAB) ; Helen Angus (MOHLTC) ; Steven Davidson (MTCS) ; 'Martine Band' ; 'CROZZOLI Carlo -CBUSDEV&STRT' ; Gadi Mayman ; LEE John -TREASURY
Cc: Serge Imbrogno (ENERGY) ; Andrew Teliszewsky (ENERGY) ; Matt Whittington (ENERGY) ; Baker, Carys (ENERGY) ; Kyle MacIntyre (MOF) ; David McLean (MOF) ; Robert Foster (MOF) ; jordan.penic@ieso.ca; 'sarah.branco@ontarioenergyboard.ca' ; Turnevicius, Lorraine ; catriona.king@opg.com; Francesca Bungaro-Yemec (ENERGY) ; Martin Schlaepfer (MOF)
Subject: Rate Mitigation Implementation Meeting - April 25, 2017

Good afternoon,
Please find attached the material for discussion tomorrow morning.
Thanks,
Keley

WEEKLY RATE MITIGATION IMPLEMENTATION GROUP
April 25, 2017

Agenda

1) GA Refinancing
    - Legislative Drafting (LSB / Blakes)
    - OPG Update
    - IESO Update
    - OEB Update

2) Other OFHP Initiatives
    - RRRP, OESP and FN (SNAP)
    - Affordability Fund (CRED)
    - ICI (ESPD)

3) Update on Action Items / Policy Matrix

Notes:

Implementation of Ontario's Fair Hydro Plan
Week of April 24, 2017

Item	Key Deliverables / Considerations	Timing / Next Steps
1) Refinancing the Global Adjustment (ESP/IGS)		
• ENERGY, LSB, IESO, OPG, OEB, TBS and MOF	• Legislation / Regulations • Ministry has retained Navigant to prepare a report on long lived assets and associated assessment of value, Ministry to work with OPG to ensure alignment with OPG internal report for its Board • Financing: o How long will IESO hold short term liability (weeks/months); o When and how frequently will OPG purchase the asset from IESO; o OPG trust rating agency review and 3rd party lender market sounding (e.g., cost/term, etc); o OPG to confirm if it is considering more than one SPV/subsidiary; o OPG to explore tax considerations; o OPG to indicate how it would determine interest rate on sub-debt; o OPG working with the Ministries of Energy and Finance on equity injection mechanics, approvals and valuation approach; and o Ministry of Finance and Energy are working with TD on a non-disclosure agreement <u>Recent Action Items</u> **OPG:** • OPG to continue to work with lead banks / rating agencies / OFA on financing issues • OPG to confirm accounting if OFA were to act as lead order on borrowing • OPG to determine who will finance / hold the asset until it goes to the market – IESO/OPG to work together on outstanding issues	• AG briefing on April 19, 2017 (TBD) • April 28, pens down on Legislation • KPMG and E&Y opinions to be provided by May 1 • OPG Board to meet on May 1 for approval (Note: Sub-Committee meetings will occur in advance) • Approval dates: o TB on May 9 2017; and o LRC/Cabinet on May 10, 2017 • Legislation introduced May 11, 2017: o Opposition Briefing (TBD) • Summer 2017 implementation (June/July). OPG preference for July 1 to align with quarter-end

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2) Broadening Rural or Remote Rate Protection (RRRP) (SNAP)		
• ENERGY, LSB and LDCs	• Legislation • Regulation (TBD) <u>Recent Action Items</u> • SNAP to continue to monitor rate hearings for RRRP LDCs • SNAP to collect billing implementation timeline estimates from LDCs • SNAP working with CSD / TBS on allocation for each program (RRRP, OESP, FN Rate and OREC) without executive control on each • Ministry to develop briefing note on why LDCs with RRRP continue to track to OEB for rate increases <u>Considerations</u> • Consideration of revising definitions of RRRP program for broadening to other LDCs and continue to have current structure in place to provide to existing consumers in Algoma and	• April 28, pens down on Legislation • Report back to TB/MBC on May 9, 2017 (TBD) • Implementation of expanded program and reduction in RRRP charge is targeted for July 1 2017

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5) Establishing an Affordability Fund (CRED)		
• ENERGY, IGS, LSB, Blakes, CSD, OPCD, TBS, MOF and H1 (KPMG and Osler)	• TBC/MBC Submission • Declaration of Trust (“Trust Deed”) • Transfer Payment Agreement (TPA) • Administrative Services Agreement (H1-Trust)	**April to May 2017:** • Advisory Committee recommends Board of Trustees by May 31, 2017;

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• ENERGY, LSB, IESO and LDCs	Recent Action Items • Communications finalized TPA with OCC / ESP, CRED and COMMS to consider providing support to CME (outreach with CME ongoing) Considerations • Ongoing outreach with LDCs being undertaken by IESO.	• Report back to TB/MBC on May 9, 2017 • Effective April 2017

Item	Key Deliverables / Considerations	Timing / Next Steps
7) Energy Sector Efficiencies (i.e., Ontario Energy Board and IESO) (SNAP / ESP)		
• ENERGY, LSB, OEB and IESO	**OEB:** • Directive / Letter (TBD) <u>Considerations</u> • Signal efficiencies intent in OEB business plan letter • Work with OEB/LDCs on LTEP document and proposed directive to OEB **IESO:** • Directive / Letter (TBD) <u>Considerations</u> • IESO's stakeholder engagement re Market Renewal is ongoing.	• Continue this work as part of LTEP
8) Additional Initiatives for Small Business and Industrials (i.e., Class B) (ESP)		
• ENERGY, MEDG, MOF, MOECC, MOL and Small Business	• Identify additional opportunities to assist Class B electricity consumers and small and medium sized manufacturers' <u>Recent Action Items</u> • ESP to work with other ministries regarding other measures that can be considered for SMEs <u>Considerations</u> • TBD	• Report back to TBC/MBC and Cabinet in spring 2017 (per Cabinet Minute)
9) Initiatives for Tenants (SNAP)		
• ENERGY and MOH	• Explore ways to provide direct assistance to tenants that are not sub-metered and do not directly benefit under the existing and proposed rate mitigation programs	• Report back to TBC/MBC and Cabinet in fall 2017 (Per Cabinet Minute)

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	Considerations • MHO leading any legislative/regulatory changes needed to have tenants benefit from program. Consider whether benefits are limited to 8% and GA (rather than OESP which is harder to provide to tenants who do not pay their bills). • ENERGY working with MCSS to streamline/automate enrollment for ODSP/OW consumers into OESP.	
10) Stakeholder/Agency Outreach (Communications)		
• ENERGY	• Minister's letters to: o Ratepayers; o LDCs; o Business (e.g., OCC, CME, Concerned Manufactures, etc); and o Agencies (i.e., IESO, OPG, OEB and H1)	• Early-mid March
11) Engagement with Officers of the Legislature		
• ENERGY, MOF/OFA, Financial Accountability Officer (FAO)	• Provide FAO staff with a technical briefing on the OFHP	• March 9, 2017: Preliminary discussion • March 14, 2017: Letter received requesting additional information by March 24, 2017 • March 31, 2017: Ministry submitted responsive materials
• ENERGY, MOF/OFA, Auditor General (AG)	• Provide the AG with a technical briefing on the OFHP Recent Action Items • Provide AG technical briefing presentation used in media lock-up on OFHP in advance of the technical briefing	• Preliminary discussion on April 19, 2017 (TBD)

Item	Key Deliverables / Considerations	Timing / Next Steps
12) Bill Presentment (SNAP/LSB)		
• ENERGY	• Ministry to begin work on bill presentment <u>Recent Action Items</u> • MO to clarify bill presentment expectations with PO (Bill inserts will be ready for July 1 with bill redesign to occur in the Fall) • Ministry to develop deck on bill presentment with high level slides on legislation	• Initial discussion on March 31, 2017

From:	Gadi Mayman
To:	Ken Kandeepan; Mike Manning; Ronald Kwan
Cc:	Gavin He; Anna Strathy
Subject:	FW: Rate Mitigation Implementation Meeting - April 25, 2017
Date:	Monday, April 24, 2017 5:02:03 PM
Attachments:	Agenda_Weekly Rate Mitig Implmentation Group_April 25.docx Consolidated - OFHP Matrix - Week of April 24.docx

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From: Katona, Keley (ENERGY) [mailto:Keley.Katona@ontario.ca]
Sent: Monday, April 24, 2017 5:02 PM
To: Steen Hume (CAB) ; Kaili Sermat-Harding (ENERGY) ; Michael Reid (ENERGY) ; Carolyn Calwell (MCSS) ; Scott Nelms (ENERGY) ; 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com) ; HARTWICK Ken - FINANCE (ken.hartwick@opg.com) ; Rosemaire Leclair ; Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca) ; Campbell, Bruce (bruce.campbell@ieso.ca) ; Kim Marshall (Kim.Marshall@ieso.ca) ; Scott Thompson (CAB) ; Helen Angus (MOHLTC) ; Steven Davidson (MTCS) ; 'Martine Band' ; 'CROZZOLI Carlo -CBUSDEV&STRT' ; Gadi Mayman ; LEE John -TREASURY
Cc: Serge Imbrogno (ENERGY) ; Andrew Teliszewsky (ENERGY) ; Matt Whittington (ENERGY) ; Baker, Carys (ENERGY) ; Kyle MacIntyre (MOF) ; David McLean (MOF) ; Robert Foster (MOF) ; jordan.penic@ieso.ca; 'sarah.branco@ontarioenergyboard.ca' ; Turnevicius, Lorraine ; catriona.king@opg.com; Francesca Bungaro-Yemec (ENERGY) ; Martin Schlaepfer (MOF)
Subject: Rate Mitigation Implementation Meeting - April 25, 2017

Good afternoon,
Please find attached the material for discussion tomorrow morning.
Thanks,
Keley

WEEKLY RATE MITIGATION IMPLEMENTATION GROUP
April 25, 2017

Agenda

1) GA Refinancing
    - Legislative Drafting (LSB / Blakes)
    - OPG Update
    - IESO Update
    - OEB Update

2) Other OFHP Initiatives
    - RRRP, OESP and FN (SNAP)
    - Affordability Fund (CRED)
    - ICI (ESPD)

3) Update on Action Items / Policy Matrix

Notes:

Implementation of Ontario's Fair Hydro Plan
Week of April 24, 2017

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From: Anna Strathy
To: Ronald Kwan; Ken Kandeepan; Carlos Yep; Mike Manning
Cc: Gavin He
Subject: FW: Rate Mitigation Implementation Meeting - August 10, 2017
Date: Friday, August 11, 2017 10:16:00 AM
Attachments: Action Items_Aug 10_Final.docx

Good morning,

As you may know, coming out of the Rate Mitigation meeting yesterday with Energy, it was decided that TB/MBC will need to decide on the Provincial Guarantee. OFA has been tasked with preparing a Treasury Board submission that will track to TB/Cabinet on September 12th/13th (see attached Action Items).

I'm going to develop a first draft of the submission and circulate it to this group next week for comment. After the first round of comments, I'll recirculate to a wider group, including Scott Nelms' team and OPCD. To assist in my preparation of the submission, could I ask you to **send me any materials you have on the Provincial Guarantee** – latest term sheet, briefing notes, decks, etc.?

Mike, I know you're away next week, so if there's anything in particular that you think TB/MBC should be made aware of with respect to the decision on the guarantee, please let me know and I'll make sure it's incorporated into the submission.

Many thanks and happy to discuss.

Anna

From: Gadi Mayman
Sent: Thursday, August 10, 2017 7:05 PM
To: Ronald Kwan
Cc: Anna Strathy ; Gavin He
Subject: Fw: Rate Mitigation Implementation Meeting - August 10, 2017

From: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Sent: Thursday, August 10, 2017 6:49 PM
To: Steen Hume (CAB); Kaili Sermat-Harding (ENERGY); Carolyn Calwell (MCSS); Scott Nelms (ENERGY); ''jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Scott Thompson (CAB); Helen Angus (MOHLTC); Steven Davidson (MTCS); 'CROZZOLI Carlo -CBUSDEV&STRT'; Gadi Mayman; 'LEE John -TREASURY'; Karen Hughes (MGS); Veinot, Cindy (TBS); Keley Katona (ENERGY)
Cc: Serge Imbrogno (ENERGY); Andrew Teliszewsky (ENERGY); Matt Whittington (ENERGY); Baker, Carys (ENERGY); Kyle MacIntyre (MOF); David McLean (MOF); Robert Foster (MOF); 'jordan.penic@ieso.ca'; 'Turnevicius, Lorraine'; 'catriona.king@opg.com'; Francesca Bungaro-Yemec (ENERGY); Feather, Adam (ENERGY); Hilary Cox (ENE); Edwards, Matthew (ENERGY); Patrick Laughton (MOF); David Barrett; Mike Smith (ENERGY)
Subject: RE: Rate Mitigation Implementation Meeting - August 10, 2017

Hi everyone,

Attached are the action items from today's meeting.

Thanks,

Martin

From: Schlaepfer, Martin (ENERGY)
Sent: August 9, 2017 8:19 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Nakahara, Ken (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI); Nelms, Scott (MOF); ''jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB);

'CROZZOLI Carlo -CBUSDEV&STRT'; Mayman, Gadi (OFA); 'LEE John -TREASURY'; Hughes, Karen (TBS); Veinot, Cindy (TBS)
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); MacIntyre, Kyle (TBS); McLean, David (MOF); Foster, Robert (CAB); 'jordan.penic@ieso.ca'; 'Turnevicius, Lorraine'; 'catriona.king@opg.com'; Bungaro-Yemec, Francesca (ENERGY); Feather, Adam (ENERGY); Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Laughton, Patrick (TBS); 'David Barrett'
Subject: Rate Mitigation Implementation Meeting - August 10, 2017
Hi everyone,
Please find attached the material for discussion tomorrow morning.
Thanks,
Martin

Action Items – August 10, 2017

1) GA Refinancing
    - o General Update (OPG / IESO)
        - OPG will go to its Board with OFHP financing plan following direction from the August 16th meeting
    - o Draft Provincial Guarantees for Dealers (OFA/OPG)
        - OPG, TB/OPCD, MOF, OFA and ENEGY had a discussion on proposed approach on August 10th. Additional accounting review is required on proposed approach
        - Note: Initial focus on OPG finiancing will be focused on the Canadian market

2) August 16th Meeting (Provincial Guarantee (PG) Update)
    - OFA will develop proposal summary on the PG for the August 16th meeting
    - TB submission on the PG will track to TB/Cabinet on September 12th/13th. TBS indicated that it would also like the submission to provide a general status update on OFHP

3) AG Update
    - On July 25th, IESO had a special Board meeting on the OFHP that the AG attended

4) Other OFHP Initiatives
    - o RRRP, OESP and FN (SNAP)
    - o Affordability Fund (CRED)
        - Trustees have a call on August 11th

From:	Gadi Mayman
To:	Ronald Kwan; Ken Kandeepan; Mike Manning
Cc:	Gavin He; Anna Strathy
Subject:	FW: Rate Mitigation Implementation Meeting - June 22, 2017
Date:	Friday, June 23, 2017 10:34:27 AM
Attachments:	Action Items_June 22.docx

From: Schlaepfer, Martin (ENERGY) [mailto:Martin.Schlaepfer@ontario.ca]
Sent: Friday, June 23, 2017 10:34 AM
To: Steen Hume (CAB) ; Kaili Sermat-Harding (ENERGY) ; Michael Reid (ENERGY) ; Carolyn Calwell (MCSS) ; Scott Nelms (ENERGY) ; ''jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)' ; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)' ; 'Rosemaire Leclair' ; 'Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca)' ; 'Kim Marshall (Kim.Marshall@ieso.ca)' ; Scott Thompson (CAB) ; Helen Angus (MOHLTC) ; Steven Davidson (MTCS) ; 'Martine Band' ; 'CROZZOLI Carlo -CBUSDEV&STRT' ; Gadi Mayman ; 'LEE John -TREASURY' ; Karen Hughes (MGS) ; Veinot, Cindy (TBS) ; Evans, Karen (ENERGY)
Cc: Serge Imbrogno (ENERGY) ; Andrew Teliszewsky (ENERGY) ; Matt Whittington (ENERGY) ; Baker, Carys (ENERGY) ; Kyle MacIntyre (MOF) ; David McLean (MOF) ; Robert Foster (MOF) ; 'jordan.penic@ieso.ca' ; 'sarah.branco@ontarioenergyboard.ca' ; 'Turnevicius, Lorraine' ; 'catriona.king@opg.com' ; Francesca Bungaro-Yemec (ENERGY) ; Feather, Adam (ENERGY) ; Hilary Cox (ENE) ; Matthew Kitchen (ENERGY) ; Patrick Laughton (MOF) ; David Barrett
Subject: RE: Rate Mitigation Implementation Meeting - June 22, 2017

Hi everyone,

Attached are the action items from yesterday's meeting.

Thanks,

Martin

From: Schlaepfer, Martin (ENERGY)
Sent: June 21, 2017 8:39 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Reid, Michael (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI); Nelms, Scott (MOF); ''jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Rosemaire Leclair'; 'Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); 'Martine Band'; 'CROZZOLI Carlo -CBUSDEV&STRT'; Mayman, Gadi (OFA); 'LEE John -TREASURY'; Hughes, Karen (TBS); Veinot, Cindy (TBS)
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); MacIntyre, Kyle (TBS); McLean, David (MOF); Foster, Robert (CAB); 'jordan.penic@ieso.ca'; 'sarah.branco@ontarioenergyboard.ca'; 'Turnevicius, Lorraine'; 'catriona.king@opg.com'; Bungaro-Yemec, Francesca (ENERGY); Feather, Adam (ENERGY); Cox, Hilary (ENERGY); Kitchen, Matthew (ENERGY); Laughton, Patrick (TBS); David Barrett
Subject: Rate Mitigation Implementation Meeting - June 22, 2017

Good evening,

Please find attached the material for discussion tomorrow morning.

Thanks,

Martin

Action Items – June 22

1) OFHP Ads
    - Ad to be shown at Cab – Communication product to be included in submission

2) GA Refinancing
    - Regulation (Energy / All)
        - Next turn going out this morning
        - Ministry finalizing drafts of submissions to share with TBS/Cab
        - TBS would like timing of report backs

    - Critical Path Updates (OPG / IESO / OEB)
        - OPG having discussions (using soft deck) with the rating agencies (DBRS, S&P, Fitch) late next week / early the week after to determine the scope of documents required (legal, program)
            - OPG to provide deck to Ministry
        - OPG/IESO accountants and laywers meeting to work through accounting issue on the need for revenue to pay interest and fees in the period when clean energy adjustments cannot be charged to rate payers
            - OPG/IESO to report back
        - OPG legal agreements in progress
            - OPG to provide a detailed list of legal agreements to Ministry
        - OEB releasing RPP prices June 22, 2017 / Noon, as well as RRRP amounts

    - Business Item Upates (OFA / IGS)
        - Ministry has provided answers on MOF's questions on the Board indemnities
            - Ministry to submit formal (transmittal memo) Section 28 submission
            - MOF to brief its Minister on Wedensday to get Section 28 approval
            - Minister of Energy would then sign indemninities
        - OFA credit OIC going to LRC on June 27th
        - OFA to send comments on the OPG provincial guarantees this week (looking to finalize by end of July)
        - Energy would need to be comfortable with equity injection process, but OFA would coordinate on a montly basis

3) AG
    - Recent Activities / Requests (All)
        - TBS met with AG
        - AG to provide opinion on August 18, 2017
        - AG was going to provide IESO with a document on accounting concerns
            - IESO will be delivering a technical document to its Board by the end of the week
        - KPMG received what IESO believes is a similar document and will be responding to the issues raised

4) Other OFHP Initiatives
    - RRRP, OESP and FN (SNAP)
        - OESP regs are tracking to Cabinet on the 27th
        - MCSS - OESP automatic enrolment TB submission to track in July
        - One LDC may not be able to implement RRRP
    - Affordability Fund (CRED)
        - First meeting of Trustees held on June 21st
        - Key next steps include:
            - Trustees to sign appointment document
            - Trustees to appoint Hydro One as administrator, pending review by Trustees of Administrative Services Agreement
        - Next meeting of Trustees to be scheduled for late July
            - Hydro One to develop strawman of program design considerations for Trustees' review

From:	Anna Strathy
To:	John Psinas; Darren Scanlan; David Cross
Cc:	Usman Zahid; Ken Kandeepan; Mike Manning
Subject:	FW: Review Required: Public Accounts - Media Qs&As (comprehensive)
Date:	Thursday, August 31, 2017 9:59:39 AM
Attachments:	DRAFT_Public Accounts 2016-17 QA_August 30 2017_FOR REVIEW.docx
Importance:	High

Hi All,
Attached are Media Q&As for PA, the timeline for the response is EOD Friday. It looks like there have been a lot of questions added since the ADM signoff on Tuesday.
David, questions 40 and 41 related to credit ratings (also looking confirmation on Q29 stating Ontario being most indebted sub sovereign in the world, which I recall being the case).
Darren, questions 32 and 47 relate to the Hydro rebate plan and the Hydro One sale, I believe that's something you'd take a look at in Francisco's absence?
John as we discussed 29, 30, 31 are IOD related.
Please also take a scan through in case there is anything else not mentioned.
Thanks,
Matt Breadner on behalf of Anna Strathy

From: Laughton, Patrick (TBS) [mailto:Patrick.Laughton@ontario.ca]
Sent: Wednesday, August 30, 2017 6:11 PM
To: Nina Arbabzadeh (EDU) ; Manning, Catalina (TBS) ; Birks, Ryan (MOF) ; Ghufran Tarin (MOF) ; Gavin He ; Anna Strathy
Cc: Hosick, Sarah (TBS)
Subject: FW: Review Required: Public Accounts - Media Qs&As (comprehensive)
Importance: High
Hi everyone –
Sorry for the slow share, been a crazy day. I'm not sure if folks received this through other channels – the email below suggest you may have – but being cautious and ensuring.
Not the timelines to respond by EOD Friday.
Thanks,
P.

From: Tharani, Alisha (TBS)
Sent: August-30-17 1:26 PM
To: Hosick, Sarah (TBS); Laughton, Patrick (TBS)
Cc: Goodwin, David (TBS); Sullivan, Bryant (TBS); Ovenden, Erin (TBS); Doose, Ann (TBS)
Subject: Review Required: Public Accounts - Media Qs&As (comprehensive)
Importance: High
Hi Sarah, Patrick,

In follow-up to the ADM approvals of communications products for Public Accounts yesterday (Aug 29) morning, we have updated our comprehensive media Q&A document.
Please see attached for the comprehensive media Q&A document, which includes "top media questions" (approved by TBS/MOF ADMs yesterday), as well as other questions related to accounting changes, debt, deficit, Trillium Trust, etc. While the document is long, many of the questions re-iterate key information that is included in the already-approved top media questions section.
For your reference, I will also be sending this document to MOF Communications for their review, as

well as to Energy (for questions related to Fair Hydro).
Can you please review the document and **provide your feedback/approval** for the questions relevant to OPCD and OTB **by Friday September 1st end of day**. We appreciate your work on this as we continue to work toward deadlines for DMO/MO approvals.
David- cc-ing you for your review on the Trillium Trust questions in particular (and to confirm will also be sharing this with MOF).
Thank you, and please do not hesitate to let us know if you have any questions.

Best,

Alisha
Alisha Tharani | Corporate Issues Management Analyst
Communications Branch | Treasury Board Secretariat
Ferguson Block, 8th Floor, 77 Wellesley Street West
Toronto, Ontario M7A 1N3
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PUBLIC ACCOUNTS 2016-17
Media Qs & As

August 30, 2017

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- [Placeholder]

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Top Media Qs&As

Top media Qs&As have been approved by TBS & MOF ADMs on August 29, 2017

1. **The Auditor General has issued a qualified opinion for the second year in a row. Is this a sign of fiscal mismanagement?**

   We continue to move forward and present the Province's finances fairly and accurately and in accordance with Canadian Public Sector Accounting Board standards. Ontario has a strong track record of producing high-quality financial reports on a timely basis. The Auditor General's qualified opinion is based on a different interpretation of Public Sector Accounting Board standards for net pension assets and recognition of market accounts.

   Last year there was a disagreement among the Province's professional accounting staff and the Auditor General's Office on the appropriate application of Public Sector Accounting Board standards regarding pension accounting.

   As a result, the Pension Asset Expert Advisory Panel was established to deliver independent advice and recommendations on the issue to the Province.

   The independent panel members concluded the Province's share of the net pension assets of both the Ontario Teachers' Pension Plan and the Ontario Public Service Employees' Union Pension Plan should be recognized in Ontario's financial statements.

   After significant deliberation, including consideration of the recommendations of the panel, Ontario confirmed that the accounting for these plans prior to 2015-16 was appropriate, and are prepared in accordance with public sector accounting standards for pension asset accounting. Further, Ernst & Young LLP provided additional analysis and concluded that no valuation analysis was required for either plan. The 2016-17 financial statements include these pension assets, and we continue to apply the accounting treatment of pension assets that the Province has used consistently since 2001.

   This year the Independent Electricity System Operator (IESO) began recognizing its market accounts' assets (amounts due from power distributors) and liabilities (amounts due to power producers) in their financial results. IESO has chosen to recognize these markets accounts on its books for transparency reasons, as it better reflects its net financial position on behalf of the IESO-administered markets at year-end. This change was supported by the IESO's audit committee, an independent external auditor, and finally by the Office of the Provincial Controller. This change also has no impact to the province's annual deficit, net debt or accumulated deficit.

   This accounting is consistent with the presentation used previously by the Ontario Power Authority (which was merged with the IESO on January 1, 2015)

in its financial statements, which was not subject to qualification from the Office of the Auditor General at that time.

2. The Auditor General is critical of the IESO accounting changes. Is this another example of Ontario's 'funny math'?

No. The Independent Electricity System Operator (IESO) began recognizing its market accounts' assets (amounts due from power distributors) and liabilities (amounts due to power producers) in their financial results. IESO has chosen to recognize these markets accounts on its books for transparency reasons, as it better reflects its net financial position on behalf of the IESO-administered markets at year-end.

Public Sector Accounting Board standards encourage preparers and auditors to consider guidance in other accounting frameworks to address transparency and accountability:

- This accounting change was accepted by the IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in the IESO's annual report which was published online in March 2017.
- Further, this accounting is consistent with the presentation used previously by the Ontario Power Authority (which was merged with the IESO on January 1, 2015) in its financial statements, which was not subject to qualification from the Office of the Auditor General at that time.

This change has no impact to the province's annual deficit, net debt or accumulated deficit.

As such, this accounting change has been supported by the professional accounting staff of the Office of the Provincial Controller.

We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

If pressed on rate-regulated accounting:

The IESO made the decision to adopt rate-regulated accounting because it better reflects the economic substance of certain types of expenses that may not be directly recovered through the normal revenue requirement model.

The IESO, like Hydro One and Ontario Power Generation (OPG), is regulated by the Ontario Energy Board. The IESO adopted rate-regulated accounting for its year ended December 31, 2016. The impact on the financial statements of the

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Province is a decrease of $82 million in the 2016-17 opening accumulated deficit and an increase in the 2016-17 annual deficit by $24 million.

This accounting change was accepted by the IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in the IESO's annual report which was published online in March 2017.

3. Why are you still fighting with the Auditor General over pension accounting?

In preparing last year's Public Accounts, the Province's professional accounting staff and the Auditor General's Office engaged in discussions about the appropriate application of Public Sector Accounting Board standards regarding pension accounting for the Province's jointly sponsored pension plans.

As a result, the Pension Asset Expert Advisory Panel was established to deliver independent advice and recommendations to the Province on the issue. The independent panel members concluded the Province's share of the net pension assets of both the Ontario Teachers' Pension Plan and the Ontario Public Service Employees' Union Pension Plan should be recognized in Ontario's financial statements.

After significant deliberation, including consideration of the recommendations of the panel, Ontario confirmed that the accounting for these plans prior to 2015-16 was appropriate. Further, Ernst & Young LLP provided additional analysis and concluded that no valuation analysis was required for either plan. The 2016-17 financial statements include these pension assets, and we continue to apply the accounting treatment of pension assets that the Province has used consistently since 2001.

We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

4. How were you able to beat your deficit target in 2016-17?

In 2016-17 we maintained our focus on responsible fiscal management and investing in the right priorities. We are making progress on our economic plan by making investments to spur growth, transforming government and responsibly managing spending.

Average annual growth of total government spending has been held to 2.3 per cent for the past five years. As a result of growth in revenue that exceeded growth in program expense, as well as lower than forecast interest on debt, the

deficit is $3.3 billion lower than projected in the 2016 Budget. It is also $0.5 billion lower than the interim projection in the 2017 Budget.

This is the eighth year in a row the government has beaten its deficit target.

5. The government is claiming the deficit has been reduced to $1B deficit for 2016-17 and that the budget will be balanced over the next three years. However, the AG is saying that the deficit for 2016-17 was more than $2B due to the treatment of pension assets, and the FAO has stated that the government's revenue forecast is more than $1B too "optimistic". Isn't the government really hiding a $3-4B deficit instead of a balanced budget?

Commented [AT1]: From MOF; updated Aug 29

There is no hidden deficit. In the *2010 Budget*, the government committed to eliminating the deficit and returning to a balanced budget by 2017-18. Through targeted, measured and fiscally responsible decisions, Ontario has restored its fiscal and economic strength.

Today we are confirming that the 2016-17 deficit of $1 billion is $3.3 billion lower than projected in the 2016 Budget and $0.5 billion lower than the interim projection in the 2017 Ontario Budget. This marks the eighth year in a row that Ontario has beaten its deficit target.

The success in eliminating the deficit is supported by a strong track record in managing spending -- having held average growth in spending to 2.3 per cent over the past five years.

In addition, over the last several years, the government's investments to strengthen economic growth have paid off. Ontario is a leader in economic growth, with our real GDP having outpaced that of all the G7 countries for the last three years. The strengthened economy has resulted in increased revenue for the Province – in fact, over the past two fiscal years, revenue has come in higher than projected, supporting Ontario's return to a balanced budget.

It is also important to point out that private sector forecasters have revised upward their expectations for the Ontario economy since the 2017 Budget, reflecting the growing strength of the Ontario economy. The government is also taking steps to improve tax fairness and address the underground economy in order to ensure the integrity of the Province's revenues.

Finally, Ontario's fiscal plan incorporates prudence in the form of a reserve to protect the fiscal outlook against unforeseen adverse changes in the Province's revenue and expense. The reserve has been set at $0.6 billion in 2017-18, $0.6 billion in 2018-19, and $0.9 billion in 2019-20.

Balancing the budget means that the government can invest more in the programs and services that people rely on.

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6. **Interest on debt is still massive and the Bank of Canada is expected to raise interest rates again this fall. How is the government preparing for this and will this affect your ability to maintain a balanced budget?**

   The increase in the Bank of Canada's policy rate reflects the growing strength of the Canadian and Ontario economy. Ontario's economy remains strong and has continued to grow and create jobs in an uncertain global environment.

   A quarter-point increase in the policy rate is not likely to have a material impact on the Ontario economic outlook. The 2017 Ontario Budget anticipated that the interest rates would rise modestly.

   As noted in the 2017 Budget, the Province's average cost of 10 year borrowing in 2017-18 is forecast to be 3 per cent. The impact of a 100 basis point increase in borrowing rates is forecast to be approximately $300 million. The interest rate forecast used in the Budget was prudent, and anticipated that long-term interest rates would rise as we progressed through the fiscal year.

7. **You claim to have balanced the budget yet you keep piling on more debt. How do you plan to pay down the debt?**

   Commented [AT2]: From MOF/OFA; updated Aug 30

   We maintain a target of reducing the net debt-to-GDP ratio to its pre-recession level of 27 per cent, with current projections showing that this will be achieved by 2029-30. In the balanced 2017 Budget, the government is setting an interim target to reduce the net debt-to-GDP ratio to 35 per cent by 2023–24.

   In a balanced budget environment, debt would be incurred primarily to invest in capital assets. We are making progress on our economic plan by making investments to spur growth, transforming government and responsibly managing spending – including addressing the underground economy and maintaining tax fairness. Our strategic investments in infrastructure provide economic benefits: a recent study by the Centre for Spatial Economics (C4SE) finds that, over the long term, real GDP in Ontario will rise up to $6 on average per one dollar of public infrastructure spending.

   These strategic investments are creating jobs and contributing to economic growth. Ontario's GDP grew one per cent in the first quarter of 2017, outperforming that of Canada, the U.S. and all other G7 countries.

8. **Spending for hospitals, school boards and colleges seems to be much higher in Public Accounts than in the 2017 Budget. Why is this?**

   To increase transparency, this year we have made a simple change to how we are reporting third party revenues for broader public sector organizations.

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For the first time, Public Accounts are presenting third party revenues for hospitals, school boards and colleges with provincial revenue. Third party revenues earned by these organizations, such as tuition fees, patient fees, research grants and donations, are no longer netted against the respective sectors' expenses, as they were in prior years for Public Accounts and the 2017 Budget.

This is simply a presentation change for Public Accounts. It is fiscally neutral, i.e. there is no change to the annual deficit, net debt or accumulated deficit. To ensure consistency in year-to-year and to Budget comparisons, we are reclassifying all previous years and the 2016 Budget. The 2017 Fall Economic Statement and 2018 Budget will also reflect this presentation change.

The Auditor General supports the Province's decision to adopt this presentation change. It is consistent with the accounting principles for governments issued by the Public Sector Accounting Board, and the reporting practices of other senior Canadian governments.

9. The Public Accounts show a drawdown of $260 million from the Trillium Trust. What did you spend the money on?

The government began allocating proceeds from the Trillium Trust in 2016-17 to help support infrastructure initiatives such as GO Regional Express Rail (GO RER), the Hurontario Light Rail Transit (LRT) and the Ontario Community Infrastructure Fund (OCIF).

We expect the Trillium Trust to be drawn down by about an additional $400 million in 2017–18.

Our strategic investments in infrastructure provide economic benefits: a recent study by the Centre for Spatial Economics (C4SE) finds that, over the long term, real GDP in Ontario will rise up to $6 on average per one dollar of public infrastructure spending.

10. Does a qualified opinion impact the Province's credit rating?

The Province's financial results show that the government has once again beaten its annual deficit targets. In April 2017, we delivered our first balanced budget since the global recession and we are on track to do so again next year and the year after.

The rating agencies will assess whether the underlying factors that lead to a qualified opinion directly affect the creditworthiness of the Province. However, there were no credit rating implications in 2016 when the Province received a qualified audit opinion on its 2015-16 Public Accounts.

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In 2017 the C.D. Howe Institute, an independent research organization that assesses the fiscal planning and reporting of governments in Canada, also commented positively on the financial reporting practices of Ontario relating to its fiscal reporting activities that include Public Accounts, the annual Budget and Estimates.

11. The Auditor General has some serious concerns about how you're accounting for the Fair Hydro Plan. What do you say to this?

The accounting for the Fair Hydro Plan is a separate and distinct issue to the Public Accounts for 2016-17 that we're here to talk about today.

However, under the Fair Hydro Plan accounting structure, the Province's net debt and annual surplus/deficit won't be negatively impacted since all costs are expected to be recovered through future rates.

The Ministry of Finance continues to work closely with Treasury Board Secretariat, the Ministry of Energy, Ontario Power Generation (OPG), the Independent Electricity System Operator (IESO) and external advisors to address the outstanding accounting related considerations which will be key to managing the fiscal impact of the Global Adjustment refinancing.

The Auditor General has also been briefed on the government's refinancing structure.

For further questions, I direct you to contact my colleague at the Ministry of Energy.

12. Program spending increased again this year. Why?

Program spending in 2016-17 was $141.7 billion, down $0.1 billion from the 2016 Budget. Average annual growth of total government spending has been held to 2.3 per cent for the past five years.

Healthcare represents the largest share of government program spending at $56 billion. Transformation efforts continue to make the sector more effective and sustainable while continuing to improve access for patients, especially the increased demands from an aging and growing population. The government has invested in new drugs, technologies, community and home care, long term care homes, mental health, physicians' services and specialized cancer treatments.

Other increases include:

- $26.6 billion in education, mainly due to the introduction of full-day kindergarten;

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- $16 billion in children's and social services, due to increased annual social assistance rates as well as investments in developmental services, autism and complex special needs programs, as well as the Ontario Child Benefit;
- $10.1 billion in post-secondary and training, due to enrolment growth in colleges and universities along with increased student financial assistance programs and increases in capital funding for post-secondary institutions;
- $4.6 billion in justice sector expenses due mainly to the upload of court security costs from municipalities, compensation for the Ontario Provincial Police and correctional services programs, as well as improved access to legal aid.

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Media Qs&As – Comprehensive List

General Public Accounts Information

1. **What is Public Accounts?**

   The Public Accounts of Ontario is a key accountability and transparency document in the government's financial cycle. It's a look back that compares Ontario's actual performance to what was planned in the Budget.

   The Public Accounts present the financial statements of the Province, provide financial highlights of the past fiscal year, and report on performance in priority areas.

   Public Accounts is audited by the Auditor General and is typically released in the fall of the following fiscal year.

2. **Why can't I find some organizations' financial statements in the Public Accounts?**

   Volume 2 contains the individual financial statements of government organizations, business enterprises and other financial statements. At the time of print, some organizations may not have had time to provide their financial statements. When this happens, we post them to Ontario.ca/publicaccounts as soon as they're available. The omission has no impact on the financial results reported in Public Accounts.

Accounting Changes

3. **Why have you restated prior year's financial statements?**

   When preparing the 2016-17 Public Accounts, Ontario's professional accounting staff adopted accounting changes to further enhance accountability and transparency.

   These changes include:
   a. **Accounting for hospitals, school boards and colleges** - third-party revenues (i.e. tuition fees, patient fees, research grants and donations) are now reported together with provincial revenue. This change increases transparency and is supported by the Auditor General.
   b. **Accounting for energy sector government business enterprises** - the financial results of investments in Hydro One and Ontario Power Generation (OPG) now reflect International Financial Reporting Standards. Previously, these results were reported using U.S. Generally Accepted Accounting Principles. This change was made to meet Public Sector Accounting Board standards and is supported by the Auditor General.

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c. **Accounting for the Independent Electricity System Operator (IESO)** - the IESO has adopted rate-regulated accounting, and is now recognizing its market accounts assets and liabilities in its financial results.
d. **Accounting for net pension assets of jointly sponsored pension plans** - the Province is reporting net pension assets for jointly sponsored pension plans. This is in line with Public Sector Accounting Board standards and the recommendations of the independent Pension Asset Expert Advisory Panel.

- **Broader Public Sector Accounting Presentation Change**

4. Spending for hospitals, school boards and colleges seems to be much higher in Public Accounts than in the 2017 Budget. Why is this?
(Has been approved by TBS & MOF ADMs on August 29, 2017)

Commented [AT3]: Top Ten; updated Aug 29

To increase transparency, this year we have made a simple change to how we are reporting third party revenues for broader public sector organizations.

For the first time, Public Accounts are presenting third party revenues for hospitals, school boards and colleges with provincial revenue. Third party revenues earned by these organizations, such as tuition fees, patient fees, research grants and donations, are no longer netted against the respective sectors' expenses, as they were in prior years for Public Accounts and the 2017 Budget.

This is simply a presentation change for Public Accounts. It is fiscally neutral, i.e. there is no change to the annual deficit, net debt or accumulated deficit. To ensure consistency in year-to-year and to Budget comparisons, we are reclassifying all previous years and the 2016 Budget. The 2017 Fall Economic Statement and 2018 Budget will also reflect this presentation change.

The Auditor General supports the Province's decision to adopt this presentation change. It is consistent with the accounting principles for governments issued by the Public Sector Accounting Board, and the reporting practices of other senior Canadian governments.

5. What is consolidated reporting?

This presentation change may also be referred to as line-by-line consolidated reporting. This type of reporting is a more transparent way of presenting the details in the Broader Public Sector (BPS).

This change means that both expenses and revenues will be shown as separate items (on a gross basis), as opposed to being reported together (on a net basis).This affects what you see in the reporting breakdown of figures for hospitals, school boards, colleges and universities. However this has no impact to the annual deficit, net debt or accumulated deficit.

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Line-by-line consolidated reporting is in keeping with Public Sector Accounting Board standards and will mean that our presentation for Public Accounts is consistent with other governments across Canada. The Auditor General is supportive of this change.

- ## Ontario Power Generation and Hydro One Accounting Change

6. Why is there a change to the accounting for Ontario Power Generation (OPG) and Hydro One?

In the 2016-17 Public Accounts, the financial results of Ontario's investments in Hydro One and Ontario Power Generation (OPG) now reflect International Financial Reporting Standards. Previously, these results were reported using U.S. Generally Accepted Accounting Principles. This change was made to meet Public Sector Accounting Board requirements and is supported by the Auditor General.

7. What is the impact of this change to their bottom line?

Energy and OPCD to provide details

- ## Pension Asset Accounting

See section: Auditor General – Qualified Opinion for more information.

- ## Independent Electricity System Operator (IESO) Accounting Changes

8. What accounting changes were made by the Independent Electricity System Operator (IESO)? Why?

Commented [AT4]: Updated Aug 29 using content approved byTBS/MOF ADMs

The Independent Electricity System Operator (IESO) began recognizing its market accounts' assets (amounts due from power distributors) and liabilities (amounts due to power producers) in their financial results. IESO has chosen to recognize these markets accounts on its books for transparency reasons, as it better reflects its net financial position on behalf of the IESO-administered markets at year-end.

The IESO also made the decision to adopt rate-regulated accounting because it better reflects the economic substance of certain types of expenses that may not be directly recovered through the normal revenue requirement model.

This accounting change was accepted by the IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in the IESO's 2016 annual report which was published online in March 2017.

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See section: Auditor General – Qualified Opinion for more information.

Auditor General – Qualified Opinion

9. The Auditor General has issued a qualified opinion for the second year in a row. Is this a sign of fiscal mismanagement?
(Has been approved by TBS & MOF ADMs on August 29, 2017)

Commented [AT5]: Top Question; updated Aug 29

We continue to move forward and present the Province's finances fairly and accurately and in accordance with Canadian Public Sector Accounting Board standards. Ontario has a strong track record of producing high-quality financial reports on a timely basis. The Auditor General's qualified opinion is based on a different interpretation of Public Sector Accounting Board standards for net pension assets and recognition of market accounts.

Last year there was a disagreement among the Province's professional accounting staff and the Auditor General's Office on the appropriate application of Public Sector Accounting Board standards regarding pension accounting. As a result, the Pension Asset Expert Advisory Panel was established to deliver independent advice and recommendations on the issue to the Province.

The independent panel members concluded the Province's share of the net pension assets of both the Ontario Teachers' Pension Plan and the Ontario Public Service Employees' Union Pension Plan should be recognized in Ontario's financial statements.

After significant deliberation, including consideration of the recommendations of the panel, Ontario confirmed that the accounting for these plans prior to 2015-16 was appropriate, and are prepared in accordance with public sector accounting standards for pension asset accounting. Further, Ernst & Young LLP provided additional analysis and concluded that no valuation analysis was required for either plan. The 2016-17 financial statements include these pension assets, and we continue to apply the accounting treatment of pension assets that the Province has used consistently since 2001.

This year the Independent Electricity System Operator (IESO) began recognizing its market accounts' assets (amounts due from power distributors) and liabilities (amounts due to power producers) in their financial results. IESO has chosen to recognize these markets accounts on its books for transparency reasons, as it better reflects its net financial position on behalf of the IESO-administered markets at year-end. This change was supported by the IESO's audit committee, an independent external auditor, and finally by the Office of the Provincial Controller. This change also has no impact to the province's annual deficit, net debt or accumulated deficit.

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This accounting is consistent with the presentation used previously by the Ontario Power Authority (which was merged with the IESO on January 1, 2015) in its financial statements, which was not subject to qualification from the Office of the Auditor General at that time.

10. **This year it's IESO accounting. Last year it was pension assets. Before that it was government advertising. Why are you still fighting with the Auditor General? This seems to be a pattern of behavior where you try and undermine her authority.**

    Our government has the utmost respect for all independent officers of the legislature, and we value the important perspective they bring.

- **Pension Asset Accounting**

11. **Why are you still fighting with the Auditor General over pension accounting?**
    (Has been approved by TBS & MOF ADMs on August 29, 2017)

    In preparing last year's Public Accounts, the Province's professional accounting staff and the Auditor General's Office engaged in discussions about the appropriate application of Public Sector Accounting Board standards regarding pension accounting for the Province's jointly sponsored pension plans.

    As a result, the Pension Asset Expert Advisory Panel was established to deliver independent advice and recommendations to the Province on the issue. The independent panel members concluded the Province's share of the net pension assets of both the Ontario Teachers' Pension Plan and the Ontario Public Service Employees' Union Pension Plan should be recognized in Ontario's financial statements.

    After significant deliberation, including consideration of the recommendations of the panel, Ontario confirmed that the accounting for these plans prior to 2015-16 was appropriate. Further, Ernst & Young LLP provided additional analysis and concluded that no valuation analysis was required for either plan. The 2016-17 financial statements include these pension assets, and we continue to apply the accounting treatment of pension assets that the Province has used consistently since 2001.

    We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

12. **What was the panel's rationale for its decision?**

Commented [AT6]: Top Question; updated Aug 29

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The Pension Asset Expert Advisory Panel recommended that the Province's share of the net pension assets of both the Ontario Teachers' Pension Plan (OTPP) and the Ontario Public Service Employees Union Pension Plan (OPSEUPP) should be recognized as an asset in Ontario's financial statements.

The panel said that:

- Recognizing the asset will provide a faithful representation of the Province's financial position.
- The accounting surplus in the plan has a future economic benefit.
- The government controls access to that accounting surplus.
- The accounting surplus exists as the result of past transactions and events.
- It would be misleading not to recognize the Province's share of the assets in Public Accounts.

In addition, the panel concluded that the government will be able to benefit from the full amount of each net pension asset, and as a result, no reduction in the value is necessary.

Ernst & Young LLP provided additional analysis and concluded that no valuation analysis was required for either plan, confirming the independent panel's recommendation.

13. The Auditor General was critical of the panel's authority and credibility. What's your response to this?

The panel members are all highly-qualified experts in their field. They were carefully chosen for their expertise in the areas of jointly sponsored pension plans, actuarial modelling for pension plans and public sector accounting standards:

- **Patricia O'Malley (panel chair)** is a Chartered Professional Accountant. She has been a member of the Canadian Accounting Standards Oversight Council since 2013, was Chair of the Canadian Accounting Standards Board and was a member of the International Accounting Standards Board from 2001 to 2007.
- **Murray Gold** is a leading legal practitioner and senior pension and benefits partner at Koskie Minsky LLP.
- **Uros Karadzic** is a senior actuary at Ernst and Young's People Advisory Services Reward practice, which includes pension, benefit and compensation consulting.

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- **Paul Martin** is a Chartered Professional Accountant, Comptroller with the Government of New Brunswick and previously a partner with the national accounting firm of Grant Thornton LLP.

The panel was completely independent from government, and arrived at its advice based on its own analysis of this complex issue.

14. How much did you pay the panel members? Do you think that money was justified?

The total cost of the panel was $221,113. This included compensation and travel expenses for the four panelists, as well as procurement. These rates are consistent with the Agencies and Appointments Directive, which specified up to $2,000 per day for appointees with unique and specialized expertise, or urgent issues affecting government priorities and requiring intense time commitments over a short period of time.

Commented [AT7]: Need to confirm with OPCD

The panel members have expertise in the areas of jointly sponsored pension plan governance, actuarial modelling for pension plans and public sector accounting standards, and provided independent advice on how to move forward with how Public Sector Accounting Board standards should be applied to current and potential future net pension assets.

• IESO Accounting

15. The Auditor General is critical of the IESO accounting changes. Is this another example of Ontario's 'funny math'?
(Has been approved by TBS & MOF ADMs on August 29, 2017)

Commented [AT8]: Top Question; updated Aug 29

No. The Independent Electricity System Operator (IESO) began recognizing its market accounts' assets (amounts due from power distributors) and liabilities (amounts due to power producers) in their financial results. IESO has chosen to recognize these markets accounts on its books for transparency reasons, as it better reflects its net financial position on behalf of the IESO-administered markets at year-end.

Public Sector Accounting Board standards encourage preparers and auditors to consider guidance in other accounting frameworks to address transparency and accountability:

- This accounting change was accepted by the IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These

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accounting changes were highlighted in the IESO's annual report which was published online in March 2017.

- Further, this accounting is consistent with the presentation used previously by the Ontario Power Authority (which was merged with the IESO on January 1, 2015) in its financial statements, which was not subject to qualification from the Office of the Auditor General at that time.

This change has no impact to the province's annual deficit, net debt or accumulated deficit.

As such, this accounting change has been supported by the professional accounting staff of the Office of the Provincial Controller.

We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

If pressed on rate-regulated accounting:

The IESO made the decision to adopt rate-regulated accounting because it better reflects the economic substance of certain types of expenses that may not be directly recovered through the normal revenue requirement model.

The IESO, like Hydro One and Ontario Power Generation (OPG), is regulated by the Ontario Energy Board. The IESO adopted rate-regulated accounting for its year ended December 31, 2016. The impact on the financial statements of the Province is a decrease of $82 million in the 2016-17 opening accumulated deficit and an increase in the 2016-17 annual deficit by $24 million.

This accounting change was accepted by the IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in the IESO's annual report which was published online in March 2017.

16. What is the Auditor General's argument with these changes?

Commented [AT9]: Updated Aug 29 using content approved byTBS/MOF ADMs

The Auditor General claims that the change to the IESO's accounting policy to recognize market account assets and liabilities is inappropriate, as these market accounts are not assets and liabilities of the Province.

However, the IESO has chosen to recognize these markets accounts on its books for transparency reasons, as it better reflects its net financial position on behalf of the IESO-administered markets at year-end.

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Public Sector Accounting Board standards encourage preparers and auditors to consider guidance in other accounting frameworks to address transparency and accountability:

- This accounting change was accepted by the IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in the IESO's annual report which was published online in March 2017.
- Further, this accounting is consistent with the presentation used previously by the Ontario Power Authority (which was merged with the IESO on January 1, 2015) in its financial statements, which was not subject to qualification from the Office of the Auditor General at that time.

This change has no impact to the province's annual deficit, net debt or accumulated deficit.

As such, this accounting change has been supported by the professional accounting staff of the Office of the Provincial Controller.

We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

17. Between IESO and the pension issue from last year it seems like you just make up new rules when you don't like what you hear from the Auditor General. How do you respond to that?

We continue to move forward and present the Province's finances fairly and accurately and in accordance with Canadian Public Sector Accounting Board standards. Ontario has a strong track record of producing high-quality financial reports on a timely basis. The Auditor General's qualified opinion is based on a different interpretation of Public Sector Accounting Board standards for net pension assets and recognition of market accounts.

In many cases the application of accounting standards requires professional judgment. The Province's professionally accredited accounting staff are highly qualified practitioners, with a high degree of expertise in their field. A difference of opinion on the interpretation of accounting standards is not unique to this situation. Other jurisdictions have also experienced differences of opinion between preparers and auditors on complex accounting matters.

Commented [AT10]: Need OPCD to provide examples of jurisdictions.

18. Will you strike an expert panel to study to IESO issue, like you did last year for pension accounting?

We have no plans to establish a panel at this time.

The changes made to the IESO accounting were accepted by the IESO's audit committee, board of directors, and their independent external auditor. These changes were outlined in the IESO's 2016 annual report, which was published in March 2017. The Office of the Provincial Controller supports these changes.

19. Your reasons for change are yet again at odds with the Auditor General. Why should we believe you, when she is an independent officer of the legislature?

The Auditor General's responsibility is to conduct an independent audit and provide her audit opinion based on her own professional judgment. A difference of opinion on the interpretation of accounting standards is not unique to this situation. Other jurisdictions have also experienced differences of opinion between preparers and auditors on complex accounting matters.

Commented [AT11]: Need OPCD to provide examples of jurisdictions.

- **Fair Hydro Accounting (Other Matters)**

20. The Auditor General alleges the government withheld information from her on the accounting treatment for the Fair Hydro Plan. Why would she say that?

First, I would note that the accounting for the Fair Hydro Plan is separate and distinct from the Public Accounts we're here to talk about today.

Having said that, we respectfully disagree with the Auditor General's claim that the government withheld information from her or her office.

In March, the Ministry of Energy provided the Auditor General's Office with Cabinet documents from February and March related to the Fair Hydro Plan. These documents together provided a comprehensive overview of all elements of the plan that were known at that time, including accounting memos from both the Independent Electricity System Operator (IESO) and Ontario Power Generation (OPG).

On April 19, 2017, senior ministry officials from Treasury Board Secretariat, Finance and Energy met with the Auditor General and her staff to provide a briefing on the accounting for the Fair Hydro Plan.

Since that April 19 briefing, ministry officials from Treasury Board Secretariat have met with the Auditor General several times. At each meeting, officials included the Fair Hydro Plan and IESO accounting on the agenda. However, in each case the Auditor declined those requests to discuss this issue with her.

21. The Auditor General has some serious concerns about how you're accounting for the Fair Hydro Plan. What do you say to this?
(Has been approved by TBS & MOF ADMs on August 29, 2017)

Commented [AT12]: Top Question; updated Aug 29

The accounting for the Fair Hydro Plan is a separate and distinct issue to the Public Accounts for 2016-17 that we're here to talk about today.

However, under the Fair Hydro Plan accounting structure, the Province's net debt and annual surplus/deficit won't be negatively impacted since all costs are expected to be recovered through future rates.

The Ministry of Finance continues to work closely with Treasury Board Secretariat, the Ministry of Energy, Ontario Power Generation (OPG), the Independent Electricity System Operator (IESO) and external advisors to address the outstanding accounting related considerations which will be key to managing the fiscal impact of the Global Adjustment refinancing.

The Auditor General has also been briefed on the government's refinancing structure.

For further questions, I direct you to contact my colleague at the Ministry of Energy.

22. Why did you set up the Fair Hydro Plan accounting in this way?

Again, I would note that the accounting for the Fair Hydro Plan is separate and distinct from the Public Accounts we're here to talk about today.

However, in order to meet the needs of users, including the legislature and the public, for accountability in government reporting and decision making, it is essential that public sector financial statements reflect the economic substance of the government's activities.

All of the agreements necessary for the Global Adjustment (GA) Refinancing are not yet complete. The final accounting for the GA Refinancing will be completed once all of the elements are complete.

In analyzing the appropriate accounting treatment for the GA refinancing component of the Fair Hydro Plan on the province's consolidated financial statements in 2017-18 and forward, the province considered authoritative guidance issued by the Public Sector Accounting Board, as well as the accounting assessments of the Independent Electricity System Operator (IESO) and Ontario Power Generation (OPG) management, including the accounting opinions of their external auditors.

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The complexity and unique structure of the GA Refinancing structure requires the use of professional judgment to ensure that key financial reporting objectives of transparency and accountability are best served.

Any further questions about the Fair Hydro Plan should be directed to my colleague the Minister of Energy.

Ontario's Fiscal Position

- **Balanced Budget**

23. The government is claiming the deficit has been reduced to $1B deficit for 2016-17 and that the budget will be balanced over the next three years. However, the AG is saying that the deficit for 2016-17 was more than $2B due to the treatment of pension assets, and the FAO has stated that the government's revenue forecast is more than $1B too "optimistic". Isn't the government really hiding a $3-4B deficit instead of a balanced budget? *(Information provided by MOF on August 29, 2017)*

Commented [AT13]: Top Question; updated Aug 29

There is no hidden deficit. In the *2010 Budget*, the government committed to eliminating the deficit and returning to a balanced budget by 2017-18. Through targeted, measured and fiscally responsible decisions, Ontario has restored its fiscal and economic strength.

Today we are confirming that the 2016-17 deficit of $1 billion is $3.3 billion lower than projected in the 2016 Budget and $0.5 billion lower than the interim projection in the 2017 Ontario Budget. This marks the eighth year in a row that Ontario has beaten its deficit target.

The success in eliminating the deficit is supported by a strong track record in managing spending -- having held average growth in spending to 2.3 per cent over the past five years.

In addition, over the last several years, the government's investments to strengthen economic growth have paid off. Ontario is a leader in economic growth, with our real GDP having outpaced that of all the G7 countries for the last three years. The strengthened economy has resulted in increased revenue for the Province – in fact, over the past two fiscal years, revenue has come in higher than projected, supporting Ontario's return to a balanced budget.

It is also important to point out that private sector forecasters have revised upward their expectations for the Ontario economy since the 2017 Budget, reflecting the growing strength of the Ontario economy. The government is also

taking steps to improve tax fairness and address the underground economy in order to ensure the integrity of the Province's revenues.

Finally, Ontario's fiscal plan incorporates prudence in the form of a reserve to protect the fiscal outlook against unforeseen adverse changes in the Province's revenue and expense. The reserve has been set at $0.6 billion in 2017-18, $0.6 billion in 2018-19, and $0.9 billion in 2019-20.

Balancing the budget means that the government can invest more in the programs and services that people rely on.

24. The Financial Accountability Office (FAO) just released a commentary saying your balanced budget is in question because it's based on optimistic revenue forecasts. Will you decrease spending or increase taxes to make up for this potential shortfall?

The government stands by the revenue forecast presented in the 2017 Budget. As recently presented in the 2017-18 First Quarter Finances, revenues are on track and the government is continuing to project a balanced budget in 2017-18.

Taxation revenue growth projected in the 2017 Budget aligns with growth actually experienced in recent years.

The government builds prudence into its economic forecast. Since the time of the 2017 Budget, private sector forecasters have revised up their economic growth projections for Ontario over the 2017-20 period, reflecting the strength in the Ontario economy.

25. How were you able to beat your deficit target in 2016-17?
(Has been approved by TBS & MOF ADMs on August 29, 2017)

Commented [AT14]: Top Question; updated Aug 29

In 2016-17 we maintained our focus on responsible fiscal management and investing in the right priorities. We are making progress on our economic plan by making investments to spur growth, transforming government and responsibly managing spending.

Average annual growth of total government spending has been held to 2.3 per cent for the past five years. As a result of growth in revenue that exceeded growth in program expense, as well as lower than forecast interest on debt, the deficit is $3.3 billion lower than projected in the 2016 Budget. It is also $0.5 billion lower than the interim projection in the 2017 Budget.

This is the eighth year in a row the government has beaten its deficit target.

26. You beat your deficit targets again. Aren't you just padding your estimates so you can beat them at the end of the day?

No. The government's fiscal projections are based on the best economic and fiscal information available at the time. They reflect a realistic and responsible plan to manage the Province's resources, while still protecting the vital services that Ontarians rely on.

Beating our deficit targets helps to keep interest on debt at a manageable level and protects future generations from rising interest costs, which could otherwise crowd out spending on government priorities.

The government recognizes that a fiscally sound approach to managing the Province's finances will provide the foundation for the long-term well-being and prosperity of Ontarians, and protect the public services that Ontarians rely on.

- **Debt**

27. You claim to have balanced the budget yet you keep piling on more debt. How do you plan to pay down the debt?
(Provided by MOF/OFA on August 30, 2017)

Commented [AT15]: Top Question; Updated by MOF/OFA Aug 30

We maintain a target of reducing the net debt-to-GDP ratio to its pre-recession level of 27 per cent, with current projections showing that this will be achieved by 2029-30. In the balanced 2017 Budget, the government is setting an interim target to reduce the net debt-to-GDP ratio to 35 per cent by 2023–24.

In a balanced budget environment, debt would be incurred primarily to invest in capital assets. We are making progress on our economic plan by making investments to spur growth, transforming government and responsibly managing spending – including addressing the underground economy and maintaining tax fairness. Our strategic investments in infrastructure provide economic benefits: a recent study by the Centre for Spatial Economics (C4SE) finds that, over the long term, real GDP in Ontario will rise up to $6 on average per one dollar of public infrastructure spending.

These strategic investments are creating jobs and contributing to economic growth. Ontario's GDP grew one per cent in the first quarter of 2017, outperforming that of Canada, the U.S. and all other G7 countries.Interest on Debt

28. Interest on debt is still massive and the Bank of Canada is expected to raise interest rates again this fall. How is the government preparing for this and will this affect your ability to maintain a balanced budget?

Commented [AT16]: Top Question; updated Aug 29

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(Has been approved by TBS & MOF ADMs on August 29, 2017)

The increase in the Bank of Canada's policy rate reflects the growing strength of the Canadian and Ontario economy. Ontario's economy remains strong and has continued to grow and create jobs in an uncertain global environment.

A quarter-point increase in the policy rate is not likely to have a material impact on the Ontario economic outlook. The 2017 Ontario Budget anticipated that the interest rates would rise modestly,

As noted in the 2017 Budget, the Province's average cost of 10 year borrowing in 2017-18 is forecast to be 3 per cent. The impact of a 100 basis point increase in borrowing rates is forecast to be approximately $300 million. The interest rate forecast used in the Budget was prudent, and anticipated that long-term interest rates would rise as we progressed through the fiscal year.

29. The government is paying an enormous amount of money just paying the interest on its debt. How are you addressing this?

Interest on debt expense was $11.7 billion, which was $0.7 billion below the plan of $12.4 billion, due mainly to lower-than-forecast interest rates, and cost-effective borrowing and debt management.

While interest costs have grown in absolute terms, they have steadily fallen as a percentage of Ontario's revenues since 2013-14. The interest on debt-to-revenue ratio is now at its lowest level from the peak of 15.5 per cent in 1999-2000.

Interest on debt-to-revenue is forecast to have been 8.4 per cent for 2016–17. This ratio is the lowest it has been in 25 years. It is forecast to decline to 8.2 per cent in 2017-18 and remain low throughout the outlook period to 2019–20.

We incurred increases to Ontario's debt during the recession for two reasons: to finance deficits and invest in capital assets. However we are making progress on our economic plan by making investments to spur growth, and are managing spending responsibly.

These strategic investments are creating jobs and contributing to economic growth. Ontario's GDP grew one per cent in the first quarter of 2017, outperforming that of Canada, the U.S. and all other G7 countries.

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Our fiscal plan is working. Ontario is on track to balance the budget this year while making investments in the programs and services people and families rely on most.

30. You are spending more on interest payments for the debt than what you spend on post-secondary education. In fact, the payments equal more than 20 per cent of the health budget. How can you justify this?

Our priority following the 2008-09 recession was to achieve balance. In the first few years after the recession, the increase in net debt was primarily due to the deficit.

Approximately 61 per cent of the increase in net debt from 2008–09 to 2016–17 was due to the deficit, with net investments in capital assets responsible for the balance.

With balanced budgets, from 2017-18 onwards, the increase in net debt will be exclusively from investments in capital assets. In addition, the government is investing in public infrastructure which is vital to growing the economy and ensuring a high quality of life, whether people live in large, small, urban, northern or rural Ontario communities. The balanced budget is giving the government the fiscal flexibility to do more to help people and spur economic growth.

- **Most Indebted Subsovereign, Future Generations**

31. This government has a spending problem and Ontario is now the most indebted sub-sovereign borrower in the world. Why should we trust your plan?

With a growing economy and a balanced budget, this is the time to make investments in key services that matter most to people, like health care and education, while at the same time lowering costs for necessities like electricity and child care.

Ontario is on track to balance the budget this year while making investments in the programs and services people and families rely on most. This year and last, Ontario's debt-to-GDP ratio has improved from 39.6 per cent in the 2016 budget, to a forecasted 37.8 per cent in 2016-17, and it continues to track downward.

Our plan is also helping to grow the economy, with the largest investment in public infrastructure in the Province's history — more than $190 billion over 13 years starting in 2014-15. New schools, hospitals and transit projects are

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improving quality of life and creating jobs in communities across Ontario.

Supporting ongoing economic growth is a top priority and we are encouraged by the influx of many innovative and dynamic businesses that are investing across the Province, bringing good jobs, higher wages and greater prosperity to our communities. We will continue to implement our balanced plan to build a healthy and sustainable economy for all of Ontario.

32. Some say you are unfairly placing the burden of debt on future generations through things like your Hydro rebate plan and your failure to address the Province's growing debt. How do you respond?

With a growing economy and a balanced budget, this is the time to make investments in key services that matter most to people, like health care and education, while at the same time lowering costs for necessities like electricity and child care.

We have heard from people across the Province that investing in greener generation, transmission and distribution have increased electricity bills too quickly, which is why our plan will ensure costs are distributed more fairly over time. The plan significantly reduces rates today and ensures fairness and predictability for tomorrow.

Most of Ontario's electricity generators are under 20-year contracts, but many of these facilities are expected to generate power after their contracts end. These are long-term assets for our electricity system. We are bringing forward some of the net value of these assets by spreading a portion of the costs of these contracts over a longer period.

With respect to debt, we remain committed to reducing the net debt-to-GDP ratio to its pre-recession level of 27 per cent, with current projections showing that this will be achieved by 2029-30. In the balanced 2017 Budget, the government is setting an interim target to reduce the net debt-to-GDP ratio to 35 per cent by 2023–24

- **Revenue**

33. How much money did you bring in in 2016-17?

Provincial revenues increased by $4.6 billion, or 3.4 per cent over the previous year. This increase was due in part to nominal GDP growth of 4.6 per cent in 2016, which contributed to higher taxation revenues. There were also higher

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transfers from the federal government – including the Canada Health Transfer, Canada Social Transfer and funding for infrastructure projects.

Taxation revenues were $2.5 billion, or 2.8 per cent higher-than-projected in the 2016 budget. Corporate tax revenues were $2.8 billion higher. This was due to stronger-than-expected revenues from tax returns. Sales tax revenues were $0.8 billion higher, due to Ontario's larger share of the HST, and the strong housing market contributed $0.7 billion more in land transfer tax revenues.

Transfers from the Government of Canada were $0.6 billion lower than the 2016 Budget forecast. This was mainly due to lower-than-expected funding for infrastructure projects and other payments for government agencies, hospitals, school boards and colleges.

Fees, donations and other revenues from broader public sector organizations were $0.6 billion higher than the budget forecast, mainly due to higher-than-expected revenues from non-provincial sources for hospitals, and higher international tuition fees.

- **Asset Sales**

34. One-time asset sales are a way to bring in money, but isn't this burning the furniture to heat the house when it comes to a long-term revenue strategy?

We are committing money made from any asset sales to the Trillium Trust, which is helping to fund transit, transportation and other key infrastructure projects across Ontario.

The government made more than $200 million from the sale of the LCBO head office lands, along with $2 billion in gross proceeds from the second offering of Hydro One common shares in April 2016. In addition, the sale of the government's interest in Hydro One Brampton Networks resulted in a gain of $109 million.

These proceeds have also been committed to the Trillium Trust for infrastructure projects that help the economy grow, and create jobs for Ontarians.

See section: Trillium Trust for more information.

- **Transfers from the Federal Government**

35. Transfers from the federal government were lower than expected. Aren't you banking on another entity to get your fiscal house in order?

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The Government of Ontario, like all Provinces in Canada, receives funding from the federal government. These transfers are done on an ongoing basis to help provide programs and services.

Transfers from the Government of Canada were lower than the 2016 Budget forecast by $0.6 billion. This was mainly due to lower-than-expected funding for infrastructure projects and other federal payments including transfers to government agencies, hospitals, school boards and colleges. This decline was partially offset by new transfers under the strategic investment fund for affordable housing and post-secondary education and training.

- **Revenue from International Tuition Fees**

36. International tuition fees helped the Province's bottom line but isn't this on the backs of young people who want to learn here?

MAESD to provide response

- **Program Spending**

37. Program spending increased again this year. Why?
(Has been approved by TBS & MOF ADMs on August 29, 2017)

Commented [AT17]: Top Question; updated Aug 29

Program spending in 2016-17 was $141.7 billion, down $0.1 billion from the 2016 Budget. Average annual growth of total government spending has been held to 2.3 per cent for the past five years.

Healthcare represents the largest share of government program spending at $56 billion. Transformation efforts continue to make the sector more effective and sustainable while continuing to improve access for patients, especially the increased demands from an aging and growing population. The government has invested in new drugs, technologies, community and home care, long term care homes, mental health, physicians' services and specialized cancer treatments.

Other increases include:

- $26.6 billion in education, mainly due to the introduction of full-day kindergarten;
- $16 billion in children's and social services, due to increased annual social assistance rates as well as investments in developmental services, autism and complex special needs programs, as well as the Ontario Child Benefit;

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- $10.1 billion in post-secondary and training, due to enrolment growth in colleges and universities along with increased student financial assistance programs and increases in capital funding for post-secondary institutions;
- $4.6 billion in justice sector expenses due mainly to the upload of court security costs from municipalities, compensation for the Ontario Provincial Police and correctional services programs, as well as improved access to legal aid.

38. You finally balanced the budget and now you're spending more on expensive election promises like free pharmacare. Why aren't you paying down debt instead?

With a growing economy and a balanced budget, this is the time to make investments in key services that matter most to people, like health care and education, while at the same time lowering costs for necessities like electricity and child care.

Providing more access to vital services isn't just an investment in our future. It's the right thing to do.

- **Credit Rating**

39. Does a qualified opinion impact the Province's credit rating?
(Has been approved by TBS & MOF ADMs on August 29, 2017)

Commented [AT18]: Top Question; updated Aug 29

The Province's financial results show that the government has once again beaten its annual deficit targets. In April 2017, we delivered our first balanced budget since the global recession and we are on track to do so again next year and the year after.

The rating agencies will assess whether the underlying factors that lead to a qualified opinion directly affect the creditworthiness of the Province. However, there were no credit rating implications in 2016 when the Province received a qualified audit opinion on its 2015-16 Public Accounts.

In 2017 the C.D. Howe Institute, an independent research organization that assesses the fiscal planning and reporting of governments in Canada, also commented positively on the financial reporting practices of Ontario relating to its fiscal reporting activities that include Public Accounts, the annual Budget and Estimates.

40. What do you say to the credit rating agencies that have highlighted provincial debt as an area of credit weakness?

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According to our first quarter finances released last month, we continue to project a balanced budget in 2017-18, unchanged from the 2017 Budget.

With stronger-than-expected first quarter economic growth and the government's responsible approach to fiscal management, we can continue to invest in programs and services that help people across the Province.

Ontario's economy continues to grow at a steady pace despite an uncertain global environment. Most key economic indicators show that growth continues in the second quarter. Our plan is working.

We remain committed to reducing the net debt-to-GDP ratio to its pre-recession level of 27 per cent, with current projections showing that this will be achieved by 2029-30. In the balanced 2017 Budget, the government is setting an interim target to reduce the net debt-to-GDP ratio to 35 per cent by 2023–24.

41. What is your credit rating as it stands today?

Following the release of the 2017 Budget, all four rating agencies have confirmed Ontario's long-term credit ratings. This reflects rating agencies' confidence in our government's plan to grow Ontario's economy and create jobs for Ontarians.

If pressed:
Ontario's ratings are:

	Long-Term	Short-Term
Moody's:	Aa2	P-1
DBRS:	AA (low)	R-1 (mid)
Fitch:	AA-	F1+
Standard and Poor's:	A+	A-1

- **C.D. Howe Institute**

42. Why does the C.D. Howe Institute weigh in on the government's fiscal situation?

The C.D. Howe Institute is an independent not-for-profit research institute that supports economically sound public policies. It is widely considered to be Canada's most influential think tank and is a trusted source of essential policy intelligence, distinguished by research that is nonpartisan, evidence-based and subject to definitive expert review.

Each year the C.D. Howe Institute produces a report on its assessment of the fiscal planning and reporting practices of senior Canadian governments. The institute observes that financial reports are a vital tool for understanding governments' plans and activities.

43. Why does this matter?

We consider reports like the C.D. Howe's Fiscal Accountability of Canada's Senior Governments important because they are written by independent experts. Studies such as this are essential for governments to continuously assess and improve their financial planning and reporting.

Ontario has received high marks for prominently presenting revenue and expense projections in the Budget that are on the same Public Sector Accounting Basis as the Public Accounts and Estimates.

The C.D. Howe Institute has recognized Ontario as one of the leading jurisdictions in Canada when it comes to fiscal accountability

Trillium Trust

44. What is the Trillium Trust?

The Trillium Trust was introduced in the 2014 Budget and provides for the dedication of prescribed net proceeds from the sale of designated assets to support key infrastructure priorities, such as roads, bridges and public transit.

The Trillium Trust is appearing for the first time in Public Accounts because the first drawdowns were made in 2016-17. The Trillium Trust Act, 2014 requires that all expenditures made under the act to support infrastructure investments are to be reflected in the Public Accounts.

Designated assets include the Province's shares of Hydro One and Hydro One Brampton, as well as the LCBO head office lands, the OPG head office building and the Lakeview lands.

We expect the Trillium Trust to be drawn down by about an additional $400 million in 2017–18.

The Ministry of Finance shows spending out of the Trillium Trust, and ministries that are benefitting from projects that are funded from the trust are reflected in

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this year's Public Accounts. These figures are included in Volume 1 of Public Accounts.

The funding will help support initiatives, such as GO Regional Express Rail (GO RER), the Hurontario Light Rail Transit (LRT) and the Ontario Community Infrastructure Fund (OCIF).

45. The Public Accounts show a drawdown of $260 million from the Trillium Trust. What did you spend the money on?
(Has been approved by TBS & MOF ADMs on August 29, 2017)

Commented [AT19]: Top Question; updated Aug 29

The government began allocating proceeds from the Trillium Trust in 2016-17 to help support infrastructure initiatives such as GO Regional Express Rail (GO RER), the Hurontario Light Rail Transit (LRT) and the Ontario Community Infrastructure Fund (OCIF).

We expect the Trillium Trust to be drawn down by about an additional $400 million in 2017–18.

Our strategic investments in infrastructure provide economic benefits: a recent study by the Centre for Spatial Economics (C4SE) finds that, over the long term, real GDP in Ontario will rise up to $6 on average per one dollar of public infrastructure spending.

46. How much is currently in the trust?

Commented [AT20]: To confirm figures

In March 2017, the government credited the Trillium Trust with an additional $538 million in net revenue gains from the sale of Hydro One shares in 2016, bringing the total amount in the Trust to $5.3 billion.

The Trillium Trust was also credited with $246 million from the sale of the LCBO head office lands, and $1.35 billion in net proceeds from the sale of Ontario's shares in General Motors.

Like most large infrastructure investments, initial spending on projects is focused on planning, design, property acquisition and other activities to get projects construction-ready.

As this preliminary work is completed and construction activity gets underway, further project requirements will be identified that will be funded from the Trillium Trust in subsequent years.

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The government is committed to investing the full amount from the Trillium Trust to support transit, transportation and other priority infrastructure.

47. If the Province raised about $2 billion in the secondary offering of Hydro One shares in 2016, why was only $538 million credited to the Trillium Trust?

Commented [AT21]: Updated Aug 30

The *Trillium Trust Act, 2014*, provides for the dedication of net revenue gains to the Trillium Trust associated with the sale of designated assets to support investments in transit, transportation and priority infrastructure across the Province.

The net revenue gains credited to the Trillium Trust from the secondary offering of Hydro One shares are derived from the gross proceeds, less fees/expenses incurred and less the book value of the shares sold, not including the shares purchased by OPG.

The government will move forward with regulations to credit the Trillium Trust with the net revenue gains from the shares purchased by OPG in the future.

The Province also used the $1.3 billion in proceeds related to the book value of the Hydro One shares sold to pay down the Province's debt and other payables with the Ontario Electricity Financial Corporation (OEFC).

Through the broadening of Hydro One ownership, the Province is meeting its target to generate $4 billion in net revenue gains that, through the Trillium Trust, will be reinvested in infrastructure under Moving Ontario Forward, and $5 billion to reduce debt.

Digital Tools/Open Government

Commented [AT22]: Updated Aug 30

48. What is the government doing to be transparent in regards to Public Accounts?

As part of our commitment to openness and transparency, we are using data visualization tools to help Ontarians better understand the Province's finances.

This year's tools are available at Ontario.ca/publicaccounts and include:

- Interactive data visualization tools that graphically present details on asset and expense information contained in Volume 1;
- Fully sortable data tables that summarize the financial statements from Volume 2, and the detailed scheduled payments from Volume 3; and

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- Downloadable open data sets that provide the five-year trend for government revenue by source, revenue by sector, and statement of operations. This year's total number of open data downloads is 11, up from five last year.

These tools help make the Province's finances easier to understand, access and use, and are part of Ontario's commitment to creating a more open and transparent government.

49. How does this help the average Ontarian?

The more information we can provide to Ontarians about where their tax money is going, the better. That is why the government is providing new digital tools online to help Ontarians better understand their government's finances. Presenting the Public Accounts data in innovative, visual formats is part of Ontario's commitment to Open Government.

50. What are Open Data sets?

The Ontario government is committed to leading the most open, transparent, and accountable government in the country. Public access to information and opening up government data supports this commitment. Ontario is the first province in Canada to adopt the International Open Data Charter.

The International Open Data Charter contains a set of six principles that will build on Ontario's open by default data policy to increase civic participation, openness and accountability.

To date, we have released more than 585 open data sets and the Open Data sets for Public Accounts are being added to the catalogue. It can be found at www.ontario.ca/opendata

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From:	Whitfield, Tobias P. (MOF)
To:	Ken Kandeepan; Carlos Yep; John Kim; James Devine; Ronald Kwan; Salman Qadir
Cc:	Malle Hanslep (MOF); Mike Manning
Subject:	FW: Revised Version of Provincial Support Arrangements
Date:	Tuesday, June 20, 2017 9:39:11 AM
Attachments:	23148306-v6-Term Sheet - Provincial Support Agreement - May 12.DOCX 23148306-vpdf-Term Sheet - Provincial Support Agreement - May 12.PDF

Please see attached, for your review and comment, a revised draft that Stephen prepared based on our conversation yesterday. MOF Legal has no further comments on this draft.

I think that the two significant changes to note are:

1. The addition of the concept of "third party claims" as the driver of the indemnity section, meaning that the Indemnitee (which is a Financing Entity) can only bring a claim after a claim has been brought against them by a creditor.
2. The addition of the concept of conditions that would be required to step in in the event of funding mismatches, such as a market disruption event. As discussed yesterday, this provision is soft, so it is not clear what exactly this commits the Province to, but does give some comfort based on the language in this section.

Since there is a large group on this email, I think the best approach is to wait until noon for comments. If there are none by then, I will let Stephen and Energy know that we are ok with the draft, and Scott Nelms and whoever else needs to be involved with opening the discussions with OPG can use this version.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: June 19, 2017 8:32 PM
To: Hanslep, Malle (MOF); McKinlay, Tom (ENERGY); Whitfield, Tobias P. (MOF); Calwell, Carolyn (ENERGY/MEDEI/MRI); Nelms, Scott (MOF)
Subject: Revised Version of Provincial Support Arrangements

Hi. As a follow-up to our meeting earlier today, here is a revised version of the draft term sheet. The blackline shows changes from the June 14th version. Please let me know if you have any questions or concerns with the comments – including the deletion of the 'privilege' reference. Scott has the OFA's green light to share the draft term sheet with OPG. Please send along any final thoughts as soon as you can. The plan will be for Scott to send it out tomorrow morning. Thanks, Steve

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Provincial Protection and Assurances

Indicative Term Sheet[1]

Ontario Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate.*

Performance Guarantees	
Performance Guarantor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Beneficiaries:	Each Financing Entity that owns an investment interest from time to time. A Financing Entity may grant a security interest over its rights and interests under a Performance Guarantee to its creditors and contractual counterparties, including any indenture trustee acting on behalf of itself and other persons having debt or other claims against the Financing Entity that are secured under a related trust indenture.

[1] This draft term sheet is intended for discussion purposes only and does not represent a commitment of any party. Any agreement or undertaking of the Province contemplated in this term sheet may only be made either (a) with the approval of the Lieutenant Governor in Council as contemplated in subsection 5(2) of the Act or (b) under, and subject to, an order made by the Lieutenant Governor in Council as contemplated in subsection 5(3) of the Act.

Performance Guarantee:	Pursuant to a Performance Guarantee, the Performance Guarantor will guarantee the performance, or cause the performance, of the obligations of IESO as servicer under the Act and under any agreement under which the applicable Financing Entity acquires an investment interest from IESO and IESO undertakes on-going obligations in respect of such investment interest, including servicing obligations undertaken by IESO to enforce the performance by electricity vendors of their respective obligations under the Act. It is anticipated that such obligations will include matters related to the billing, collection and remittance of clean energy adjustments by IESO and electricity vendors, as the case may be, and regarding the commingling by IESO and electricity vendors of collections of clean energy adjustments with other amounts. In the event that the Performance Guarantee is held to be unenforceable against the Performance Guarantor, the Performance Guarantee will contemplate, in the alternative, a functionally equivalent direct covenant of the Performance Guarantor.
Term:	The Performance Guarantor's obligations under a Performance Guarantee in respect of a Financing Entity will continue during the term of any obligation incurred by the Financing Entity that is or is intended to be secured by the Performance Guarantee.
Approval Requirement:	The servicing obligations (including any amendments) to which the Performance Guarantee relates, together with the provisions of any Performance Guarantee itself, will be subject to the approval of the Minister of Energy and the Minister of Finance acting together.
Limits under Performance Guarantee:	Under no circumstances shall the Performance Guarantor be obligated to pay special or punitive damages, or for loss of profits.
<u>Indemnity</u>	
Indemnitor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indemnitees:	Each Financing Entity that owns an investment interest from time to time. A Financing Entity may grant a security interest over the Indemnity to specified creditors, including to an indenture trustee under a trust indenture on behalf of itself and other persons having debt or other claims against the Financing Entity secured under the trust indenture.

Indemnity of the Province:	The Indemnitor will indemnify each Indemnitee for its costs, expenses and losses reasonably incurred by the Indemnitee because of third party claims made against the Indemnitee by one or more of its specified creditors that result from any of the following (each, an "**Indemnification Event**"): (A) the Legislative Assembly of Ontario repealing (and not replacing on an equivalent basis) the Act; (B) the Legislative Assembly of Ontario amending the Act or a Regulation made thereunder in a way that materially and adversely affects the rights and interests of the Financing Entity under its investment interest; or (C) a court of competent jurisdiction in a final and non-appealable judgement determines that all or a portion of the Act is *ultra vires* in a way that materially and adversely affects the rights and interests of the Financing Entity under its investment interest.
Term:	The Indemnity will continue during the term of any obligation incurred by a Financing Entity that is or is intended to be secured by the Indemnity.
Approval Requirement:	The terms and conditions of the obligations incurred by a Financing Entity that are secured or intended to be secured by an Indemnity, together with the provisions of any Indemnity itself, will be subject to the approval of the Minister of Energy and the Minister of Finance acting together.
Limits under Indemnity:	Under no circumstances shall the Indemnitor be obligated to indemnify any Beneficiary for special or punitive damages, or for loss of profits.
<u>Undertakings regarding Certain Mismatches</u>	
Avoidance of Mismatches	If a Financing Entity proposes to incur one or more funding obligations that would require the Financing Entity to pay an aggregate amount during any reference period that would exceed the amount otherwise expected to be available to the Financing Entity during the reference period from its investment interests to pay such amounts (a "**Mismatch**"), the Financing Entity will, before incurring such funding obligations, undertake commercially reasonable efforts to arrange for commitments from highly creditworthy, market-based funding sources in accordance with the Financing Plan to enable it to satisfy its related payment obligations and thereby avoid any Mismatch.

Possible Undertaking to Fund Mismatches	If a Financing Entity is unable to arrange for commitments from one or more highly creditworthy, market-based funding sources in accordance with the Financing Plan to avoid a Mismatch on commercially reasonable terms and conditions, the Minister of Energy and the Minister of Finance acting together may undertake on behalf of the Province of Ontario to provide funding commitments to the extent necessary to provide the Financing Entity with required funding to avoid the Mismatch. Any such undertaking may only be given at or before the incurrence of the funding obligation that would otherwise result in the Mismatch and, if given, would be on such terms, including appropriate compensation to the Province of Ontario, and be subject to such conditions (for example and without limitation, funding being conditional on the occurrence of a market disruption that results in an inability to refinance the funding obligation) as the Minister of Energy and the Minister of Finance determine are reasonable and appropriate in the circumstances. The decision to provide such an undertaking will be in the sole discretion of the Minister of Energy and the Minister of Finance.
<u>Documentation</u>	
Representations, Terms and Conditions:	Subject to approval of the Minister of Energy and the Minister of Finance acting together.
FIPPA:	Acknowledgement that the Performance Guarantor and the Indemnitor will be bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Performance Guarantor or the Indemnitor, or any agent or representative of the Performance Guarantor or the Indemnitor, in connection with the transaction documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Confidentiality obligations of each Financing Entity and its assignees, representatives and agents as may be determined to be appropriate by the Minister of Energy and the Minister of Finance acting together.
Governing Law:	Province of Ontario.

Provincial Protection and Assurances

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	interests of the Financing Entity under its investment interest.
Term:	The Indemnity will continue during the term of any obligation incurred by a Financing Entity that is or is intended to be secured by the Indemnity.
Approval Requirement:	The terms and conditions of the obligations incurred by a Financing Entity that are secured or intended to be secured by an Indemnity, together with the provisions of any Indemnity itself, ~~the~~ will be subject to the approval of the Minister of Energy and the Minister of Finance acting together.
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Governing Law:	Province of Ontario.

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Document 1 ID	PowerDocs://TOR_2528/23148306/5
Description	TOR_2528-#23148306-v5-Term_Sheet_-_Provincial_Support_Agreement_-_May_12
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Description	TOR_2528-#23148306-v6-Term_Sheet_-_Provincial_Support_Agreement_-_May_12
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	11
Deletions	13
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	24

From:	Ken Kandeepan on behalf of Scott Nelms (ENERGY)
To:	Carlos Yep; Mike Manning; Gadi Mayman; STEPHEN.ASHBOURNE@blakes.com; Steen Hume (CAB); Carolyn Calwell (MCSS); Ken Kandeepan; Tom McKinlay (MAG); Montgomery, Kaitlin (MOF); Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Veinot, Cindy (TBS); Nadine Petsche (MOF)
Cc:	Smith, Stephanie M. (MOF); Hresa Gavaris
Subject:	FW: Teleconference: Provincial Protection and Assurances Term Sheet
Attachments:	RE EXTERNAL Comments on Provincial Protection and Assurances Term Sheet - Fair Hydro.msg

-----Original Appointment-----
From: Nelms, Scott (MOF) [mailto:Scott.Nelms@ontario.ca]
Sent: Thursday, July 06, 2017 10:33 AM
To: Nelms, Scott (MOF); Gadi Mayman; STEPHEN.ASHBOURNE@blakes.com; Steen Hume (CAB); Carolyn Calwell (MCSS); Ken Kandeepan; Tom McKinlay (MAG); Montgomery, Kaitlin (MOF); Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Veinot, Cindy (TBS); Nadine Petsche (MOF)
Cc: Smith, Stephanie M. (MOF); Hresa Gavaris
Subject: Teleconference: Provincial Protection and Assurances Term Sheet
When: Thursday, July 06, 2017 3:00 PM-3:30 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Teleconference line: 416 212 8013 Conference ID: 4075747

Meeting background:

From: Scott Nelms (ENERGY) []
To: Carolyn Calwell (MCSS) [Carolyn.Calwell@ontario.ca]; Steen Hume (CAB) [Steen.Hume@ontario.ca]; Gadi Mayman [Gadi.Mayman@ofina.on.ca]; Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]; Tom McKinlay (MAG) [Tom.McKinlay@ontario.ca]; Montgomery, Kaitlin (MOF) [Kaitlin.Montgomery@ontario.ca]; ASHBOURNE, STEPHEN [STEPHEN.ASHBOURNE@blakes.com]; Malle Hanslep (MOF) [Malle.Hanslep@ontario.ca]; Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]; Veinot, Cindy (TBS) [Cindy.Veinot@ontario.ca]; Nadine Petsche (MOF) [Nadine.Petsche@ontario.ca]
CC: Karpowicz, Eva (MOF) [Eva.Karpowicz2@ontario.ca]
Subject: RE: EXTERNAL – Comments on Provincial Protection and Assurances Term Sheet - Fair Hydro
Date: Wednesday, July 05, 2017 17:48:59
Attachment 1: image001.jpg

Good suggestion from Gadi – we should probably touch base internally in advance of meeting with OPG. I wonder if we could try for a quick 30 min phone call either tomorrow or Friday.

I will reach out to OPG to set something up for next week.

From: Nelms, Scott (MOF)
Sent: July 5, 2017 2:44 PM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI); Steen Hume (ENERGY) (Steen.Hume@ontario.ca); Mayman, Gadi (OFA) (Gadi.Mayman@ofina.on.ca); Kandeepan, Ken (OFA); McKinlay, Tom (ENERGY); Montgomery, Kaitlin (MOF); ASHBOURNE, STEPHEN
Subject: FW: EXTERNAL – Comments on Provincial Protection and Assurances Term Sheet - Fair Hydro

Hi,

Please see the following comments from OPG / Torys on the guarantees.

I wonder if we are now at a point we should suggest sitting down with OPG on this perhaps early next week.

Thanks,
Scott

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: June 30, 2017 3:12 PM
To: Nelms, Scott (MOF)
Cc: WONG Leslie -LAWDIV; RYFA Ken -TREASURY; HAHN PARKER Janet -TREASURY
Subject: FW: EXTERNAL – Comments on Provincial Protection and Assurances Term Sheet - Fair Hydro

Scott:

Further to our discussion on the outstanding issues, please find below the comments from the Dealers on the "Markup" of the Provincial Protection and Assurance term sheet.
As noted below, the next step should be to get the appropriate parties from the Province to sit down with the dealers and OPG to go over the points and agree on a basis to move forward.
We should try to do that sometime next week. Let us know what times work on the Province side and we will coordinate with the Dealers & counsels.

John

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Friday, June 30, 2017 12:24 PM
To: LEE John -TREASURY; RYFA Ken -TREASURY; WONG Leslie -LAWDIV
Cc: Ramchandani, Rima; Hill, Krista; Feldman, Michael; Emes, Aaron; Mansoori, Nina
Subject: EXTERNAL – Comments on Provincial Protection and Assurances Term Sheet - Fair Hydro

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John/Les/Ken,

Please find below an issues list on the Province's comments on the Provincial Protection and Assurances Term Sheet (formerly the Provincial Support Agreement). This list reflects input from the dealers, Oslers and Torys. Please let us know if you have any additional comments or questions. If not, will you be reaching out to the Province to schedule a meeting next week (with the dealers, OPG, the Province and their counsels) to discuss these points? The dealers and their counsel don't see value in exchanging further drafts of the term sheet until they have had an opportunity to meet with the Province. We agree with this approach and are happy to assist in coordinating a meeting for next week. It would also be helpful to hear the Province's rationale and concerns for making some of these changes. Please let us know.

Many thanks,
Nina

1. The Servicing Guarantee:

   (a) It is written in favour of only the financing entity. However, in the MTSA, we are asking for covenants directly in favour of Indenture Trustee. The Indenture Trustee/specified creditors should have the direct benefit of the guarantee rather than relying on an indirect security interest in the servicing guarantee.

   (b) It should be clarified that the servicing obligations of the electricity vendors are covered.

   (c) If the guarantee is unenforceable, we should fall back to an indemnity, not a "functionally equivalent direct covenant" which is an uncertain concept.

   (d) We don't want an exclusion for economic loss. That may cover whatever losses the specified creditors do suffer.

2. Change of Law.

   (a) This should be written as a guarantee not an indemnity.

   (b) It should be directly in favour of the Indenture Trustee/specified creditors and it

should cover all the “finance amount” and not just funding obligations.

(c) We do not want the guarantee to be provided by another entity which is in turn guaranteed by Ontario. It should come directly from Ontario.

(d) There should be no “materiality” threshold for a claim. If obligations are not paid in full, then there should be a claim.

(e) The choice to assume or accelerate should be at the option of the holders, not the guarantor.

(f) If accelerated, then the 1% premium should be payable. This is a voluntary termination by the Province.

3. Undertaking Regarding Mismatches (market disruption)

(a) At best this structure defers the discussion of protection for a market disruption. At worst, it is impractical that take-out financing needs to be arranged in advance of each warehouse financing. We should rely on a definition of market disruption.

4. Approvals.

(a) Province to clarify what is contemplated under the heading “Approval Requirement”. Is Province proposing to approve any obligation incurred by the Financing Entity?

(b) Approval under Section 28 of the *Financial Administration Act* to be attained (in case the OFHPA is declared void in its entirety).

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TORYS
LLP

From:	Mike Manning
To:	Ken Kandeepan; Ronald Kwan; Gadi Mayman; Anna Strathy; Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject:	FW: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Date:	Monday, April 24, 2017 4:05:32 PM
Attachments:	Term Sheet - Provincial Support Agreement (2).docx

Just got this from John Lee today. Will talk to him shortly to get more colour.

Regards, Mike

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Monday, April 24, 2017 2:13 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: PRESTON Stuart -TREASURY <stuart.preston@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust

Mike:

Further to our discussion last week, please find attached the draft term sheet relating to the Provincial Support. In this draft the Province will assume the obligations of the debt under certain conditions. The plan is to send this document to the Dealers for their input once we get comments or concurrence from your group. Stu Preston will coordinate the discussions with the Dealers on this issue from our side. Would it be yourself or someone else from your group addressing this issue from the OFA perspective? I expect there will be some back and forth on this issue and eventually rating agency input as well.

John

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Provincial Support Agreement Term Sheet –

Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") is provided exclusively to the parties listed herein in connection with the draft Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Defined terms used herein have the meanings ascribed to them in the Act. The provincial support agreement (the "**Provincial Support Agreement**") will contain the terms and conditions set out in this Term Sheet in addition to such other representations, warranties, indemnities, and other terms and conditions as the Guarantor and the Beneficiaries (each as defined below) may reasonably require.*

Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The trust company acting as indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") acting for the benefit of all persons who may have contractual claims against a Financing Entity (collectively, the "**Beneficiaries**") (including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee and the trustee of the Financing Entity[1]).
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[2] after all Funding Obligations of all Financing Entities have been repaid.
Performance Guarantee:	**[Upon the occurrence of a Performance Guarantee Event]**, the Indenture Trustee will be entitled to require the Guarantor to appoint a replacement servicer who will perform IESO's duties as servicer under the Master Sale and Servicing Agreement between IESO, as seller and servicer, and the Financing Entity, as purchaser, **[and OPG as Financial Services Manager]** ("**MSSA**"). In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the Indenture Trustee.

[1] We have assumed that the initial Financing Entity will be a trust.

[2] This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

Performance Guarantee Event:	A "Servicer Default" occurs under the MSSA[3]
Payment Guarantee:	**[Upon the occurrence of a Payment Guarantee Event and within [5/10] business days after receiving a demand from the Indenture Trustee]**, the Guarantor shall **[guarantee and indemnify the Indenture Trustee (for and on behalf of the Beneficiaries) by paying all regularly scheduled interest and principal payments during the term of a Financing Entity's contractual obligation to such Beneficiary]/[assume the contractual obligations of a Financing Entity to the Beneficiaries]**[4], which for greater certainty shall not include any default, penalty, prepayment, or make whole amounts.
Payment Guarantee Event:	(A) if the Legislative Assembly of Ontario repeals the Act; or (B) if the Legislative Assembly of Ontario amends the Act or Regulation thereunder in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all obligations incurred by such Financing Entity in respect of such investment interest; or (C) if a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
Priority of Payments:	The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.

[3] Each Servicer Default will include its own cure period before the event becomes a Servicer Default.

[4] To confirm if Province will become the debtor under the applicable debt documentation or if the Financing Entity will continue to be the primary obligor with the Province acting as secondary obligor.

Subrogation:	Where the Guarantor has repaid a Beneficiary, to the extent of such payment, the Guarantor is subrogated in and to all the rights of recovery of such Beneficiary in respect of the applicable indebtedness and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all amounts owing to a Beneficiary, the Indenture Trustee will acknowledge and agree on behalf of such Beneficiary that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiary has or may exercise in respect of the repaid indebtedness, all in accordance with the terms of the Master Trust Indenture.
Notice Requirements:	The Indenture Trustee will be required to provide notice to the Guarantor of a Performance Guarantee Event or Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.
Closing:	Date to be determined but no later than **[**■, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
Conditions Precedent to Closing:	Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.[5]
Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.

[5] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.
Governing Law:	Province of Ontario

From:	Mike Manning
To:	"Thom, Trevor"
Cc:	James Devine; Carlos Yep
Subject:	FW: financing bullets
Date:	Thursday, May 04, 2017 8:27:00 AM

Hi Trevor:
As discussed.
Mike

From: Nelms, Scott (MOF) [mailto:Scott.Nelms@ontario.ca]
Sent: Wednesday, May 03, 2017 6:49 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: financing bullets

Hi Gadi, Mike,

As discussed, we have drafted some language to insert into the Fair Hydro Plan Treasury Board and Cabinet Submissions. Please take a look and let us know if this works from your perspective:

Draft Language

The Ministry has been worked closely with the Ontario Financing Authority (OFA) and TD, as the Province's external financial advisor, on the financing structure (i.e., legislation, provincial guarantees, OPG's equity injections and IESO's enhanced credit facilities).

In particular, the proposed legislation enables a structure that OFA and TD believe will enable financing at a reasonable cost. Key elements that support this financing structure include:

OPG issuances of subordinated debt to the SPV representing up to 49% of total borrowing; and

Conditional (springing) guarantees by the Province to provide a backstop in the event of specific and limited events (e.g., changes to legislation that harm investor interests).

Please note that the ability to finance and the cost of financing will only be known with certainty once OPG takes this structure to market.

Happy to discuss further as needed.

Thanks,

Scott

From:	Mike Manning
To:	Scott Nelms (ENERGY); Gadi Mayman; Steen Hume (CAB)
Subject:	FW: financing bullets
Date:	Thursday, May 04, 2017 8:51:20 AM

TD is fine with the language, but want to be identified as TD Securities.

Regards, Mike

From: Thom, Trevor [mailto:Trevor.Thom@tdsecurities.com]
Sent: Thursday, May 04, 2017 8:44 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: financing bullets

Very slight tweak – see below. Susan & I are comfortable with this.

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: Thursday, May 04, 2017 8:27 AM
To: Thom, Trevor
Cc: James Devine; Carlos Yep
Subject: FW: financing bullets

Hi Trevor:
As discussed.
Mike

From: Nelms, Scott (MOF) [mailto:Scott.Nelms@ontario.ca]
Sent: Wednesday, May 03, 2017 6:49 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: financing bullets

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Please note that the ability to finance and the cost of financing will only be known with certainty once OPG takes this structure to market.

Happy to discuss further as needed.

Thanks,
Scott

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From: LEE John -TREASURY
To: HAHN PARKER Janet -TREASURY
Cc: Scott Nelms (ENERGY); Mike Manning
Subject: Fair Hydro - Provincial Guarantee
Date: Wednesday, August 09, 2017 3:39:28 PM

Janet:

Please include this email in the meeting notice for the attendees for tomorrow meeting.

From: Adalja, Sunil [mailto:Sunil.Adalja@cibc.com]
Sent: Wednesday, August 09, 2017 3:28 PM
To: LEE John -TREASURY; RYFA Ken -TREASURY; WONG Leslie -LAWDIV
Cc: Persaud, Donnie - Debt Capital Markets; 'Niehaus, Katrina'; 'Turnbull, Vickie'; 'Sebastiano, Rocco'; 'Milligan, Peter'; 'Smith, Elliot'; 'Khan, Nur'; Alvi, Shariq; 'Delaney, Brian'; 'Benaiah, Ian'; Persad, Nicole; 'King, Richard'; Hume, Tyler; D'Angelo, Paul; Stoddart, Jesse - Debt Capital Markets; 'Fullerton, Rick'; Maciel, Andrew
Subject: EXTERNAL – RE: OGP/Fair Hydro - Provincial Guarantee

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John, as discussed, below is our summary for the discussion with the Province –
Thanks, Sunil.

Change in Law

- We are okay with the province assuming the financing obligations of the Financing Entity ("FE") with no early redemption rights (by either the province or investors) in the circumstance of a Change in Law.
- We note that in the US, the potential downgrade on the bonds once the province steps could result in the bonds spreads widening, which would result in losses for US investors. US investors would expect to be compensated for that risk (either through a pre-determined step-up in pricing when the province assumes the obligation, and/or through a premium they would require for this risk when purchasing the notes initially).

Approval Process

- The province (OFA) will want to see the form of the various program and series documents that will be captured by the guarantee/support before approving any guarantee. As long as the documents are in the agreed form, they would NOT need to provide specific approval for each series.
- We understand that Provincial control of the financing program would eliminate OPG's consolidation of the Financing Entity so Provincial approval of transaction terms needs to be avoided.
- Since the financing documents cannot affect how or when the Provincial Guarantee is triggered (Change in Law and Constitutionality of the Program) then specific Provincial approval of transaction documentation would be seen as exerting control and must be avoided.

Warehousing Risk

- The issue is the moratorium period and the length of time for the warehouse provider to be taken out if there is an extended period of time where the program can no longer be funded in the term markets
- Option here if the warehouse providers are to absorb the risk is:
    - On default, pricing would step up materially

- After [one] year following the moratorium ended, pricing would step up again and would continue to do so every 6 months until the warehouse is repaid
- This mechanic helps compensate the warehouse providers to the extended tail risk in this transaction and creates alignment of interest
  - The warehouse providers cannot control the maturity of other pieces of FE debt issues. The step up schedule incents the financial manager to ensure that there are no competing maturities (so that the warehouse provider can be repaid as quickly as possible) during the first few years after the moratorium period ends
  - This would be subject to banks receiving necessary approvals as the tail risk is longer than anticipated. That process will require a greater understanding of how long the tail could be (i.e. how quickly could we be repaid through clean energy adjustments after the moratorium period has ended)
  - The higher pricing will result in higher clean energy pricing during this default scenario. As an alternative to letting the warehouse provider being repaid over time through these clean-energy adjustments, the province could voluntarily choose to purchase a term note to take out the warehouse provider
    - The province could resell that note in the secondary market if that market opens
    - Assuming there are other series of notes outstanding by the FE that are sold to others, the province may need to confirm whether there are consolidation concerns from being an investor in the FE (and if so, what threshold of notes would result in that consolidation risk)
    - The province is not obligated to purchase notes in this scenario, this is just an option they would have at their disposal if they did not want to clean energy adjustment amounts (and hence charges to ratepayers) to increase because the default pricing

- Other options
  - IESO provides the warehouse instead of the banks – note that this will likely be limited based on the size of the IESO's credit facility. If there is a prolonged period of market disruption, then this credit facility will likely fill up fast and at that point the Province will likely have to increase the facility or backstop further rebates → essentially under a market disruption, the Province may ultimately have to backstop the funding. Based on this, it may be preferable for the Province to provide a market disruption guarantee to the short-term ABCP facilities?

Servicing Guarantee

- The substantive risk not addressed through regulation/legislation/contract so far is commingling risk
- In general, the rating agencies require daily cash remittance of any collections for non-investment grade entities unless a suitable mitigant is in place
  - The investment grade test will generally need to be by the same rating agency rating the FE debt
    - (E.g. if an entity is not rated by Moody's, but is rated investment grade by DBRS and S&P, and the FE debt is rated by Moody's, Moody's may not consider

that entity to be investment grade and may not permit them to commingle)
        - Fitch often gives an exception for this where they may allow commingling for investment grade entities even if Fitch does not rate that counterparty
    - This should not be an issue from IESO perspective, but can be an issue from an LDC perspective
        - The majority of the LDCs are not
        - Rating individual LDCs by each of the rating agencies that rate the FE debt will be time consuming and expensive and is not a viable option
- Proposal would be for IESO or another highly rated entity to post a L/C facility to mitigate the servicing risks of the LDCs and thereby avoiding any review of the LDCs by the agenciesand avoid daily cash remittances for any LDC assessed to be non-investment grade

Sunil Adalja | Executive Director, Securitization | CIBC Capital Markets | CIBC World Markets Inc.
161 Bay St., 5th Floor, Toronto, ON M5J 2S8 | Tel: 416 594-7383 | Fax: 416 956-6220 | sunil.adalja@cibc.com

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From:	Nelms, Scott (MOF)
To:	Gadi Mayman; Mike Manning; Ronald Kwan
Subject:	Fair Hydro Business Issues
Date:	Sunday, June 25, 2017 5:23:31 PM

Hi Gadi, Mike, Ron,

I had a chat with Ken Hartwick on Friday afternoon about our position on fees as well as progress on what we have been calling “business issues” (equity injection process, sub-debt agreement, guarantees). He agreed that we could push out the fees conversation from this round of regulation drafting, but wanted to make sure we set up time in early July to talk through these issues and land them asap. Here is where I think we are on each point:

- Fees: OPG wants a very light touch from OEB and, formulaic approach that mimics fee structures for portfolio managers (base fee tied to AUM + variable fee tied to performance). ENE agrees with the variable fee component (limited to $1M floor / ceiling), but has concerns about a base fee that does not tie to costs and wants a more substantive role for OEB.

- Guarantees: as you know the Province’s position was shared on Friday

- Equity Injections: I believe OPG has provided a draft structure. Unless OFA has concerns, I think this is largely procedural.

- Sub-debt: I don’t have much visibility in to this one. I heard folks from OFA were in discussions. This should link in with the fees conversation given the relationship with performance.

I would suggest we try and have an internal conversation later this week to discuss where we are on each of these in order to be ready to meet with OPG the following week.

Let me know if this makes sense or if I am missing anything.

Thanks,

Scott

From:	Thompson, Susan
To:	Mike Manning; James Devine; Carlos Yep
Cc:	Thom, Trevor; Holloway, Harold; Wolff, Michael; Purkis, Brad; Hilloowala, Maharukh
Subject:	Fair Hydro Plan - Provincial Support Agreement - Term Sheet
Date:	Friday, April 28, 2017 10:40:14 AM
Attachments:	Performance Servicing Guarantee Sample.pdf Servicing Obligations Summary.pdf

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Mike, Jim, Carlos

Please see below for our comments on the draft term sheet for the Provincial Support Agreement. Let us know when you would like to discuss further. Also, please note that we have not sent the comments or the term sheet to Steve Ashbourne at Blakes. Please let us know if you would like us to do so.

Attached is a sample servicing guarantee for a general securitization transaction to provide examples of common features. Note that the sample guarantee is formatted for a corporate transaction and would have to be adjusted accordingly. Also attached is a brief description of the servicing obligations typically covered by a servicing guarantee.

In reviewing the term sheet, we believe that the Servicing Guarantee is narrow in scope.

- Not a conventional servicing guarantee for securitization transactions
- It may not be acceptable for the rating agencies, particularly if monthly remittances of collections from the LCDs are necessary.

As drafted, it solely allows for the appointment of a replacement servicer by the Guarantor upon the occurrence of a Servicer Default (due to breach of servicing performance).

- It does not cover any losses arising from a breach of the electricity vendors' servicing obligations (typical servicing obligations described in attachment)
- It would preclude the monthly remittance of collections by the LDS to IESO for deposit into the Trust's collection account.

Other Items of Consideration:

- Not typical for the Indenture Trustee to be obligated to provide any reporting to the Guarantor
- Confidentiality would be difficult to maintain for a public issuance. The guarantee is a material component of the transaction and will have to be disclosed in detail in the IM, and possibly posted as a material contract
- Consistent with other "AAA" transactions, performance under the guarantee is expected to occur promptly, typically within 2 business days for payment obligations
- Guarantee does not cover a market disruption and the inability to refinance existing due and maturing issuances (including ABCP)

Susan Thompson, MBA | Director | Government Finance | **TD Securities**
222 Bay Street, 7th Floor, Toronto, Ontario, M5K 1A2
T: 416 982 6587 | C: 416 436 2533 | Susan.Thompson@tdsecurities.com

_____

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SERVICER GUARANTEE

This Agreement is made as of ▪ **[],** 2017, between

ABC, a corporation incorporated under the laws of the Ontario ("**Guarantor**")

and

GHI TRUST
by its trustee
XYZ LIMITED, a trust company incorporated under the laws of Canada (the "**Trust**")

RECITALS

A. The Trust and GHI ("**GHI**"), have entered into a master purchase agreement (the "**MPA**" made as of the date hereof pursuant to which GHI has agreed to sell and the Trust has agreed to purchase from GHI certain assets and the related rights given in respect thereof on a fully serviced basis.

B. Pursuant to the [MPA/Servicing Agreement] GHI has been appointed and has agreed to act as Servicer under, and in accordance with the [MPA/Servicing Agreement depending on the documentation].

C. The Guarantor has agreed to guarantee for the benefit of the Trust the performance and payment by GHI of GHI's covenants, agreements, liabilities and obligations under the [MPA/Servicing Agreement] in its capacity as Servicer on the terms set forth herein.

FOR VALUE RECEIVED, the parties agree as follows:

SECTION 1 – INTERPRETATION

1.1 Definitions. Unless otherwise defined herein, terms used in this Guarantee and not defined herein, shall have the respective meanings ascribed to them in the [MPA/Servicing Agreement].

SECTION 2

2.1 Guarantee. The Guarantor unconditionally and irrevocably guarantees to the Trust, as a primary obligor and not merely as a surety, the due and prompt performance, payment and observance of all of the terms, conditions, covenants, agreements, liabilities, indemnities and obligations of any kind whatsoever which GHI has incurred, may incur or be under to the Trust in GHI's capacity as Servicer under the [MPA/Servicing Agreement] ("**Obligations**") strictly in accordance with the terms hereof and thereof, excluding, for greater certainty, any of GHI's covenants, agreements, liabilities and obligations under the MPA in its capacity as Seller under the MPA or in any capacity other than as Servicer. If for any reason whatsoever GHI shall fail to perform, pay or observe any of the Obligations, the Guarantor shall duly and punctually perform, pay and observe such Obligations. All amounts payable by the Guarantor hereunder shall be paid to the Trust by way of deposit by the Guarantor to the applicable Collection Account forthwith following a claim therefor by or on behalf of the Trust.

Nothing contained herein shall be deemed to constitute credit recourse to the Guarantor for payment of losses arising from losses attributable to any [specified consumer's] failure to discharge its payment obligations under any obligation/pay the invoice amount.

2.2 Guarantee Unconditional. The obligations of the Guarantor under this Guarantee are continuing, unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged, diminished, limited, impaired or otherwise affected by (and the Guarantor hereby waives, to the fullest extent permitted by applicable law):

(1) any extension, other indulgence, renewal, settlement, discharge, compromise, waiver, subordination or release in respect of any obligation, security, person or otherwise;

(2) any modification or amendment of or supplement to the Obligations made in accordance with the MPA or other related documents, including, without limitation, any increase or decrease in any amount payable thereunder;

(3) any release, non-perfection or invalidity of any direct, indirect or collateral security for any Obligation;

(4) any change in the existence, structure, constitution, name, objects, powers, business, control or ownership of GHI or any other person, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting GHI or any other person or its assets, or amalgamation of GHI with any other corporation and the term GHI shall include each corporation resulting from any such amalgamation or subsequent amalgamation;

(5) the existence of any unrelated claim, set-off or other rights which the Guarantor may have at any time against GHI, the Trust, or any other person, whether in connection herewith or any unrelated transactions;

(6) any invalidity, illegality or unenforceability relating to or against GHI or any provision of applicable law or regulation purporting to prohibit the payment by GHI of the principal or interest under the Obligations;

(7) any limitation, postponement, prohibition, subordination or other restriction on the rights of the Trust to payment of the obligations;

(8) any release, substitution or addition of any co-signer, endorser or other guarantor of the Obligations;

(9) any defence arising by reason of any failure of the Trust to make any presentment, demand for performance, notice of non-performance, protest and any other notice, including notice of all of the following: acceptance of this Guarantee, partial payment or non-payment of all or any part of the Obligations and the existence, creation or incurring of new or additional Obligations;

(10) any defence arising by reason of any failure of the Trust to proceed against GHI or any other person, to proceed against, apply or exhaust any security held from GHI or any other person for the Obligations, to proceed against, apply or exhaust any security held from the Guarantor or any other person for this Guarantee or to pursue any other remedy in the power of the Trust whatsoever;

(11) any law which provides that the obligation of a guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal obligation or which reduces a guarantor's obligation in proportion to the principal obligation;

(12) any defence arising by reason of any incapacity, lack of authority or other defence of GHI or any other person, or by reason of any limitation, postponement, prohibition on the Trust's right to payment of the obligations or any part thereof, or by reason of the cessation from any cause whatsoever of the liability of GHI or any other person with respect to all or any part of the obligations, or by reason of any act or omission of the Trust or others which directly or indirectly results in the discharge or release of GHI or any other person or all or any part of the obligations or any security or guarantee therefor, whether by contract, operation of law or otherwise;

(13) any defence arising by reason of any failure by the Trust to obtain, perfect or maintain a perfected or prior (or any) security interest in or lien or encumbrance upon any property of GHI or any other person, or by reason of any interest of the Trust in any property, whether as owner thereof or the holder of a security interest therein or lien or encumbrance thereon, being invalidated, voided, declared fraudulent or preferential or otherwise set aside, or by reason of any impairment by the Trust of any right to recourse or collateral;

(14) any defence arising by reason of the failure of the Trust to marshall any assets;

(15) any defence based upon any failure of the Trust to give to GHI or the Guarantor notice of any sale or other disposition of any property securing any or all of the Obligations or any guarantee thereof, or any defect in any notice that may be given in connection with any sale or other disposition of any such property, or any failure of the Trust to comply with any provision of applicable law in enforcing any security interest in or lien upon any such property, including any failure by the Trust to dispose of any such property in a commercially reasonable manner; or

(16) any defence based upon or arising out of any bankruptcy, insolvency, reorganization, moratorium, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against GHI or any other person, including any discharge of, or bar against collecting, any of the obligations, in or as a result of any such proceeding.

2.3 Recourse Against GHI. The Trust shall not be required to exhaust its recourse against GHI or any other person or under any other security or guarantee before being entitled to performance by the Guarantor under this Guarantee; provided, however, that where the Trust seeks performance under this Guarantee, the Trust shall not proceed against the Guarantor under this Guarantee (and the Guarantor shall have no obligations in respect thereof) prior to the expiration of any applicable cure period explicitly set out in the [MPA/Servicing Agreement].

2.4 No Subrogation. Until all of the Obligations have been paid or performed in full, the Guarantor shall have no right of subrogation to, and waives, to the fullest extent permitted by law, any right to enforce any remedy which the Trust now has or may hereafter have against GHI in respect of the Obligations and the Guarantor waives any benefit of, and any right to participate in, any security now or hereafter held by the Trust for the Obligations.

2.5 Settlement of Accounts. Any account settled or stated between the Trust and GHI shall be accepted by the Guarantor as prima facie evidence that the amount thereby appearing due by GHI to the Trust is so due.

2.6 Reinstatement. If, at any time, all or any part of any payment previously applied by the Trust to any Obligation is or must be rescinded or returned by the Trust for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of GHI), such Obligation shall, for purposes of this Guarantee, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Trust, and this Guarantee shall continue to be effective or be reinstated, as the case may be, as to such Obligation, all as though such application by the Trust had not been made.

SECTION 3 – REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties. The Guarantor represents and warrants to the Trust as follows:

(1) the Guarantor is a corporation validly existing under the laws of its jurisdiction of incorporation, has full corporate power and authority to own its properties and assets and to carry on its businesses, as presently owned and carried on by it, in every jurisdiction in which it is currently carrying on business where the failure to be so qualified would have a material adverse effect on the ability of Guarantor to perform its obligations under this Guarantee;

(2) the Guarantor has full corporate power and capacity to execute and deliver this Guarantee and to perform all of its obligations hereunder;

(3) the Guarantor has taken all necessary action to authorize the execution and delivery of this Guarantee and the performance of its obligations hereunder;

(4) this Guarantee has been duly executed and delivered by the Guarantor;

(5) this Guarantee is a legal, valid and binding obligation of the Guarantor and is enforceable against the Guarantor by the Trust in accordance with its terms, subject to bankruptcy, insolvency, reorganization, winding-up, moratorium and other laws affecting the rights of creditors generally and the fact that specific performance and injunction are equitable remedies available only in the discretion of a court;

(6) the execution and delivery by the Guarantor of this Guarantee and the performance by the Guarantor of its obligations hereunder and of the transactions contemplated hereby, does not and will not contravene, breach, constitute a default under, violate or conflict with, as the case may be:

(a) the Guarantor's constating documents or by-laws or any resolution passed by the board of directors or shareholders of the Guarantor;

(b) any law, rule or regulation applicable to or binding on the Guarantor or any of its property and assets; or

(c) any order, writ, judgment, award, injunction or decree binding on the Guarantor or affecting its property or assets,

and does not and will not result in or require the creation of any encumbrance upon any of the property and assets of the Guarantor;

(7) the execution and delivery by the Guarantor of this Guarantee and the performance of its obligations hereunder and of the transactions contemplated hereby, does not and will not contravene, breach, constitute a default under, violate or conflict with, as the case may be, any material indenture, loan or credit agreement, lease, mortgage or, security agreement, to which the Guarantor is a party or by which it, or its property and assets, are bound;

(8) no authorization, approval or other action by, and no notice to or filing with, any Governmental Authority, agency or any other person is necessary in connection with the execution and delivery by the Guarantor of this Guarantee or the performance of its obligations hereunder or of the transactions contemplated hereby, or to give legal effect to the same other than such as have been obtained or made except to the extent the failure to do so would not have a material adverse effect on the ability of the Guarantor to perform its obligations under this Guarantee;

(9) there are no actions, suits or proceedings pending or, to the knowledge of the Guarantor, threatened against or affecting the Guarantor or any of its undertakings, property and assets, at law or in equity or before any arbitrator or before or by any Governmental Authority, governmental department body, agency, commission, board, bureau, or instrumentality having jurisdiction in the premises in respect of which there is a reasonable possibility of a determination adverse to the Guarantor which could, if determined adversely, materially and adversely affect the ability of the Guarantor to perform any of its obligations hereunder.

SECTION 4- COVENANTS

4.1 Covenants of the Guarantor. The Guarantor covenants with the Trust that, during the currency of this Guarantee, it shall:

(1) comply in all material respects with all laws, rules, regulations and orders applicable to it and all or any of its businesses and properties;

(2) preserve and maintain its corporate existence;

(3) furnish to the Trust a statement of the details of any Servicer Termination Event in respect of MPA/Servicing Guarantee applicable to it within a reasonable period of time after the occurrence thereof and the Guarantor's proposed response;

(4) so long as GHI is the Servicer in respect of the [MPA/Servicing Agreement], as applicable, make all payments and perform all obligations required to be made or performed by the Servicer in accordance with the [MPA/Servicing Agreement], within 2 Business Days of the date the payment or action was to be performed or the end of the applicable cure period, if any; and

(5) continue to directly or indirectly hold shares of GHI sufficient to control GHI.

SECTION 5 – GENERAL

5.1 Termination. This Guarantee shall terminate on the Final Remittance Date [to mirror the requirement in the Regulations under the Act not to wind-up, dissolve or liquidate a Financing Entity until at least one year after all of its funding obligations have been paid], at which time the rights hereby granted shall cease and become null and void and the Trust shall, at the request and expense of the Guarantor, execute and deliver to the Guarantor such instruments as shall be reasonably required to release and discharge the Guarantor from its covenants, agreements, liabilities and obligations under Guarantee.

5.2 Further Assurances. The Guarantor shall, from time to time, do and perform any and all acts and execute any and all further instruments which may be required or which may be reasonably requested by the Trust more fully to effect the purpose of this Guarantee.

5.3 Payments. All payments to be made by the Guarantor under this Guarantee shall be made in full, without set-off or counterclaim and without deduction for any taxes, levies, duties, fees, deductions, withholdings, restrictions or conditions of any nature whatsoever. If at any time, or from time to time, any applicable law, regulation or international agreement requires the Guarantor to make any such deduction or withholding from any such payment, the sums due from the Guarantor with respect to such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Trust receives a net sum equal to the sum which it would have received had no deduction or withholding been required, and the Guarantor shall indemnify the Trust on an after tax basis with respect to any such deduction or withholding, including with respect to any taxes payable by the Trust on any increased amounts payable under this Section 5.3.

5.4 Cost and Expense. The Guarantor shall pay all reasonable out-of-pocket costs and expenses of the Trust (including the fees and disbursements of counsel) in connection with the enforcement of the obligations of the Guarantor under this Servicing Guarantee. The Guarantor agrees to indemnify and hold harmless the Trust from and against any and all liability incurred by the Trust or the Financial Services Agent hereunder in connection herewith (including the enforcement of the obligations of the Guarantor under this Guarantee), other than any liabilities attributable to the gross negligence or willful misconduct of the Trust, the Financial Services or any of their respective officers, employees or agents.

5.5 Governing Law. This Guarantee shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

5.6 Financial Condition of Guaranteed Parties: The Guarantor is fully aware of the financial condition of the Guaranteed Parties.

5.7 No Waiver, Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Trust, any right, remedy, power or privilege hereunder, shall operate as a waiver hereof nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exhaustive of any rights, remedies, powers and privileges provided by law.

5.8 Amendments. Any provision of this Guarantee may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Guarantor and the Trust, and satisfies the Rating Agency Condition [that is the action will not result in the rating agencies downgrading the rated securities].

5.9 Notices. All notices or other communications authorized or required to be given pursuant to this Guarantee, or pursuant to which any rights or obligations may arise hereunder, shall be in writing (including telecopied communication and such other method of recorded or recordable electronic communications as to which the parties may hereafter agree) and shall be either personally delivered or sent by telecopier as follows:

[]

5.10 Successors and Assigns. This Guarantee shall be binding upon the Guarantor and shall inure to the benefit of the Trust and its successors and permitted assigns. The Guarantor may not assign any of its obligations under this Guarantee without the prior written consent of the Trust and satisfies the Rating Agency Condition.

5.11 Consent to Jurisdiction, Waiver of Immunities. The Guarantor hereby irrevocably submits to the non-exclusive jurisdiction of any court sitting in the Province of Ontario in any action or proceeding arising out of or relating to this Guarantee and the Guarantor irrevocably agrees that all claims in respect of any such action or proceeding may be heard and determined in such Ontario court. The Guarantor hereby irrevocably waives, to the extent permitted by law, the forum non conveniens defence to the maintenance of any such action or proceeding. The Guarantor agrees that a final judgment in any action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by

law. Nothing in this Section [] shall affect the right of the Trust to serve legal process in any other manner permitted by law or affect its right to bring any action or proceeding against the Guarantor or its property and assets in the courts of any other jurisdiction.

5.12 Entire Agreement. This Guarantee contains the entire agreement between the parties relating to the subject matter hereof and supersedes all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth herein.

5.13 Survival. All covenants, representations and warranties of the Guarantor hereunder shall survive the execution hereof. The obligations of the Guarantor to the Trust under this Guarantee shall not be affected by reason of any invalidity, illegality or irregularity of the obligations.

5.14 Severability. Any provision of this Guarantee which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Guarantee, all without affecting the remaining provisions of this Guarantee or affecting the validity or enforceability of such provision in any other jurisdiction.

5.15 Additional Security. This Guarantee is in addition, and without prejudice, to any security of any kind (including other guarantees) now or hereafter held by the Trust and any other rights or remedies that may be available to the Trust.

5.16 Headings. The headings of the Sections herein are for convenience of reference only and shall not the interpretation of any of the terms or provisions hereof.

IN WITNESS WHEREOF the Guarantor has executed this Guarantee as of the date first above written.

Servicing Obligations Covered by a Servicing Guarantee

The Servicing Guarantee covers the performance and payment of any party's (Electricity Vendor) covenants, agreement, liabilities, indemnities and obligations in connection to its servicing duties pursuant to the master purchase agreement/servicing agreement.

We expect that IESO as agent to the investment interest owners would perform the servicing duties. As such the Servicer would include the IESO and each other electricity vendor (which is typically a sub-servicer retained/appointed by the Servicer as each sub-servicer is not likely to be a party to the master purchase agreement/servicing agreement). IESO (Servicer) will remain liable for the performance of the duties and obligations so subcontracted and all other duties and obligations of the Servicer as outlined in the master purchase agreement/servicing agreement.

The Servicer's covenants, agreement, liabilities and obligations pursuant to the master purchase agreement/servicing agreement covered by the Servicing Guarantor generally include:

- Servicing of the investment assets, generally includes:
    - Invoicing and collecting the invoice amounts;
    - Recording and holding the assets in a secure manner, available for examination if requested;
    - Maintaining prudent and reasonable administrative and operating procedures;
    - Requiring its auditors to report on the status of the investment assets;
    - Effecting all filings and recordings;
    - Using reasonable efforts in accordance with the regulation to collect the investment assets;
    - Comply with the regulations in connection with the investment assets,

    all in accordance with the regulations and established credit and collection policies; and

    - Not make material changes to its credit and collection policies unless Rating Agency Condition is satisfied
    - Prepare and deliver a monthly report to the investment interest owners.
- Amounts held in trust by the electricity vendor until remitted and deposited into an trust account
    - Collections will be remitted monthly into a trust account unless the Guarantor fails to maintain an acceptable rating, in which case amounts will be deposited within 2 business days of receipt. Losses arising from the commingling of funds, due to such events as bankruptcy/insolvency of the electricity vendor, would be covered by the Servicing Guarantee.
- Losses arising from amounts invested in permitted investments in trust accounts at the direction of the Servicer
- Amounts to be received from the seller/servicer in connection with deemed collections where either a valid lien is asserted against any part of the investment asset or the investment asset is reduced cancelled as a result of a set-off in respect of any claim by the specified against the Servicer/Electricity Vendor

From:	Carlos Yep
To:	Thom, Trevor <Trevor.Thom@tdsecurities.com> (Trevor.Thom@tdsecurities.com); Steven Castle; "Thompson, Susan"
Cc:	James Devine; Mike Manning
Subject:	Fair Hydro Plan - guarantee / provincial support
Date:	Tuesday, August 15, 2017 12:24:22 PM
Attachments:	Term Sheet - Provincial Support Agreement - 08-14-2017.docx Fair Hydro Plan - Guarantee and Other Items v2.pptx

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Susan

Here is the latest draft from OPG with input from CIBC/RBC/GS.

We are starting to review the document. Can you also review and forward comments back to us.

I am also expecting OPG and IESO to review and provide more feedback regarding servicing guarantee and LDC co-mingling risks.

Please call if you have any questions - we can discuss timeline.

Regards

Carlos

Provincial Protection and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act.*

Change in Law Guarantee	
Guarantor:	The Province of Ontario
Guarantee Activation Events:	Any of the following would constitute a Guarantee Activation Event: (A) the Legislative Assembly of Ontario repealing (and not replacing on an equivalent basis) the Act or any Regulation made thereunder; (B) the Legislative Assembly of Ontario causing to come into force any statute (including any amendment to the Act or a Regulation made thereunder), or causing to come into force or making any order-in-council or regulation, or causing to come into force any other discriminatory action (including by way of any order by the Ontario Energy Board), in any case, in a way that adversely affects the rights and interests of the Financing Entity under its investment interest, including, for greater certainty, in any manner that is reasonably expected to limit the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations on the same basis as before such amendment was effected; (C) the Legislative Assembly of Ontario directly or indirectly amending the Guarantee or any of the financing transaction agreements without the agreement of the Financing Entity; (D) a court of competent jurisdiction (i) declares any funding obligations of the Financing Entity to be invalid or unenforceable or (ii) in a final and non-appealable

	judgement determines that all or a portion of the Act is *ultra vires* in a way that adversely affects the rights and interests of the Financing Entity, including, for greater certainty, in any manner that is reasonably expected to limit the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its funding obligations on the same basis as before such judgement; or (E) there is a change in the organization, structure or operations of the IESO or a change in the electricity market structure or operations in any way that adversely affects the rights and interests of the Financing Entity under its investment interest, including, for greater certainty, in any manner that is reasonably expected to limit the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations on the same basis as before such amendment was effected **[NTD: Alternatively, with respect to the IESO servicing obligations, include the Servicing Guarantee language with respect to the IESO that was included in the last mark-up of the term sheet received from the Province.]**
Guarantee:	Upon the occurrence of a Guarantee Activation Event, the Guarantor shall immediately assume and pay when due (without acceleration) all of the obligations of the Financing Entity. The obligations of the Financing Entity include its funding obligations as well as any other obligation the Financing Entity has related to the Fair Hydro program such as payments to service providers (such as trustees, auditors, etc), rating agencies and any fees due to the securities commissions
Term:	The Guarantee will continue for as long as the Financing Entity has any outstanding financing or other contractual obligations and until such obligations have all been paid in full or otherwise satisfied

Approval Requirement:	The guarantee agreement containing the terms and conditions contemplated by this term sheet shall be entered into prior to the Financing Entity incurring its first funding obligation. The Province shall enter into the guarantee based on forms of program and series financing documents required for each financing transaction (e.g., form of supplemental indenture). As long as the financing transaction documents are generally consistent with the agreed upon form, the Province's specific approval for specific funding obligations incurred by the Financing Entity will not be required. Subsequent approval is only needed if the form of such documents are materially changed. For greater certainty, deal specific terms (such as tenor, pricing, etc) shall not be considered a change in the form of transaction and series documents
FIPPA:	The parties will acknowledge that the Guarantor will be bound by the Freedom of Information and Protection of Privacy Act (Ontario) and that any information provided to the Guarantor, or any agent or representative of the Guarantor in connection with the Guarantee may be subject to disclosure in accordance with the act or as otherwise required by law
Representations and Warranties:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Guarantor and the Financing Entity
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Guarantor and the Financing Entity
Governing Law:	Province of Ontario

Warehousing Takeout Risk and Servicing (Commingling) Risk *Note – these items are provided for information purposes only as these risks were included in the previous version of the term sheet as items that the Dealers/OPG were looking for the Province for protection against. The current proposals with respect to these items is described below. These do not contain any requirement for the Province to directly backstop these risks.*	
<u>Commingling Risk (applies to Warehouse as well as any Term transactions)</u>	
Commingling Risk Mitigant:	For any LDC which is not investment grade rated by each of the rating agencies which are rating the funding obligations (the "Non-Investment Grade LDCs"), either: (A) The IESO must post a Letter of Credit (L/C), or deposit funds in a Commingling Reserve Account in a quantum equal to the Commingling Risk Amount; or (B) The IESO, for so long as it is rated investment grade by the rating agencies which are rating the funding obligations, will assume responsibility for commingling risk by the LDCs and will agree to remit to the Financing Entity any clean energy adjustment amounts collected by the LDC, regardless of whether the LDC remitted those amounts to the IESO for remittance to the Financing Entity
Commingling Risk Amount:	An amount equal to the sum of the expected Clean Energy Adjustment collections from the Non-Investment Grade LDCs over the next [45-60] days
Commingling Risk Amount Reset Date:	Each settlement date for the Financing Entity (monthly)
Beneficiary:	The beneficiary of the L/C or the Commingling Reserve Account would be the Financing Entity and the Indenture Trustee for the benefit of the creditors of the Financing Entity. The Financing Entity and/or the Indenture Trustee would have the ability to draw down the L/C or draw on the Commingling Reserve Account for any clean energy adjustment amounts expected to be received from the IESO but which were not received due to those funds not being remitted from an LDC to the IESO for that period
L/C Provider:	An entity rated at least A+ (or equivalent)

Approvals:	The approach is subject to approval from the IESO, by the rating agencies rating the funding obligations of the Financing Entity and the risk management areas of the banks providing the warehouse facilities
Warehouse Takeout Risk	
Commitment Period for Warehouse[1]:	Expected to be 12-24 months
Takeout for Warehouse:	Expected to be every 3-6 months
Warehouse Default Event:	One of the events of default for the warehouse will be the failure to repay the warehouse facility at the end of the commitment term
Consequences of Warehouse Default Event:	If the Warehouse Default Event[2] described above occurs, all amounts funded through the warehouse would become immediately due and payable, subject to the Warehouse Default Payment Cap, and Default Pricing will be charged on any amounts funded through the warehouse facility
Default Pricing:	Step up in pricing to [x] until the moratorium period ends and thereafter stepping-up in increments of [y] every six months until the warehouse facility is repaid

[1] Please note that this is not intended to be an exhaustive list of terms for the warehouse facility, but rather is a summary of a few select terms that relate to the warehouse takeout risk.

[2] Note there may be other Warehouse Default Events beyond the takeout risk item described above. The consequences for a breach of these other Warehouse Default Events may be different than the one described above where the default is related to failure to takeout the warehouse facility by the end of the commitment period.

Warehouse Default Payment Cap:	For any given reference period following the occurrence of a Warehouse Default Event, the amount that shall be remitted to the Financing Entity for repayment of the warehouse facilities will be the sum of (x) the interest amount due on the warehouse facilities (which, for greater certainty will include any program fees) and (y) the lessor of: (a) The outstanding amount funded through the warehouse facilities; and (b) The maximum amount that can be charged for that period so that clean energy adjustments are equal to, but do not exceed, the fair allocation amount for such period.
Approval Requirement:	Subject to approval by the risk management areas of the banks providing the warehouse facilities which will in part depend on receipt of information on the fair allocation curve and an understanding of how long the "tail risk" could be following a Warehouse Default Event

Provincial Protection and Assurances

Change in Law Risk

- Holders of Fair Hydro Plan debt could be negatively impacted by:
  - Changes to legislation or other discriminatory action by the Province as no government can limit the ability of future governments to amend or enact legislation or take other actions as it may deem appropriate
  - Court decision that the Fair Hydro Plan does not have the authority to levy the charge to consumers or declares any funding obligations to be invalid or unenforceable
  - Changes to the organization, structure or operations of the IESO or the electricity market
- Debt is not financeable without protection for these risks
- Risk is addressed through contractual guarantee that would be triggered upon the occurrence of specified events
- If guarantee is triggered there would not be an acceleration of payment
- If guarantee is triggered the Province would step in to service the obligations of the financing entity
- Guarantee may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access US market as investors in that market will likely require additional compensation if the guarantee is triggered

Risks Not Covered by Provincial Guarantee

Short Term Debt Financing Takeout Risk

- Monthly purchases by the financing entity would initially be financed using short term debt as the financing entity needs to warehouse a larger amount for efficient execution in the term debt markets
  - Short term debt providers are exposed to the risk that takeout funding is not available in term debt markets for a period of time
- If this short term debt is not repaid by the end of the short term debt facility commitment this risk is addressed through an escalation of the pricing of such short term debt:
  - Interest rate for short term debt increases by a specified amount at the time of the event until the moratorium period ends
  - Thereafter, interest rate increases by a further specified amount for every additional 6 month interval during which the short term debt remains unpaid

LDC Commingling Risk

- Clean Energy Adjustment amounts will be collected from consumers by LDCs and held until remitted to the IESO / financing entity. For any LDC which is not rated or non-investment grade rated by each of the rating agencies which are rating the funding obligations, the agencies will require these LDCs to remit collections daily, unless other credit mitigants are established
- The majority of LDCs are not rated and it would be cost prohibitive to establish ratings for these entities; 10 LDCs are collectively rated by S&P, DBRS and Moody's (Moody's only rates Hydro One)
  - It is estimated that LDCs not rated by any agency deliver power to ~25% of the Ontario electricity market
- This risk is addressed through providing the financing entity with a letter of credit:
  - Amount of letter of credit is approximately one to two month's estimated collections from all unrated or non-investment grade LDCs
  - Letter of credit to be provided by the IESO on behalf of the LDCs
  - Cost of the letter of credit and any amounts drawn can be recovered by the IESO through the Global Adjustment
- Alternatively, this risk may be addressed by the IESO depositing funds into a commingling reserve account for a similar amount or the IESO contractually agreeing to assume responsibility for paying the CEA amounts required to be remitted by such LDCs

From: Mike Manning
To: Gwun-Hone Chin
Subject: Fair Hydro Plan
Date: Friday, June 16, 2017 4:33:00 PM

Everything in file.

Thanks, Mike

From:	Gadi Mayman
To:	Ronald Kwan; Ken Kandeepan; Mike Manning
Cc:	Anna Strathy; Hresa Gavaris
Subject:	Fair Hydro Plan
Date:	Monday, July 10, 2017 10:19:19 AM

Hi, I'd like to have a 15 minute meeting this afternoon to fill you, and whomever else you feel should hear this, in about my meeting this morning about the Fair Hydro Plan.

Thanks,
Gadi

From:	Ken Kandeepan
To:	Scott Nelms (ENERGY)
Cc:	John Psinas; James Devine; Carlos Yep; Gadi Mayman; Anna Strathy; Ronald Kwan; John Kim; Mike Manning; Nadine Petsche (MOF); "Veinot, Cindy (TBS)"
Subject:	Follow up to Conference call with TDS
Date:	Wednesday, May 03, 2017 10:08:57 AM

Hi All

We discussed a number of options with TDS yesterday on the type of equity to be issued by OPG to the Province in relation to the equity injection.

While the preferred equity option did present some attractive features from the perspective of tracking and perhaps an increased level of assurance to the Province with regard to dividend payments, Gadi suggests that we move forward with the common equity option from the twin objectives of simplicity as well as safeguarding the 20% of common equity limitation on the value of preferred equity. The latter is an important criteria from the perspective of the Rating Agencies.

There are a couple of issues yet to be resolved with regard to the common equity option:

- The possibility of issuing common equity as "Class B" shares thus differentiating the share issued by OPG under the equity injection from the existing shares owned by the Province. This makes it easier to track and to accrue dividends.
- The share price attributable to each share issued under the equity injection; approximate book value or some other methodology. Note that OPG's annual report does not indicate a share price, however, the notes to the F/S provide the number of shares and the value of the Province's original investment allowing the reader to work out a per share value of $20 which corresponds to what the Province carries in its own books.

We will work with all of you and consult with TDS on developing options on the above.

Thanks

Ken k

From:	Ken Kandeepan
To:	Scott Nelms (ENERGY)
Cc:	John Psinas; James Devine; Carlos Yep; Gadi Mayman; Anna Strathy; Ronald Kwan; John Kim; Mike Manning; Nadine Petsche (MOF); "Veinot, Cindy (TBS)"
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We will work with all of you and consult with TDS on developing options on the above.

Thanks

Ken k

From:	Ken Kandeepan
To:	"Kim Marshall"; "Veinot, Cindy (TBS)"
Cc:	Mike Manning; Ronald Kwan; "Anthony Martinello"; John Psinas
Subject:	Follow up to Friday"s Teleconference
Date:	Wednesday, May 03, 2017 11:57:21 AM

Hi All

I understand the Friday teleconference was value-added and while I was unable to participate, John Psinas was kind enough to provide me with a detailed briefing.

The interest impact was a point of discussion, with Anthony expressing concern that IES may experience a significant fiscal burden, especially if there are material delays between the time the regulatory asset is set up and its subsequent purchase by the Trust.

My understanding of the model is that all interest incurred on funding the regulatory/investment asset should be capitalized, regardless of the entity incurring the interest expense. As such, any interest incurred by IESO, from the time a particular chunk of the regulatory/investment asset is set up, to the time it is acquired by the Trust should be capitalized by adding the interest to the purchased value of the asset.

This will ensure that the regulatory asset is valued accurately and upon consolidation with IESO, the Province will receive an offset for the interest expense it incurs on the debt required to fund the credit facility extended to IESO for the funding the regulatory asset. In this context, Mike's stated preference that any credit facility extended by the Province for this specific purpose be separate from existing provincial facilities available to the IESO makes sense.

On the other hand based on a discussion I had with Ron Kwan yesterday, IESO has expressed a strong preference for the regulatory asset be acquired on a monthly basis by the Trust, thus making the above discussion somewhat moot, however, delays may be inevitable and as such we should have a resolution for this issue.

Thanks

Ken K

From:	Ken Kandeepan
To:	"Kim Marshall"; "Veinot, Cindy (TBS)"
Cc:	Mike Manning; Ronald Kwan; "Anthony Martinello"; John Psinas
Subject:	Follow up to Friday"s Teleconference
Date:	Wednesday, May 03, 2017 11:57:21 AM

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Thanks

Ken K

From:	Gadi Mayman
To:	Ronald Kwan; Mike Manning; James Devine; Carlos Yep; Ken Kandeepan; John Psinas
Cc:	Anna Strathy; Gavin He
Subject:	Fw: Draft Provincial Support Agreement
Date:	Friday, June 23, 2017 5:48:40 PM
Attachments:	23148306-v8-Term Sheet - Provincial Support Agreement - May 12.DOCX 23148306v1_Term Sheet - Provincial Support Agreement - May 12 - 23148306....pdf

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From: Nelms, Scott (MOF)
Sent: Friday, June 23, 2017 5:31 PM
To: Carolyn Calwell (MCSS); Steen Hume (CAB); ASHBOURNE, STEPHEN; Gadi Mayman; JACKSON, ADAM
Subject: FW: Draft Provincial Support Agreement

fyi

From: Nelms, Scott (MOF)
Sent: June 23, 2017 5:03 PM
To: John Lee - Ontario Power Generation (john.s.lee@opg.com)
Subject: Draft Provincial Support Agreement
Hi John,

Please see the attached markup of the Provincial Support Agreement. This has been reviewed by lawyers and policy folks from Energy, MoF, OFA and TBS. Please treat this as an early draft designed to spur discussion. It takes some concepts up a level as we felt that some of the detail in the OPG draft should be settled once the specific loan documents were available for review.

I would suggest we find time to regroup with appropriate people to discuss once we are through regulation approvals next week.

Thanks and have a good weekend,

Scott

Provincial Protection and Assurances

Indicative Term Sheet[1]

Ontario Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate.*

Servicing Guarantees	
Servicing Guarantor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Beneficiaries:	Each Financing Entity that owns an investment interest from time to time. A Financing Entity may grant a security interest over its rights and interests under a Servicing Guarantee to its creditors and contractual counterparties, including any indenture trustee acting on behalf of itself and other persons having debt or other claims against the Financing Entity that are secured under a related trust indenture.

[1] This draft term sheet is intended for discussion purposes only and does not represent a commitment of any party. Any agreement or undertaking of the Province contemplated in this term sheet may only be made either (a) with the approval of the Lieutenant Governor in Council as contemplated in subsection 5(2) of the Act or (b) under, and subject to, an order made by the Lieutenant Governor in Council as contemplated in subsection 5(3) of the Act.

Servicing Guarantee:	Pursuant to a Servicing Guarantee, the Servicing Guarantor will guarantee the performance, or cause the performance, of the obligations of IESO as servicer under the Act and under any agreement under which the applicable Financing Entity acquires an investment interest from IESO and IESO undertakes on-going obligations in respect of such investment interest, including servicing obligations undertaken by IESO to enforce the performance by electricity vendors of their respective obligations under the Act. It is anticipated that such obligations will include matters related to the billing, collection and remittance of clean energy adjustments by IESO and electricity vendors, as the case may be, and regarding the commingling by IESO and electricity vendors of collections of clean energy adjustments with other amounts. In the event that the Servicing Guarantee is held to be unenforceable against the Servicing Guarantor, the Servicing Guarantee will contemplate, in the alternative, a functionally equivalent direct covenant of the Servicing Guarantor.
Term:	The Servicing Guarantor's obligations under a Servicing Guarantee in respect of a Financing Entity will continue during the term of any obligation incurred by the Financing Entity that is or is intended to be secured by the Servicing Guarantee.
Satisfaction of a Servicing Guarantee:	The Servicing Guarantor will have the option to satisfy its obligations under a Servicing Guarantee by paying when due the amounts that would be remitted to the applicable Financing Entity as if IESO and each electricity vendor had complied with its obligations under the Act and under any agreement under which the applicable Financing Entity acquires an investment interest from IESO and IESO undertakes on-going obligations in respect of such investment interest.
Approval Requirement:	The servicing obligations (including any amendments) to which the Servicing Guarantee relates, together with the provisions of any Servicing Guarantee itself, will be subject to the approval of the Minister of Energy and the Minister of Finance acting together.
Limits under Servicing Guarantee:	Under no circumstances shall the Servicing Guarantor be obligated to pay consequential, special or punitive damages, or for economic loss or loss of profits.

Indemnity	
Indemnitor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together, or an entity owned by the Province of Ontario whose indemnity obligations, as contemplated by this Term Sheet, are in turn unconditionally guaranteed by the Province of Ontario.
Indemnitees:	Each Financing Entity that owns an investment interest from time to time. A Financing Entity may grant a security interest over the Indemnity to specified creditors, including to an indenture trustee under a trust indenture on behalf of itself and other persons having debt or other claims against the Financing Entity secured under the trust indenture.
Indemnity of the Province:	The Indemnitor will indemnify each Indemnitee for its costs, expenses and losses reasonably incurred by the Indemnitee because of third party claims made against the Indemnitee by one or more of its specified creditors that result from any of the following: (A) the Legislative Assembly of Ontario repealing (and not replacing on an equivalent basis) the Act; (B) the Legislative Assembly of Ontario amending the Act or a Regulation made thereunder in a way that materially and adversely affects the rights and interests of the Financing Entity under its investment interest; or (C) a court of competent jurisdiction in a final and non-appealable judgement determines that all or a portion of the Act is *ultra vires* in a way that materially and adversely affects the rights and interests of the Financing Entity under its investment interest.
Term:	An Indemnity will continue during the term of any obligation incurred by a Financing Entity that is or is intended to be secured by the Indemnity.

Satisfaction of an Indemnity:	The Indemnitor will have the option to satisfy its obligations under an Indemnity in respect of a funding obligation by: (x) assuming and paying when due (without acceleration) the regularly scheduled amounts due and payable in respect of the funding obligation during the term and to the extent of the applicable Financing Entity's contractual obligations thereunder; or (y) causing the acceleration of the funding obligation and paying the outstanding amount owing thereunder in full, including in the case of debt instruments issued by the applicable Financing Entity by causing the redemption of the debt instruments and paying an amount equal to the then outstanding principal amount thereof plus accrued and unpaid interest up to the date of payment (without any default, penalty, prepayment or make whole premium).
Approval Requirement:	The terms and conditions of the obligations incurred by a Financing Entity that are secured or intended to be secured by an Indemnity, together with the provisions of any Indemnity itself, will be subject to the approval of the Minister of Energy and the Minister of Finance acting together.
Limits under Indemnity:	Under no circumstances shall the Indemnitor be obligated to indemnify any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Undertakings regarding Certain Mismatches	
Addressing Mismatches	If a Financing Entity proposes to incur one or more funding obligations that would require the Financing Entity to pay an aggregate amount during any reference period that would exceed the amount otherwise expected to be available to the Financing Entity during the reference period from its investment interests to pay such amounts (a "**Mismatch**"), the Financing Entity will, before incurring such funding obligations, undertake commercially reasonable efforts to arrange for commitments from highly creditworthy, market-based funding sources in accordance with the Financing Plan to enable it to satisfy its related payment obligations and thereby address any Mismatch.

Possible Undertaking to Fund Mismatches	If a Financing Entity is unable to arrange for commitments from one or more highly creditworthy, market-based funding sources in accordance with the Financing Plan to address a Mismatch on commercially reasonable terms and conditions, the Minister of Energy and the Minister of Finance acting together may undertake on behalf of the Province of Ontario to provide funding commitments to the extent necessary to provide the Financing Entity with required funding to address the Mismatch. Any such undertaking would be provided at or before the incurrence of the funding obligation that would otherwise result in the Mismatch and, if given, would be on such terms, including appropriate compensation to the Province of Ontario, and be subject to such conditions (for example and without limitation, funding being conditional on the occurrence of a market disruption that results in the non-availability of capital markets term funding to effect a refinancing of the funding obligation) as the Minister of Energy and the Minister of Finance determine are reasonable and appropriate in the circumstances. The decision to provide such an undertaking will be in the sole discretion of the Minister of Energy and the Minister of Finance.
Documentation	
Representations, Terms and Conditions:	Subject to approval of the Minister of Energy and the Minister of Finance acting together.
FIPPA:	Acknowledgement that the Servicing Guarantor and the Indemnitor will be bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Servicing Guarantor or the Indemnitor, or any agent or representative of the Servicing Guarantor or the Indemnitor, in connection with the transaction documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Confidentiality obligations of each Financing Entity and its assignees, representatives and agents as may be determined to be appropriate by the Minister of Energy and the Minister of Finance acting together.
Governing Law:	Province of Ontario.

Provincial ~~Support Agreement~~Protection and Assurances

Indicative Term Sheet[1]

Ontario Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") ~~is provided exclusively to the parties listed herein in connection with the draft~~relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. ~~Defined~~Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial ~~support agreement (the "**Provincial Support Agreement**") will contain the terms and conditions set out~~protection and assurance arrangements contemplated in this Term Sheet ~~in addition to such other representations, warranties, indemnities, and other~~will include such terms and conditions as the ~~Guarantor and the Beneficiaries (each as defined below) may reasonably require~~Minister of Energy and the Minister of Finance determine to be appropriate.*

Servicing Guarantees	
Servicing Guarantor:	~~Her Majesty the Queen in right~~The Province of Ontario, ~~as represented~~ by the Minister of Energy and the Minister of Finance acting together.
Beneficiaries:	~~The indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**")~~Each Financing Entity that owns an investment interest from time to time. A Financing Entity may grant a security interest over its rights and interests under a Servicing Guarantee to its creditors and contractual counterparties, including any indenture trustee acting on behalf of itself and ~~all~~ other persons having debt or other claims against ~~a~~the Financing Entity that are secured under ~~the Master Trust Indenture (collectively, the "**Beneficiaries**") including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee, the trustee of the Financing Entity if the Financing Entity is a trust, and any other administrator of the Financing Entity~~a related trust indenture.
~~**Term:**~~	~~The Guarantor's obligations under the Provincial Support~~

[1] This draft term sheet is intended for discussion purposes only and does not represent a commitment of any party. Any agreement or undertaking of the Province contemplated in this term sheet may only be made either (a) with the approval of the Lieutenant Governor in Council as contemplated in subsection 5(2) of the Act or (b) under, and subject to, an order made by the Lieutenant Governor in Council as contemplated in subsection 5(3) of the Act.

	~~Agreement will continue until **[one year]**[1] after all funding obligations (to be defined to include principal, interest, fees, hedge settlement and termination obligations and other related amounts) of all Financing Entities have been repaid.~~
~~**Performance**~~**Servicing Guarantee:**	~~Under the Master Sale and Servicing Agreement to be entered into by IESO and the Financing Entity, **[and OPG as Financial Services Manager]** ("**MSSA**"), IESO will have obligations both as a seller and as a servicer. Pursuant to a performance guarantee~~Pursuant to a Servicing Guarantee, the Servicing Guarantor will guarantee ~~in favour of the Beneficiaries to perform~~the performance, or cause the performance ~~of (which may be by way of the appointment of a replacement servicer)~~, of the obligations of IESO as servicer under ~~the MSSA and~~ the Act and under any agreement under which the applicable Financing Entity acquires an investment interest from IESO and IESO undertakes on-going obligations in respect of such investment interest, including ~~the obligations of any replacement servicer. The Guarantor will also guarantee the~~ servicing obligations ~~of the~~undertaken by IESO to enforce the performance by electricity vendors of their respective obligations under the Act. ~~The servicing~~It is anticipated that such obligations ~~covered~~ will include ~~all obligations~~matters related to the ~~collecting~~billing, collection and ~~remitting~~remittance of clean energy adjustments ~~and will protect the Beneficiaries from any risks arising from~~by IESO and electricity vendors, as the case may be, and regarding the commingling by IESO and electricity vendors of collections of clean energy adjustments ~~being commingled~~ with other amounts. In the event that the ~~performance guarantee~~Servicing Guarantee is held to be unenforceable against the Servicing Guarantor, the ~~Provincial Support Agreement~~Servicing Guarantee will contemplate ~~a separate legal obligation by the Guarantor to indemnify the Beneficiaries for any losses that result~~, in the alternative, a functionally equivalent direct covenant of the Servicing Guarantor.
Term:	The Servicing Guarantor's obligations under a Servicing Guarantee in respect of a Financing Entity will continue during the term of any obligation incurred by the Financing Entity that is or is

[1] ~~This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.~~

	intended to be secured by the Servicing Guarantee.
Satisfaction of a Servicing Guarantee:	The Servicing Guarantor will have the option to satisfy its obligations under a Servicing Guarantee by paying when due the amounts that would be remitted to the applicable Financing Entity as if IESO and each electricity vendor had complied with its obligations under the Act and under any agreement under which the applicable Financing Entity acquires an investment interest from IESO and IESO undertakes on-going obligations in respect of such investment interest.
Approval Requirement:	The servicing obligations (including any amendments) to which the Servicing Guarantee relates, together with the provisions of any Servicing Guarantee itself, will be subject to the approval of the Minister of Energy and the Minister of Finance acting together.
Limits under Servicing Guarantee:	Under no circumstances shall the Servicing Guarantor be obligated to pay consequential, special or punitive damages, or for economic loss or loss of profits.

Indemnity	
Indemnitor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together, or an entity owned by the Province of Ontario whose indemnity obligations, as contemplated by this Term Sheet, are in turn unconditionally guaranteed by the Province of Ontario.
Indemnitees:	Each Financing Entity that owns an investment interest from time to time. A Financing Entity may grant a security interest over the Indemnity to specified creditors, including to an indenture trustee under a trust indenture on behalf of itself and other persons having debt or other claims against the Financing Entity secured under the trust indenture.
~~**Payment Guarantee Event**~~**Indemnity of the Province:**	~~A Payment Guarantee Event will occur if~~The Indemnitor will indemnify each Indemnitee for its costs, expenses and losses reasonably incurred by the Indemnitee because of third party claims made against the Indemnitee by one or more of its specified creditors that result from any of the following: (A) the Legislative Assembly of Ontario ~~repeals~~repealing (and not replacing on an equivalent basis) the Act; ~~or~~ (B) the Legislative Assembly of Ontario ~~amends~~amending the Act or a Regulation made thereunder ~~is amended~~ in a way that materially and adversely ~~impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such~~affects the rights and interests of the Financing Entity under its investment interest; or (C) a court of competent jurisdiction ~~(i)~~in a final and non-appealable judgement determines that all or a portion of the Act ~~to be~~is *ultra vires* in a way that materially and adversely ~~impacts~~affects the ~~ability~~rights and interests of ~~a~~the Financing Entity ~~to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable; or~~ ~~(D) funding obligations are due and payable at a time when a~~

	~~market disruption (a period of [six months or more] when capital markets term funding is not available to effect refinancings of funding obligations) is occurring and, in the case of long term funding obligations only, a moratorium or limitation on the imposition and collection of clean energy adjustments to repay such funding obligations is in effect under the Act~~under its investment interest.
Term:	An Indemnity will continue during the term of any obligation incurred by a Financing Entity that is or is intended to be secured by the Indemnity.
~~Payment Guarantee~~Satisfaction of an Indemnity:	~~Upon the occurrence of a Payment Guarantee Event under clauses (A), (B) or (C) of the above definition:~~ The Indemnitor will have the option to satisfy its obligations under an Indemnity in respect of a funding obligation by: (x) ~~the Guarantor shall assume~~ assuming and ~~pay~~paying when due (without acceleration) ~~all funding obligations and all other obligations of the Financing Entities to the Beneficiaries by paying all~~the regularly scheduled amounts due and payable in respect ~~thereof~~of the funding obligation during the term ~~of each~~and to the extent of the applicable Financing Entity's contractual ~~obligation to such Beneficiaries; and~~obligations thereunder; or (y) ~~Beneficiaries holding funding obligations consisting of bonds [with a remaining term to maturity of greater than one year] shall have the option to put the bonds to the Financing Entity for a put price equal to 101% of~~ causing the acceleration of the funding obligation and paying the outstanding amount owing thereunder in full, including in the case of debt instruments issued by the applicable Financing Entity by causing the redemption of the debt instruments and paying an amount equal to the then outstanding principal amount thereof plus accrued and unpaid interest~~. In connection with any put under this clause (y), the Guarantor shall guarantee payment of the put price and any related hedge breakage but shall not be responsible for any other~~ up to the date of payment (without any default, penalty, prepayment or make whole ~~amounts~~premium).
Approval Requirement:	The terms and conditions of the obligations incurred by a

	Financing Entity that are secured or intended to be secured by an Indemnity, together with the provisions of any Indemnity itself, will be subject to the approval of the Minister of Energy and the Minister of Finance acting together.
Limits under ~~Guarantees~~Indemnity:	Under no circumstances shall the ~~Guarantor~~Indemnitor be obligated to indemnify any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
~~**Priority of Payments:**~~	~~The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.~~
~~**Subrogation:**~~	~~Where the Guarantor has repaid all Beneficiaries in full, to the extent of such payments the Guarantor shall be subrogated in and to all the rights of recovery of the Beneficiaries in respect of their applicable indebtedness and obligations and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all indebtedness and obligations owing to the Beneficiaries, the Indenture Trustee will acknowledge and agree on behalf of the Beneficiaries that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiaries have or may exercise in respect of the repaid indebtedness and obligations, all in accordance with the terms of the Master Trust Indenture. Prior to the repayment in full of the indebtedness and obligations owed to the Beneficiaries, the Guarantor shall have no rights of subrogation.~~
~~**Notice Requirements:**~~**Undertakings regarding Certain Mismatches**	~~The Indenture Trustee will be required to provide notice to the Guarantor of a Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.~~
~~**Closing:**~~**Addressing Mismatches**	~~Date to be determined but no later than [■, 2017]. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered~~If a Financing Entity proposes to incur one or more funding obligations that would require the Financing Entity to pay an aggregate amount during any reference period that would exceed the amount otherwise expected to be available to the Financing Entity during the reference period from its investment interests to pay such amounts (a "**Mismatch**"), the Financing

	Entity will, before incurring such funding obligations, undertake commercially reasonable efforts to arrange for commitments from highly creditworthy, market-based funding sources in accordance with the Financing Plan to enable it to satisfy its related payment obligations and thereby address any Mismatch.
~~**Reporting Requirements of a Financing Entity:**~~ **Possible Undertaking to Fund Mismatches**	~~The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture~~If a Financing Entity is unable to arrange for commitments from one or more highly creditworthy, market-based funding sources in accordance with the Financing Plan to address a Mismatch on commercially reasonable terms and conditions, the Minister of Energy and the Minister of Finance acting together may undertake on behalf of the Province of Ontario to provide funding commitments to the extent necessary to provide the Financing Entity with required funding to address the Mismatch. Any such undertaking would be provided at or before the incurrence of the funding obligation that would otherwise result in the Mismatch and, if given, would be on such terms, including appropriate compensation to the Province of Ontario, and be subject to such conditions (for example and without limitation, funding being conditional on the occurrence of a market disruption that results in the non-availability of capital markets term funding to effect a refinancing of the funding obligation) as the Minister of Energy and the Minister of Finance determine are reasonable and appropriate in the circumstances. The decision to provide such an undertaking will be in the sole discretion of the Minister of Energy and the Minister of Finance.
~~**Conditions Precedent to Closing:**~~**Documentation**	~~Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.~~[2]
Representations, Terms and Conditions:	~~Customary representations~~Subject to approval of the Minister of Energy and ~~warranties of the Guarantor~~the Minister of Finance acting together.
FIPPA:	Acknowledgement that the Servicing Guarantor ~~is~~and the Indemnitor will be bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Servicing Guarantor or ~~its agents or representatives~~the Indemnitor, or any agent or representative of the Servicing Guarantor or the Indemnitor, in connection with the

[2] ~~Opinions on the validity and enforceability of Provincial Support Agreement will be required.~~

	~~Transaction Documents~~transaction documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	~~Customary confidentiality~~Confidentiality obligations ~~to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor~~of each Financing Entity and its assignees, representatives and agents as may be determined to be appropriate by the Minister of Energy and the Minister of Finance acting together.
Governing Law:	Province of Ontario.

Document comparison by Workshare Compare on Friday, June 23, 2017 4:12:42 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23148306/1
Description	TOR_2528-#23148306-v1-Term_Sheet_-_Provincial_Support_Agreement_-_May_12
Document 2 ID	PowerDocs://TOR_2528/23148306/8
Description	TOR_2528-#23148306-v8-Term_Sheet_-_Provincial_Support_Agreement_-_May_12
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
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Style change	
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Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	110
Deletions	87
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	197

From:	Gadi Mayman
To:	Carlos Yep; Ronald Kwan
Cc:	Anna Strathy; Hresa Gavaris; Ken Kandeepan; Mike Manning
Subject:	Fw: EXTERNAL – Comments on Provincial Protection and Assurances Term Sheet - Fair Hydro
Date:	Wednesday, July 05, 2017 5:50:37 PM

From: Nelms, Scott (MOF)
Sent: Wednesday, July 5, 2017 5:49 PM
To: Carolyn Calwell (MCSS); Steen Hume (CAB); Gadi Mayman; Ken Kandeepan; Tom McKinlay (MAG); Montgomery, Kaitlin (MOF); ASHBOURNE, STEPHEN; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Veinot, Cindy (TBS); Nadine Petsche (MOF)
Cc: Karpowicz, Eva (MOF)
Subject: RE: EXTERNAL – Comments on Provincial Protection and Assurances Term Sheet - Fair Hydro

Good suggestion from Gadi – we should probably touch base internally in advance of meeting with OPG. I wonder if we could try for a quick 30 min phone call either tomorrow or Friday.
I will reach out to OPG to set something up for next week.

From: Nelms, Scott (MOF)
Sent: July 5, 2017 2:44 PM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI); Steen Hume (ENERGY) (Steen.Hume@ontario.ca); Mayman, Gadi (OFA) (Gadi.Mayman@ofina.on.ca); Kandeepan, Ken (OFA); McKinlay, Tom (ENERGY); Montgomery, Kaitlin (MOF); ASHBOURNE, STEPHEN
Subject: FW: EXTERNAL – Comments on Provincial Protection and Assurances Term Sheet - Fair Hydro

Hi,
Please see the following comments from OPG / Torys on the guarantees.
I wonder if we are now at a point we should suggest sitting down with OPG on this perhaps early next week.
Thanks,
Scott

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: June 30, 2017 3:12 PM
To: Nelms, Scott (MOF)
Cc: WONG Leslie -LAWDIV; RYFA Ken -TREASURY; HAHN PARKER Janet -TREASURY
Subject: FW: EXTERNAL – Comments on Provincial Protection and Assurances Term Sheet - Fair Hydro

Scott:
Further to our discussion on the outstanding issues, please find below the comments from the Dealers on the "Markup" of the Provincial Protection and Assurance term sheet.
As noted below, the next step should be to get the appropriate parties from the Province to sit down with the dealers and OPG to go over the points and agree on a basis to move forward.
We should try to do that sometime next week. Let us know what times work on the Province side and we will coordinate with the Dealers & counsels.
John

From: Mansoori, Nina [mailto:nmansoori@torys.com]

Sent: Friday, June 30, 2017 12:24 PM
To: LEE John -TREASURY; RYFA Ken -TREASURY; WONG Leslie -LAWDIV
Cc: Ramchandani, Rima; Hill, Krista; Feldman, Michael; Emes, Aaron; Mansoori, Nina
Subject: EXTERNAL – Comments on Provincial Protection and Assurances Term Sheet - Fair Hydro
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John/Les/Ken,

Please find below an issues list on the Province's comments on the Provincial Protection and Assurances Term Sheet (formerly the Provincial Support Agreement). This list reflects input from the dealers, Oslers and Torys. Please let us know if you have any additional comments or questions. If not, will you be reaching out to the Province to schedule a meeting next week (with the dealers, OPG, the Province and their counsels) to discuss these points? The dealers and their counsel don't see value in exchanging further drafts of the term sheet until they have had an opportunity to meet with the Province. We agree with this approach and are happy to assist in coordinating a meeting for next week. It would also be helpful to hear the Province's rationale and concerns for making some of these changes. Please let us know.

Many thanks,

Nina

1. The Servicing Guarantee:

    (a) It is written in favour of only the financing entity. However, in the MTSA, we are asking for covenants directly in favour of Indenture Trustee. The Indenture Trustee/specified creditors should have the direct benefit of the guarantee rather than relying on an indirect security interest in the servicing guarantee.

    (b) It should be clarified that the servicing obligations of the electricity vendors are covered.

    (c) If the guarantee is unenforceable, we should fall back to an indemnity, not a "functionally equivalent direct covenant" which is an uncertain concept.

    (d) We don't want an exclusion for economic loss. That may cover whatever losses the specified creditors do suffer.

2. Change of Law.

    (a) This should be written as a guarantee not an indemnity.

    (b) It should be directly in favour of the Indenture Trustee/specified creditors and it should cover all the "finance amount" and not just funding obligations.

    (c) We do not want the guarantee to be provided by another entity which is in turn guaranteed by Ontario. It should come directly from Ontario.

    (d) There should be no "materiality" threshold for a claim. If obligations are not paid in full,

then there should be a claim.

(e) The choice to assume or accelerate should be at the option of the holders, not the guarantor.

(f) If accelerated, then the 1% premium should be payable. This is a voluntary termination by the Province.

3. Undertaking Regarding Mismatches (market disruption)

(a) At best this structure defers the discussion of protection for a market disruption. At worst, it is impractical that take-out financing needs to be arranged in advance of each warehouse financing. We should rely on a definition of market disruption.

4. Approvals.

(a) Province to clarify what is contemplated under the heading "Approval Requirement". Is Province proposing to approve any obligation incurred by the Financing Entity?

(b) Approval under Section 28 of the *Financial Administration Act* to be attained (in case the OFHPA is declared void in its entirety).

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
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Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

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From:	Hanslep, Malle (MOF)
To:	Ronald Kwan; James Devine; John Kim; John Psinas; Tobias P. Whitfield (MOF); Elcombe, James (MOF); Ken Kandeepan; Gadi Mayman; Mike Manning
Subject:	Fw: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA
Date:	Wednesday, August 23, 2017 6:14:28 PM
Attachments:	#23425981v12_TorysAtWork_ - Fair Hydro Plan Master Trust Indenture.docx Fair Hydro - Master Transfer & Servicing Agreement (Alternative Funding Rebate Regulation Version).DOCX

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Sent: Wednesday, August 23, 2017 18:05
To: Hanslep, Malle (MOF)
Subject: FW: Fwd: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA

FYI

From: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
Date: Wednesday, Aug 23, 2017, 5:48 PM
To: Nelms, Scott (MOF) <Scott.Nelms@ontario.ca<mailto:Scott.Nelms@ontario.ca>>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca<mailto:Keley.Katona@ontario.ca>>, RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>
Subject: Fwd: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA

Fyi
Docs forwarded to Carolyn and Blakes

Sent with BlackBerry Work (www.blackberry.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blackberry.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=Ec33V65OW1bsyW-jB_N-DDOs2Ab9RINt_otPOU0wQvs&s=2Ra41qbdlDgKf2i9ba7m4kNMhshJpLkyMlWQBNtEeFc&e= >)

From: "Ramchandani, Rima" <rramchandani@torys.com>
Sent: Aug 23, 2017 5:43 PM
To: "'ASHBOURNE, STEPHEN'" <STEPHEN.ASHBOURNE@blakes.com>
Subject: EXTERNAL – Fair Hydro -- Drafts of MTI and MTSA
Cc: "Calwell, Carolyn (ENERGY/MEDEI/MRI)" <Carolyn.Calwell@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; "Feldman, Michael" <mfeldman@torys.com>; "Mansoori, Nina" <nmansoori@torys.com>; "Leibel, Robbie" <rleibel@torys.com>; "Ramchandani, Rima" <rramchandani@torys.com>

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Steve, as requested, attached are our current working drafts of the Fair Hydro Master Trust Indenture and Master Transfer and Servicing Agreement. Please note that these drafts are still in progress and, in particular, are subject to revision to reflect comments from OPG and the broader working group, as well as finalization of the mechanics of the payment of the debt carrying costs during the moratorium period (which we understand are expected to be paid by the IESO and addressed in a new regulation).

Please let us know if you have any comments or questions on the attached. We are in the process of advancing the

drafts of the DOT and management agreement and will forward those to you as soon as possible.

Best,
Rima

Rima Ramchandani

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Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.torys.com-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257C055c20aa5e104fbcb62a08d4ea6fcf70-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636391213867355185-26sdata-3Dh0ROFVTFxPSwJPW4ig074OJeyiFhwavs2qYM561RMNI-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=Ec33V65OW1bsyW-jB_N-DDOs2Ab9RINt_otPOU0wQvs&s=mP7Fy6wbTwgSIBvLtyls4Ybe2kCRRtKyqUFdik_1F9c&e= >
[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.torys.com-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257C055c20aa5e104fbcb62a08d4ea6fcf70-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636391213867355185-26sdata-3Dh0ROFVTFxPSwJPW4ig074OJeyiFhwavs2qYM561RMNI-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=Ec33V65OW1bsyW-jB_N-DDOs2Ab9RINt_otPOU0wQvs&s=mP7Fy6wbTwgSIBvLtyls4Ybe2kCRRtKyqUFdik_1F9c&e= >

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Torys Draft:
August 23, 2017

[ISSUER]

as Issuer

AND

[INDENTURE TRUSTEE]

as Indenture Trustee

TRUST INDENTURE

DATED AS OF [■], 2017

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SCHEDULE A — DEFINED TERMS
EXHIBIT 1 — FORM OF INVESTMENT LETTER [DATE]
EXHIBIT 2 — FORM OF PAYMENT INSTRUCTIONS

This **TRUST INDENTURE**, between **[ISSUER]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and **[INDENTURE TRUSTEE]**, a trust company existing under the laws of Canada, in its capacity as Indenture Trustee (the "**Indenture Trustee**"), is made and entered into as of [■], 2017.

RECITALS OF THE ISSUER

The Issuer wishes to provide for the issuance of its Notes to be issued in one or more fully registered or bearer Series, Classes or Tranches.

All things necessary to make this Indenture a valid and legally binding agreement of the Issuer, in accordance with its terms, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Definitions

For all purposes of this Indenture and of any Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in Schedule A have the meanings assigned to them in Schedule A, and include the plural as well as the singular;

(b) [all other terms used herein which are defined in the Master Transfer and Servicing Agreement, either directly or by reference therein, have the meanings assigned to them therein;][1]

(c) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (including the International Financial Reporting Standards as published by the International Accounting Standards Board, or any successor accounting standards board) and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder means such accounting principles as are generally accepted in Canada at the date of such computation;

[1] Defined terms from Master Transfer and Servicing Agreement to be included in Schedule A. Schedule A will be a master glossary for all Program Agreements.

(d) unless the context otherwise requires, terms defined in the PPSA and not otherwise defined in this Indenture or a Supplemental Indenture shall have the meanings set forth in the PPSA;

(e) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(f) references to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(g) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(h) all references in this Indenture to designated "Articles", "Sections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Schedules, Exhibits and other subdivisions of this Indenture as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Compliance Certificates and Opinions

Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer will furnish to the Indenture Trustee (i) an Issuer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents are specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

The Indenture Trustee may rely, as to authorization by the Issuer of any Series, Class or Tranche of Notes, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and the other documents delivered pursuant to Article V and this Section 1.02, as applicable, in connection with the first authentication of Notes of such Series, Class or Tranche.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for the written statement required by Section 13.10) will include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that such individual has made such examination or investigation as is necessary to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.03 Form of Documents Delivered to Indenture Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, one or more specified Persons, one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless the Issuer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous. Any such certificate or opinion of, or representation by, counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

1.04 Actions by Noteholders

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action (collectively, an "**Action**") provided by this Indenture to be given or taken by Noteholders of any Series, Class or Tranche may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing. If Notes of a Series, Class or Tranche are issuable in whole or in part as Bearer Notes, any Action provided by this Indenture to be given or taken by such Noteholders may, alternatively, be embodied in and evidenced by the record of such Noteholders voting in favor thereof, either in person or by proxies duly appointed in writing, at

any meeting of Noteholders duly called and held in accordance with the provisions of Article X or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such Action will become effective when such instrument or instruments or record are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 1.04. The record of any meeting of Noteholders shall be proved in the manner provided in Article X.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness to such execution or by the certificate of any notary public or other officer authorized by applicable law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or limited liability company, or a partner of a partnership, on behalf of such corporation, limited liability company or partnership, such certificate or affidavit will also constitute sufficient proof of his or her authority. The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may also be proved in any other manner which the Indenture Trustee deems sufficient.

(c) (i) The ownership of Registered Notes will be proved by the Note Register.

(ii) The ownership of Bearer Notes or coupons will be proved by the production of such Bearer Notes or coupons or by a certificate, satisfactory to the Issuer and the Indenture Trustee, executed, as depositary, by any bank, trust company, recognized securities dealer, as depositary, wherever situated, satisfactory to the Issuer. Each such certificate will be dated and will state that on the date thereof a Bearer Note or coupon bearing a specified serial number was deposited with or exhibited to such bank, trust company or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Bearer Notes or coupons specified therein. The holding by the Person named in any such certificate of any Bearer Note specified therein will be presumed to continue for a period of one year from the date of such certificate unless at the time of any determination of such holding (A) another certificate bearing a later date is issued in respect of the same Bearer Note or coupon produced, (B) the Bearer Note or coupon specified in such certificate is produced by some other Person or (C) the Bearer Note or coupon specified in such certificate has ceased to be Outstanding.

(d) The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Notes held by the Person so executing such instrument or writing and the date of holding the same may also be proved in any other manner which the

Indenture Trustee deems sufficient; and the Indenture Trustee may in any instance require further proof with respect to any of the matters referred to in this Section 1.04.

(e) If the Issuer will solicit from the Noteholders any Action, the Issuer may, at its option, by an Issuer Certificate, fix in advance a record date for the determination of Noteholders entitled to give such Action, but the Issuer will have no obligation to do so. If the Issuer does not so fix a record date, such record date will be the later of 30 days before the first solicitation of such Action or the date of the most recent list of Noteholders furnished to the Indenture Trustee pursuant to Section 13.14 before such solicitation. Such Action may be given before or after the record date, but only the Noteholders of record at the close of business on the record date will be deemed to be Noteholders for the purposes of determining whether Noteholders of the requisite proportion of Notes Outstanding have authorized or agreed or consented to such Action, and for that purpose the Notes Outstanding will be computed as of the record date; provided that no such authorization, agreement or consent by the Noteholders on the record date will be deemed effective unless it will become effective pursuant to the provisions of this Indenture not later than 6 months after the record date.

(f) Any Action by a Noteholder will bind the holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon whether or not notation of such Action is made upon such Note.

(g) Without limiting the foregoing, a Noteholder entitled hereunder to take any Action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or Action taken by a Noteholder or its agents with regard to different parts of such principal amount pursuant to this paragraph shall have the same effect as if given or taken by separate Noteholders of each such different part.

(h) Without limiting the generality of the foregoing, unless otherwise specified pursuant to Section 4.01 or pursuant to one or more Supplemental Indentures, a Noteholder, including a Depository that is the holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders, and a Depository that is the holder of a Global Note may provide its proxy or proxies to the beneficial owners of interests in or security entitlements to any such Global Note through such Depository's standing instructions and customary practices.

(i) The Issuer may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in or security entitlements to any Global Note held by a Depository entitled under the procedures of such Depository to make, give or take, by a proxy or proxies duly appointed in writing, any Action provided

in this Indenture to be made, given or taken by Noteholders. If such a record date is fixed, the Noteholders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such Action, whether or not such Noteholders remain Noteholders after such record date. No such Action shall be valid or effective if made, given or taken more than 90 days after such record date.

1.05 Actions of Other Specified Creditors

Any Action provided by this Indenture to be given or taken by any Specified Creditor (other than Noteholders) may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Specified Creditor in person or an agent duly appointed in writing. Proof of execution of any such instrument or of a writing appointing any such agent will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favour of the Indenture Trustee and the Issuer, if made in the manner provided in Section 1.04(b).

1.06 Effect of Headings and Table of Contents

The Article and Section headings herein and the Table of Contents are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Indenture by the Issuer will bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents of the Indenture Trustee.

1.08 Severability

In case any provision in this Indenture or in the Notes will be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

1.09 Governing Law

THIS INDENTURE WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS INDENTURE. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS INDENTURE.

1.10 Counterparts

This Indenture may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument.

1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement

This is the Indenture referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement.

1.12 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.13 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Indenture that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Indenture or the Notes, and (ii) the rates of interest stipulated in this Indenture or the Notes are intended to be nominal rates and not effective rates or yields.

1.14 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.15 References to Acts of the Issuer

For greater certainty, where any reference is made in this Indenture, or in any other instrument executed pursuant hereto or contemplated hereby to which the Issuer or the Issuer Trustee, as trustee of the Issuer, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to (i) the Issuer or (ii) the Issuer Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or

a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to, the Issuer Trustee as trustee of the Issuer.

1.16 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in this Indenture), it is necessary to convert any amount due under this Indenture from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Issuer in respect of any Original Currency due from it to the Indenture Trustee under this Indenture shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Indenture in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Issuer shall indemnify the Indenture Trustee against such loss.

(b) The term "**rate of exchange**" in this Section 1.16 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
COLLATERAL

2.01 Security for Obligations Secured

As security for the due payment of all Obligations Secured including, without limitation, all principal of and interest, if any, on the Notes from time to time issued and certified under this Indenture and on any Borrowings, and the performance by the Issuer of all of the obligations of the Issuer in relation thereto, the Issuer hereby:

(a) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, as and by way of a fixed and specific mortgage, assignment, pledge, hypothec and charge and grants to the Indenture Trustee for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of its right, title and interest, whether now owned or hereafter acquired, in and to the following:

(i) the Issuer Investment Interest;

(ii) the Collection Account (including all Sub-Accounts thereof), each Finance Reserve Account (including all Sub-Accounts thereof), each Capital Reserve Account (including all Sub-Accounts thereof) and each Supplemental Reserve Account (including all Sub-Accounts thereof);

(iii) all Eligible Investments and all investment property, money and other property held in the Collection Account, any Finance Reserve Account, any Capital Reserve Account or any Supplemental Reserve Account (including any Sub-Accounts thereof);

(iv) all rights, benefits and powers of the Issuer under any Program Agreement;

(v) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing;

(vi) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing;

(vii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof;

(viii) all amounts received with respect to all of the foregoing; and

(ix) all proceeds of the foregoing; and

(b) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a floating charge over, and grants to the Indenture Trustee for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer.[2]

The property described in the preceding sentence is collectively referred to as the "**Collateral**".

The Indenture Trustee acknowledges the grant of such Security Interest, and accepts the Collateral in trust hereunder in accordance with the provisions hereof and agrees to perform the

[2] Dealers to consider providing flexibility for Issuer to provide separate security to Derivative Counterparties.

duties herein such that the interests of the Specified Creditors may be adequately and effectively protected.

To have and to hold the Collateral and all rights hereby conferred unto the Indenture Trustee, its successors and assigns forever but in trust nevertheless for the benefit of the Specified Creditors and the Indenture Trustee, in its individual capacity, and for the uses and purposes and subject to the terms and conditions herein set forth.

The Issuer acknowledges that value has been given and that the security granted shall attach and be effective on the date of execution of this Indenture and when the Issuer has rights in the Collateral, whether or not the monies and the Notes or any other evidence of Obligations Secured or any part thereof hereby secured or intended to be hereby secured shall be advanced or issued before or after or upon the date of the execution of this Indenture.

2.02 Recording, Etc.

(a) The Issuer intends the Security Interest granted pursuant to this Indenture in favor of the Indenture Trustee to be prior to all other Liens in respect of the Collateral. The Issuer will take all actions necessary to maintain a perfected Lien on the Collateral in favor of the Indenture Trustee.

(b) The Indenture Trustee shall hold each item of the Collateral separate and apart from all other property held by the Indenture Trustee.

(c) The Issuer will from time to time execute, authorize and deliver all such supplements and amendments hereto and all such financing statements, amendments thereto, instruments of further assurance and other instruments, all as prepared by the Issuer, and will take such other action necessary or advisable to:

(i) grant the Security Interest more effectively in all or any portion of the Collateral;

(ii) maintain or preserve the Security Interest (and the priority thereof) created by this Indenture or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Indenture;

(iv) enforce the Investment Asset, any Derivative Agreement, any Credit Enhancement Agreement, any Liquidity Agreement and each other instrument or agreement designated for inclusion in the Collateral;

(v) preserve and defend title to the Collateral and the rights of the Indenture Trustee in the Collateral against the claims of all Persons; or

(vi) pay all taxes or assessments levied or assessed upon the Collateral when due.

(d) The Issuer will from time to time promptly pay and discharge all PPSA recording and filing fees, charges and taxes relating to this Indenture, any amendments hereto and any other instruments of further assurance.

(e) Without limiting the generality of subsection 2.02(c) or (d):

(i) The Issuer will cause this Indenture, all amendments and supplements hereto and all financing statements and all amendments to such financing statements and any other necessary documents covering the Indenture Trustee's right, title and interest in and to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by applicable law fully to preserve and protect the right, title and interest of the Indenture Trustee in and to all property comprising the Collateral. The Issuer will deliver to the Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer hereby authorizes the filing of financing statements (and amendments of financing statements) that name the Issuer as debtor and the Indenture Trustee as secured party and that cover all personal property of the Issuer. The Issuer also hereby ratifies the filing of any such financing statements (or amendments of financing statements) that were filed prior to the execution hereof.

(ii) The Issuer shall not change its name, its jurisdiction of formation or its type of organization unless it has first (A) made all filings and taken all actions in all relevant jurisdictions under the PPSA and other applicable law as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral, and (B) delivered to the Indenture Trustee an Opinion of Counsel to the effect that all necessary filings have been made under the PPSA (and where applicable, the equivalent thereof) in all relevant jurisdictions as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral.

2.03 Use of Collateral

Subject to the express terms of this Indenture, until the Funding Obligations have become due and payable pursuant to Section 8.02, the Issuer will be permitted to possess and use the Collateral in connection with the activities of the Issuer, including, without limitation, the right to (a) exercise all of its rights and perform all of its obligations under each Program Agreement without consultation with or the consent of the Indenture Trustee, and (b) use the funds in any Issuer Account for any purpose not in violation of this Indenture or the Program Agreements.

2.04 Suits To Protect the Collateral

Subject to the provisions of this Indenture, the Indenture Trustee will have power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Indenture Trustee may deem expedient to preserve or protect the interests of the Specified Creditors and the interests of the Indenture Trustee in the Collateral (including the power to institute and maintain suits or proceedings to restrain the enforcement of, or compliance with, any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the Security Interest or be prejudicial to the interests of the Specified Creditors or the Indenture Trustee).

2.05 Purchaser Protected

In no event will any purchaser in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Indenture Trustee to execute the release or to inquire as to the satisfaction of any conditions required by the provisions hereof for the exercise of such authority or to see to the application of any consideration given by such purchaser or other transferee; nor will any purchaser or other transferee of any property or rights permitted by this Article II to be sold be under any obligation to ascertain or inquire into the authority of the Issuer to make any such sale or other transfer.

2.06 Powers Exercisable by Receiver or Indenture Trustee

In case the Collateral shall be in the possession of a receiver or trustee lawfully appointed, the powers conferred in this Article II upon the Issuer with respect to the release, sale or other disposition of such property may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Issuer or of any officer or officers thereof required by the provisions of this Article II.

2.07 Determinations Relating to Collateral

In the event (i) the Indenture Trustee shall receive any written request from the Issuer for consent or approval with respect to any matter or thing relating to any Collateral or the Issuer's obligations with respect thereto, (ii) there shall be due to or from the Indenture Trustee under the provisions hereof any performance or the delivery of any instrument, or (iii) the Indenture Trustee shall become aware of any nonperformance by the Issuer of any covenant or any breach of any representation or warranty of the Issuer set forth in this Indenture, then, in each such event, the Indenture Trustee shall be entitled to hire experts, consultants, agents and attorneys to advise the Indenture Trustee on the manner in which the Indenture Trustee should respond to such request or render any requested performance or response to such nonperformance or breach (the expenses of which will be reimbursed to the Indenture Trustee pursuant to Section 9.05). The Indenture Trustee will be fully protected in the taking of any action recommended or approved by any such expert, consultant, agent or attorney, or agreed to by Extraordinary Resolution.

2.08 Satisfaction and Discharge of Indenture

(a) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to any Series, Class or Tranche of Notes or for any other purpose, pay, or by an Issuer Certificate direct any Paying Agent to pay, to the Indenture Trustee all sums held in trust by the Issuer or such Paying Agent in respect of each and every Series, Class or Tranche of Notes as to which it seeks to discharge this Indenture or, if for any other purpose, all sums so held in trust by the Issuer in respect of all Notes, such sums to be held by the Indenture Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent will be released from all further liability with respect to such money.

(b) This Indenture will cease to be of further effect with respect to any Series, Class or Tranche of Notes (except as to any surviving rights of transfer or exchange of Notes of that Series, Class or Tranche expressly provided for herein or in the form of Note for that Series, Class or Tranche), and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture as to that Series, Class or Tranche, when:

(i) all Notes of that Series, Class or Tranche theretofore authenticated and delivered (other than (A) Notes of that Series, Class or Tranche which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 17.04(b), and (B) Notes of that Series, Class or Tranche for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from that trust, as provided in Section 17.04(b)) have been delivered to the Indenture Trustee canceled or for cancellation;

(ii) the Issuer has paid or caused to be paid all other sums payable under the Indenture (including payments to the Indenture Trustee pursuant to Section 9.05) by the Issuer with respect to the Notes of that Series, Class or Tranche; and

(iii) the Issuer has delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Notes of that Series, Class or Tranche have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to any Series, Class or Tranche of Notes, the obligations of the Issuer to the Indenture Trustee with respect to that Series, Class or Tranche of Notes under Section 9.05 and the obligations of the Indenture Trustee under Sections 7.07 and 17.04(b) will survive such satisfaction and discharge.

2.09 Release of all Collateral

(a) Subject to the payment of its fees and expenses pursuant to Section 9.05, the Indenture Trustee shall, at the request of the Issuer or when otherwise required by the provisions of this Indenture, execute instruments to release Collateral from the Security Interest of this Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, in a manner and under circumstances which are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article II will be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any funds.

(b) Upon delivery of an Officer's Certificate of the Manager certifying that all Funding Obligations and all other Obligations Secured have been satisfied and discharged by complying with the provisions of this Article II and all applicable Program Agreements, the Indenture Trustee shall execute and deliver such releases, termination statements and other instruments (in recordable form, where appropriate) as the Issuer may reasonably request evidencing the termination of the Security Interest created by this Indenture.

(c) The Issuer and the Specified Creditors shall be entitled to receive at least 10 days' written notice when the Indenture Trustee proposes to take any action pursuant to clause (a), accompanied by copies of any instruments involved, and the Indenture Trustee shall also be entitled to require, as a condition to such action, an Opinion of Counsel, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

2.10 Certain Commercial Law Representations and Warranties

The Issuer hereby makes the following representations and warranties. Such representations and warranties shall survive until the termination of this Indenture. Such representations and warranties speak of the date that a Lien in the Collateral is granted to the Indenture Trustee and shall not be waived by any of the parties to this Indenture unless the Rating Agency Condition is satisfied.

(a) This Indenture constitutes the grant of a first priority perfected Lien by the Issuer to the Indenture Trustee in the Collateral which, in the case of the existing Collateral and the proceeds thereof, is enforceable upon execution and delivery of this Indenture or, with respect to after-acquired property, as of the date such property is acquired, and which will be enforceable with respect to the Collateral hereafter and thereafter created and the proceeds thereof upon such creation. Upon the filing of the assignments, financing statements and continuation statements (and other

documents where applicable) and, in the case of after-acquired Collateral and the proceeds thereof, upon its creation, the Indenture Trustee shall have a first priority perfected Lien in such property and proceeds.

(b) At the time of its grant of any Lien in the Collateral pursuant to this Indenture, the Issuer owned and had good and marketable title to such Collateral free and clear of any Lien of any other Person.

(c) The Issuer has caused the filing of all appropriate financing statements in the proper filing office in the Province of Ontario under applicable law in order to perfect the Security Interest.

(d) Other than the Security Interest, the Issuer has not pledged, assigned, sold, granted a Lien in, or otherwise conveyed, the Collateral. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Collateral other than any financing statement relating to the Security Interest or that has been terminated. The Issuer is not aware of any judgment or tax lien filings against the Issuer.

ARTICLE III
NOTE FORMS

3.01 Forms Generally

The Notes will have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or the Related Supplemental Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with applicable laws or regulations or with the rules of any securities exchange, or as may, consistently herewith, be determined by the Issuer, as evidenced by the Issuer's execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

Definitive Notes will be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders) or may be produced in any other manner, all as determined by the Issuer, as evidenced by the Issuer's execution of such Notes, subject, with respect to the Notes of any Series, Class or Tranche, to the rules of any securities exchange on which such Notes are listed.

3.02 Forms of Notes

Each Note will be in one of the forms approved from time to time by or pursuant to a Supplemental Indenture. Before the delivery of a Note to the Indenture Trustee for authentication in any form approved by or pursuant to an Issuer Certificate, the Issuer will deliver to the Indenture Trustee the Issuer Certificate by or pursuant to which such form of Note has been approved, which Issuer Certificate will have attached thereto a true and correct copy of the form of Note which has been approved thereby or, if an Issuer Certificate authorizes a specific officer or officers of the Manager to approve a form of Note, a certificate of such officer or officers approving the form of

Note attached thereto. Any form of Note approved by or pursuant to an Issuer Certificate must be acceptable as to form to the Indenture Trustee, such acceptance to be evidenced by the Indenture Trustee's authentication of Notes in that form or a certificate signed by a Responsible Officer of the Indenture Trustee and delivered to the Issuer.

3.03 Form of Indenture Trustee's Certificate of Authentication

The form of Indenture Trustee's Certificate of Authentication for any Note issued pursuant to this Indenture will be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the Series, Class or Tranche designated therein referred to in the within-mentioned Indenture.

[INDENTURE TRUSTEE], as Indenture Trustee,

By: _____

Authorized Signatory

Dated: _____

3.04 Notes Issuable in the Form of a Global Note

(a) If the Issuer establishes pursuant to Sections 3.02 and 4.01 that the Notes of a particular Series, Class or Tranche are to be issued in whole or in part in the form of one or more Global Notes, then the Issuer will execute and the Indenture Trustee or its agent will, in accordance with Section 4.03 and the Issuer Certificate delivered to the Indenture Trustee or its agent thereunder, authenticate and deliver, such Global Note or Notes, which, unless otherwise provided in the Related Supplemental Indenture (i) will represent, and will be denominated in an amount equal to the aggregate Stated Principal Amount (or in the case of Discount Notes, the aggregate Stated Principal Amount at the Scheduled Final Payment Date of such Notes) of the Outstanding Notes of such Series, Class or Tranche to be represented by such Global Note or Notes, or such portion thereof as the Issuer will specify in an Issuer Certificate, (ii) in the case of Registered Notes, will be registered in the name of the Depository for such Global Note or Notes or its nominee, (iii) will be delivered by the Indenture Trustee or its agent to the Depository or pursuant to the Depository's instruction, (iv) if applicable, will bear a legend substantially to the following effect: (A) "Unless this Note is presented by an authorized representative of The Depository Trust Company ("**DTC**"), to [Issuer] (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful inasmuch

as the registered owner hereof, Cede & Co., has an interest herein", or (B) "Unless this Note is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("**CDS**"), to [Issuer] (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of CDS & Co. or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful since the registered owner hereof, CDS & Co., has a property interest in the securities represented by this Note and it is a violation of its rights for another Person to hold, transfer or deal with this Note", and (v) may bear such other legend as the Issuer, upon advice of counsel, deems to be applicable.

(b) Notwithstanding any other provisions of this Section 3.04 or of Section 4.05, and subject to the provisions of paragraph (c) below, unless the terms of a Global Note or the Related Supplemental Indenture expressly permit such Global Note to be exchanged in whole or in part for individual Notes, a Global Note may be transferred, in whole but not in part and in the manner provided in Section 4.05, only to a nominee of the Depository for such Global Note, or to the Depository, or a successor Depository for such Global Note selected or approved by the Issuer, or to a nominee of such successor Depository.

(c) With respect to Notes issued within the United States or Canada, unless otherwise specified in the Related Supplemental Indenture, or with respect to Notes issued outside the United States and Canada, if specified in the Related Supplemental Indenture:

(i) If at any time the Depository for a Global Note notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Note or if at any time the Depository for the Notes for such Series, Class or Tranche ceases to be a clearing agency registered under the Securities Exchange Act, or other applicable statute or regulation, in the case of Notes issued within the United States, or a clearing agency registered under the *Securities Act* (Ontario), or other applicable statute or regulation, in the case of Notes issued within Canada, the Issuer will appoint a successor Depository with respect to such Global Note. If a successor Depository for such Global Note is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, the Issuer will execute, and the Indenture Trustee or its agent, upon receipt of an Issuer Certificate requesting the authentication and delivery of individual Notes of such Series, Class or Tranche in exchange for such Global Note, will authenticate and deliver, individual Notes of such Series, Class or Tranche of like tenor and terms in an aggregate Stated Principal Amount equal to the Stated Principal Amount of the Global Note in exchange for such Global Note.

(ii) The Issuer may at any time and in its sole discretion determine that the Notes of any Series, Class or Tranche or portion thereof issued or issuable

in the form of one or more Global Notes will no longer be represented by such Global Note or Notes. In such event the Issuer will execute, and the Indenture Trustee, upon receipt of a written request by the Issuer for the authentication and delivery of individual Notes of such Series, Class or Tranche in exchange in whole or in part for such Global Note, will authenticate and deliver individual Notes of such Series, Class or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of such Global Note or Notes representing such Series, Class or Tranche or portion thereof in exchange for such Global Note or Notes.

(iii) If specified by the Issuer pursuant to Sections 3.02 and 4.01 with respect to Notes issued or issuable in the form of a Global Note, the Depository for such Global Note may surrender such Global Note in exchange in whole or in part for individual Notes of such Series, Class or Tranche of like tenor and terms in definitive form on such terms as are acceptable to the Issuer and such Depository. Thereupon the Issuer will execute, and the Indenture Trustee or its agent will authenticate and deliver, without service charge, (A) to each Person specified by such Depository a new Note or Notes of the same Series, Class or Tranche of like tenor and terms and of any authorized denomination as requested by such Person in aggregate Stated Principal Amount equal to and in exchange for such Person's beneficial interest in the Global Note; and (B) to such Depository a new Global Note of like tenor and terms and in an authorized denomination equal to the difference, if any, between the Stated Principal Amount of the surrendered Global Note and the aggregate Stated Principal Amount of Notes delivered to the Noteholders thereof.

(iv) If any Event of Default has occurred and is continuing with respect to such Global Notes, and Noteholders holding more than 50% of the unpaid Outstanding Dollar Principal Amount of the Global Notes of that Series advise the Indenture Trustee and the Depository that a Global Note is no longer in the best interest of the Noteholders of that Series, the holders of Global Notes of that Series may exchange such Notes for individual Notes.

(v) In any exchange provided for in any of the preceding four paragraphs, the Issuer will execute and the Indenture Trustee or its agent will authenticate and deliver individual Notes in definitive registered form in authorized denominations. Upon the exchange of the entire Stated Principal Amount of a Global Note for individual Notes, such Global Note will be canceled by the Indenture Trustee or its agent. Except as provided in the preceding paragraphs, Notes issued in exchange for a Global Note pursuant to this Section 3.04 will be registered in such names and in such authorized denominations as the Depository for such Global Note, pursuant to instructions from its direct or indirect participants or otherwise, will instruct the Indenture Trustee or the Note Registrar. The Indenture Trustee or the

Note Registrar will deliver such Notes to the Persons in whose names such Notes are so registered.

3.05 Temporary Global Notes and Permanent Global Notes

(a) If specified in the Related Supplemental Indenture for any Tranche, all or any portion of a Global Note may initially be issued in the form of a single temporary global Bearer Note or Registered Note (the "**Temporary Global Note**"), without interest coupons, in the denomination of the entire aggregate principal amount of such Series, Class or Tranche and substantially in the form set forth in the exhibit with respect thereto attached to the Related Supplemental Indenture. The Temporary Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Notes in definitive form. The Temporary Global Note may be exchanged as described below or in the Related Supplemental Indenture for permanent global Bearer Notes or Registered Notes (the "**Permanent Global Notes**").

(b) Unless otherwise provided in the Related Supplemental Indenture, exchanges of beneficial interests in or security entitlements to Temporary Global Notes for beneficial interests in or security entitlements to Permanent Global Notes will be made as provided in this subsection 3.05(b). The Manager will, upon its determination of the date of completion of the distribution of the Notes of such Series, Class or Tranche, so advise the Indenture Trustee, the Issuer, the Foreign Depository, and each foreign clearing agency forthwith. Without unnecessary delay, but in any event not prior to the Exchange Date, the Issuer will execute and deliver to the Indenture Trustee at the office of its designated agent outside Canada and the United States Permanent Global Notes in bearer or registered form (as specified in the Related Supplemental Indenture) in an aggregate principal amount equal to the Outstanding Currency Specific Dollar Principal Amount of such Series, Class or Tranche of Notes. Bearer Notes so issued and delivered may have coupons attached. The Temporary Global Note may be exchanged for an equal aggregate principal amount of Permanent Global Notes only on or after the Exchange Date. A United States Person may exchange its beneficial interest in or security entitlement to the Temporary Global Note only for an equal aggregate principal amount of Permanent Global Notes in registered form bearing the applicable legend set forth in the form of Registered Note attached to the Related Supplemental Indenture and having a minimum denomination of 500,000 units of the applicable currency, which may be in temporary form if the Issuer so elects. The Issuer may waive the 500,000 minimum denomination requirement if it so elects. Upon any demand for exchange for Permanent Global Notes in accordance with this subsection 3.05(b), the Issuer will cause the Indenture Trustee to authenticate and deliver the Permanent Global Notes to the Noteholder (x) outside Canada or the United States, in the case of Bearer Notes and (y) according to the instructions of the Noteholder, in the case of Registered Notes. Upon receipt of such certification, the Indenture Trustee will cause the Temporary Global Note to be endorsed in accordance with subsection 3.05(d). Any exchange as provided in this Section 3.05 will be made free of charge to the Noteholders and the beneficial owners of the

Temporary Global Note and to the beneficial owners of the Permanent Global Note issued in exchange, except that a Person receiving the Permanent Global Note must bear the cost of insurance, postage, transportation and the like in the event that such Person does not receive such Permanent Global Note in person at the offices of a foreign clearing agency or Foreign Depository.

(c) The delivery to the Indenture Trustee by a foreign clearing agency or Foreign Depository of any written statement referred to above may be relied upon by the Issuer and the Indenture Trustee as conclusive evidence that a corresponding certification or certifications has or have been delivered to such foreign clearing agency or Foreign Depository pursuant to the terms of this Indenture.

(d) Upon any such exchange of all or a portion of the Temporary Global Note for a Permanent Global Note(s), such Temporary Global Note will be endorsed by or on behalf of the Indenture Trustee to reflect the reduction of its principal amount by an amount equal to the aggregate principal amount of such Permanent Global Note(s). Until so exchanged in full, such Temporary Global Note will in all respects be entitled to the same benefits under this Indenture as Permanent Global Notes authenticated and delivered hereunder except that the beneficial owners of such Temporary Global Note will not be entitled to receive payments of interest on the Notes until they have exchanged their beneficial interests in or security entitlements to such Temporary Global Note for Permanent Global Notes.

3.06 Beneficial Ownership of Global Notes

Until definitive Notes have been issued to the applicable Noteholders pursuant to Section 3.04 or as otherwise specified in any Related Supplemental Indenture:

(a) the Issuer and the Indenture Trustee may deal with the applicable clearing agency or Depository and the clearing agency's or Depository's participants for all purposes (including the making of distributions) as the authorized representatives of the respective Note Owners; and

(b) the rights of the respective Note Owners will be exercised only through the applicable clearing agency or Depository and the clearing agency's or Depository's participants and will be limited to those established by applicable law and agreements between such Note Owners and the clearing agency or Depository and/or the clearing agency's or Depository's participants. Pursuant to the operating rules of the applicable clearing agency, unless and until Notes in definitive form are issued pursuant to Section 3.04, the clearing agency or the Depository will make book-entry transfers among the clearing agency's or the Depository's participants and receive and transmit distributions of principal and interest on the related Notes to such clearing agency's or Depository's participants.

For purposes of any provision of this Indenture requiring or permitting Actions with the consent of, or at the direction of, Noteholders evidencing a specified percentage of the Outstanding Dollar Principal Amount of Outstanding Notes, such direction or consent may be given by Note

Owners (acting through the clearing agency and the clearing agency's participants) owning interests in or security entitlements to Notes evidencing the requisite percentage of principal amount of Notes.

3.07 Notices to Depository

Whenever any notice or other communication is required to be given to Noteholders with respect to which book-entry Notes have been issued, unless and until Notes in definitive form will have been issued to the related Note Owners, the Indenture Trustee will give all such notices and communications to the applicable clearing agency or Depository.

3.08 CUSIP Numbers

In issuing the Notes, the Issuer may use "CUSIP" numbers (if then generally in use), and, if so, the Indenture Trustee shall use such CUSIP numbers in notices of redemption as a convenience to Noteholders; provided that, subject to Section 9.01, any such notice may state that (a) no representation is made as to the correctness of such CUSIP numbers as printed on the related Notes or as contained in any notice of redemption, (b) reliance may be placed only on the other identification numbers, if any, printed on the Notes and (c) any such redemption shall not be affected by any defect in or omission of such CUSIP numbers. The Issuer will promptly provide the Indenture Trustee with written notice of any change in the CUSIP numbers for any Outstanding Note.

ARTICLE IV
THE NOTES

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series, Class or Tranche of Notes

(a) The aggregate Stated Principal Amount of Notes which may be authenticated and delivered and Outstanding under this Indenture is not limited.

(b) The Notes may be issued in one or more Series, Classes or Tranches up to an aggregate Stated Principal Amount of Notes as from time to time may be authorized by the Issuer.

(c) Each Note issued must be part of a Series, Class and Tranche of Notes for purposes of allocations pursuant to this Indenture, the Related Supplemental Indenture and the Master Transfer and Servicing Agreement. A Series of Notes is created pursuant to a Supplemental Indenture. A Class or Tranche of Notes is created pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the Supplemental Indenture for the applicable Series.

(d) Each Series of Notes may, but need not be, subdivided into multiple Classes. Notes belonging to a Class in any Series may be entitled to specified payment priorities over other Classes of Notes in that Series.

(e) Notes of a Series that belong to different Classes in that Series belong to different Tranches on the basis of the difference in Class membership.

(f) Each Class of Notes may consist of a single Tranche or may be subdivided into multiple Tranches. Notes of a single Class of a Series will belong to different Tranches if they have different terms and conditions. With respect to any Class of Notes, Notes which have identical terms, conditions and Tranche designation will be deemed to be part of a single Tranche of Notes.

(g) Before the initial issuance of Notes of each Series, Class or Tranche, there shall also be established in or pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the applicable Supplemental Indenture, provision for:

(i) the Series designation;

(ii) the Stated Principal Amount of the Notes;

(iii) whether such Notes are of a particular Class of Notes or a Tranche of a Class of Notes;

(iv) the currency or currencies in which such Notes will be denominated and in which payments of principal of, and interest on, such Notes will or may be payable;

(v) if the principal of or interest, if any, on such Notes are to be payable, at the election of the Issuer or a Noteholder, in a currency or currencies other than that in which the Notes are stated to be payable, the period or periods within which, and the terms and conditions upon which, such election may be made;

(vi) if the amount of payments of principal of or interest, if any, on such Notes may be determined with reference to an index based on (A) a currency or currencies other than that in which the Notes are stated to be payable, (B) changes in the prices of one or more other securities or indexes of securities or (C) changes in the prices of one or more commodities or indexes of commodities, or any combination of the foregoing, the manner in which such amounts will be determined;

(vii) the price or prices at which such Series, Class or Tranche of Notes will be issued;

(viii) the times at which such Series, Class or Tranche of Notes may, pursuant to any optional or mandatory redemption provisions, be redeemed, and the other terms and provisions of any such redemption;

(ix) the rate per annum at which such Series, Class or Tranche of Notes will bear interest, if any, or the formula or index on which such rate will be

determined, including all relevant definitions, and the date from which interest will accrue;

(x) each Payment Date, the Scheduled Final Payment Date and the Legal Maturity Date for such Series, Class or Tranche of Notes;

(xi) the Initial Dollar Principal Amount or the Initial Currency Specific Dollar Principal Amount of such Notes, and the means for calculating the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount, as applicable, of such Series, Class or Tranche of Notes;

(xii) whether or not application will be made to list such Series, Class or Tranche of Notes on any securities exchange;

(xiii) any Events of Default or Early Amortization Events with respect to such Series, Class or Tranche of Notes, if not set forth herein and any additions, deletions or other changes to the Events of Default or Early Amortization Events set forth herein that will be applicable to such Series, Class or Tranche of Notes (including a provision making any Event of Default or Early Amortization Event set forth herein inapplicable to the Notes of that Series, Class or Tranche);

(xiv) if such Series, Class or Tranche of Notes will be issued in whole or in part in the form of a Global Note or Global Notes, the terms and conditions, if any, upon which such Global Note or Global Notes may be exchanged in whole or in part for other individual Notes, and the Depository for such Global Note or Global Notes;

(xv) if such Series, Class or Tranche of Notes will be issued in whole or in part as Registered Notes, Bearer Notes or both, whether such Series, Class or Tranche of Notes are to be issued with or without coupons or both;

(xvi) the subordination of such Series, Class or Tranche of Notes to any other indebtedness of the Issuer, including without limitation, the Notes of any other Series, Class or Tranche;

(xvii) if such Series, Class or Tranche of Notes are to have the benefit of any Derivative Agreement, the terms and provisions of such agreement;

(xviii) if such Series, Class or Tranche of Notes are to have the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the terms and provisions of the applicable agreement;

(xix) the Record Date for any Payment Date of such Series, Class or Tranche of Notes, if different from the last day of the month before the related Payment Date;

(xx) the amount scheduled to be deposited on each Payment Date during an Amortization Period or Accumulation Period for such Series, Class or Tranche of Notes;

(xxi) whether and under what conditions, additional amounts will be payable to Noteholders of such Series, Class or Tranche; and

(xxii) any other terms of such Notes as stated in the Related Supplemental Indenture;

all upon such terms as may be determined in or pursuant to the Related Supplemental Indenture.

(h) The form of the Notes of each Series, Class or Tranche will be established pursuant to the provisions of this Indenture and the Related Supplemental Indenture or Terms Document. The Notes of each Series, Class or Tranche will be distinguished from the Notes of each other Series, Class or Tranche in such manner, reasonably satisfactory to the Indenture Trustee, as the Issuer may determine.

(i) Any terms or provisions in respect of the Notes of any Series, Class or Tranche issued under this Indenture may be determined pursuant to this Section 4.01 by providing in the Related Supplemental Indenture for the method by which such terms or provisions will be determined.

4.02 Denominations

The Notes of each Series, Class or Tranche will be issuable in such denominations and currency as will be provided in the provisions of this Indenture or in or pursuant to the Related Supplemental Indenture. In the absence of any such provisions with respect to the Registered Notes of any Series, Class or Tranche, the Registered Notes of that Series, Class or Tranche will be issued in denominations of 100,000 units of the applicable currency and integral multiples of 1,000. In the absence of any such provisions with respect to the Bearer Notes of any Series, Class or Tranche, the Bearer Notes of that Series, Class or Tranche will be issued in denominations of 1,000, 5,000, 50,000 and 100,000 units of the applicable currency.

4.03 Execution, Authentication and Delivery and Dating

(a) The Notes will be executed on behalf of the Issuer by a Responsible Officer of the Issuer. The signature of any Responsible Officer of the Issuer on the Notes may be manual or facsimile or may be given by other electronic means.

(b) Notes bearing the manual, facsimile or other electronic signatures of individuals who were at any time a Responsible Officer of the Issuer will bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices before the authentication and delivery of such Notes or did not hold such offices at the date of issuance of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication; and the Indenture Trustee will, upon request by an Issuer Certificate, authenticate and deliver such Notes as provided in this Indenture and not otherwise.

(d) Before any such authentication and delivery, the Indenture Trustee will be entitled to receive, in addition to any Officer's Certificate and Opinion of Counsel required to be furnished to the Indenture Trustee pursuant to Section 1.02, the Issuer Certificate and any other opinion or certificate relating to the issuance of the Series, Class or Tranche of Notes required to be furnished pursuant to Section 3.02 or Article V.

(e) The Indenture Trustee will not be required to authenticate such Notes if the issue thereof will adversely affect the Indenture Trustee's own rights, duties or immunities under the Notes and this Indenture.

(f) Unless otherwise provided in the form of Note for any Series, Class or Tranche, all Notes will be dated the date of their authentication.

(g) No Note will be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a Certificate of Authentication executed by the Indenture Trustee by manual signature of an authorized signatory, and such certificate upon any Note will be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

4.04 Temporary Notes

(a) Pending the preparation of definitive Notes of any Series, Class or Tranche, the Issuer may execute, and, upon receipt of the documents required by Section 4.03, the Indenture Trustee will authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Issuer may determine, as evidenced by the Issuer's execution of such Notes.

(b) If temporary Notes of any Series, Class or Tranche are issued, the Issuer will cause definitive Notes of such Series, Class or Tranche to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes of such Series, Class or Tranche will be exchangeable for definitive Notes of such Series, Class or Tranche upon surrender of the temporary Notes of such Series, Class or Tranche at the office or agency of the Issuer in a Place of Payment, without charge to the Noteholder; and upon surrender for cancellation of any one or more temporary Notes the Issuer will execute and the Indenture Trustee will authenticate and deliver in exchange therefor a like Stated Principal Amount of definitive Notes of such Series, Class or Tranche of authorized denominations and of like tenor and terms. Until so exchanged the temporary Notes of such Series, Class or Tranche

will in all respects be entitled to the same benefits under this Indenture as definitive Notes of such Series, Class or Tranche.

4.05 Registration, Transfer and Exchange

(a) The Issuer will keep or cause to be kept a register (herein sometimes referred to as the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Registered Notes, or of Registered Notes of a particular Series, Class or Tranche, and for transfers of Registered Notes or of Registered Notes of such Series, Class or Tranche. Any such register will be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times, the information contained in such register or registers will be available for inspection by the Indenture Trustee at the office or agency to be maintained by the Issuer as provided in Section 13.03.

(b) Subject to Section 3.04, upon surrender for transfer of any Registered Note of any Series, Class or Tranche at the office or agency of the Issuer in a Place of Payment, the Issuer will execute, and, upon receipt of such surrendered Note, the Indenture Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Notes of such Series, Class or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Scheduled Final Payment Date and Legal Maturity Date and of like terms.

(c) Subject to Section 3.04, at the option of the Noteholder, Notes of any Series, Class or Tranche may be exchanged for other Notes of such Series, Class or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Scheduled Final Payment Date and Legal Maturity Date and of like terms, upon surrender of the Notes to be exchanged at the office or agency of the Issuer in a Place of Payment. Registered Notes, including Registered Notes received in exchange for Bearer Notes, may not be exchanged for Bearer Notes. At the option of the holder of a Bearer Note, subject to applicable laws and regulations, Bearer Notes may be exchanged for other Bearer Notes or Registered Notes (of the same Series, Class and Tranche of Notes) of authorized denominations of like aggregate fractional undivided interests in the Noteholders' interest, upon surrender of the Bearer Notes to be exchanged at an office or agency of the Note Registrar located outside Canada and the United States. Each Bearer Note surrendered pursuant to this Section 4.05 will have attached thereto all unmatured coupons; provided, however, that any Bearer Note, so surrendered after the close of business on the last day of the month preceding the relevant Payment Date need not have attached the coupon relating to such Payment Date. Whenever any Notes are so surrendered for exchange, the Issuer will execute, and the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside Canada and the United States), the Notes which the Noteholders making the exchange are entitled to receive.

(d) All Notes issued upon any transfer or exchange of Notes will be the valid and legally binding obligations of the Issuer, evidencing the same debt, and entitled to

the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

(e) Every Note presented or surrendered for transfer or exchange will (if so required by the Issuer or the Indenture Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar duly executed, by the Noteholder or his attorney duly authorized in writing.

(f) Unless otherwise provided in the Note to be transferred or exchanged, no service charge will be made on any Noteholder for any transfer or exchange of Notes, but the Issuer may (unless otherwise provided in such Note) require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes before the transfer or exchange will be complete, other than exchanges pursuant to Section 4.04 or Section 11.05 not involving any transfer.

(g) None of the Issuer, the Note Registrar or the Indenture Trustee shall be required (i) to issue, register the transfer of or exchange any Notes of any Series, Class or Tranche during a period beginning at the opening of business 15 days before the day of selection of Notes of such Series, Class or Tranche to be redeemed and ending at the close of business on (A) if Notes of such Series, Class or Tranche are issuable only as Registered Notes, the day of the mailing of the relevant notice of redemption of Registered Notes of such Series, Class or Tranche so selected for redemption or (B) if Notes of the Series, Class or Tranche are issuable as Bearer Notes, the day of the first publication of the relevant notice of redemption or, if Notes of the Series, Class or Tranche are also issuable as Registered Notes and there is no publication, the mailing of the relevant notice of redemption or (ii) to register the transfer or exchange of any Notes or portions thereof so selected for redemption.

(h) Notwithstanding anything herein to the contrary, the exchange of Bearer Notes into Registered Notes shall be subject to applicable laws and regulations in effect at the time of exchange; none of the Issuer, the Indenture Trustee or the Note Registrar shall exchange any Bearer Notes into Registered Notes if it has received an Opinion of Counsel that as a result of such exchanges the Issuer would suffer adverse consequences under the Canadian and United States federal income tax laws and regulations then in effect and the Issuer has delivered to the Indenture Trustee an Issuer Certificate directing the Indenture Trustee not to make such exchanges unless and until the Indenture Trustee receives a subsequent Issuer Certificate to the contrary. The Issuer shall deliver copies of such Issuer Certificates to the Note Registrar.

(i) None of the Issuer, the Indenture Trustee, any agent of the Indenture Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial

ownership of a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership.

(j) The Issuer initially appoints the Indenture Trustee to act as Note Registrar for the Registered Notes on its behalf. The Issuer may at any time and from time to time authorize any Person to act as Note Registrar in place of the Indenture Trustee with respect to any Series, Class or Tranche of Notes issued under this Indenture.

(k) Registration of transfer of Notes containing the following legend or to which the following legend is applicable:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE INDENTURE SUPPLEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

will be effected only if such transfer is made pursuant to an effective registration statement under the U.S. Securities Act, or is exempt from the registration requirements under the U.S. Securities Act. In the event that registration of a transfer is to be made in reliance upon an exemption from the registration requirements under the U.S. Securities Act other than Rule 144A under the U.S. Securities Act or Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, the transferor or the transferee will deliver, at its expense, to the Issuer and the Indenture Trustee, an investment letter from the transferee, substantially in the form of the investment letter attached hereto as Exhibit 1 or such other form as the Issuer may determine, and no registration of transfer will be made until such letter is so delivered.

Notes issued upon registration or transfer of, or Notes issued in exchange for, Notes bearing the legend referred to above will also bear such legend and any other legends required by the Related Supplemental Indenture unless the Issuer, the Indenture Trustee and the Note Registrar receive an Opinion of Counsel, satisfactory to each of them, to the effect that such legend may be removed.

Whenever a Note containing the legend referred to above is presented to the Note Registrar for registration of transfer, the Note Registrar will promptly seek instructions from the Issuer regarding such transfer and will be entitled to receive an Issuer Certificate prior to registering any such transfer. The Issuer hereby agrees to indemnify the Note Registrar and the Indenture Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by

them in relation to any such instructions furnished pursuant to this clause. The Indenture Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture, the Related Supplemental Indenture, or under applicable law with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(l) By acquiring a Note, each Noteholder that is a United States Person will be deemed to represent, warrant and covenant that either: (i) it is not acquiring the Note (or any interest therein) with the assets of a Benefit Plan or a governmental, church or non-U.S. plan that is subject to any federal, state, local or other non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Internal Revenue Code ("**Similar Law**"); or (ii) (A) the Note is rated at least "BBB-" or its equivalent by a nationally recognized statistical rating agency at the time of purchase or transfer, and (B) the acquisition, holding and disposition of the Note will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or a violation of any Similar Law.

4.06 Mutilated, Destroyed, Lost and Stolen Notes

(a) If (i) any mutilated Note (together, in the case of Bearer Notes, with all unmatured coupons, if any, appertaining thereto) is surrendered to the Indenture Trustee or the Note Registrar, or the Issuer, the Note Registrar or the Indenture Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Issuer, the Note Registrar or the Indenture Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a protected purchaser, the Issuer will execute and upon its request the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor, Series, Class or Tranche, Scheduled Final Payment Date, Legal Maturity Date and Stated Principal Amount, bearing a number not contemporaneously Outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section 4.06, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

(d) Every new Note issued pursuant to this Section 4.06 in lieu of any destroyed, lost or stolen Note will constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note will be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes of the same Series, Class or Tranche duly issued hereunder.

(e) The provisions of this Section 4.06 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

4.07 Persons Entitled to Payment

(a) Unless otherwise provided with respect to such Note pursuant to Section 4.01, interest payable on any Registered Note will be paid to the Person in whose name that Note (or one or more Predecessor Notes) is registered at the close of business on the most recent Record Date and interest payable on any Bearer Note will be paid to the bearer of that Note (or the applicable coupon).

(b) Subject to clause (a), each Note delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Note will carry the rights to interest accrued or principal accreted and unpaid, and to accrue or accrete, which were carried by such other Note.

(c) Title to any Bearer Note, including any coupons appertaining thereto, shall pass by delivery. The Issuer, the Indenture Trustee, the Manager and any agent of the Issuer, the Indenture Trustee or the Manager may treat the Person who is proved to be the owner of such Note pursuant to subsection 1.04(c) as the owner of such Note for the purpose of receiving payment of principal of and (subject to this Section 4.07) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee, the Manager or any agent of the Issuer, the Indenture Trustee or the Manager will be affected by notice to the contrary.

(d) Delivery of a Note to the Paying Agent by the holder of such Note shall, upon payment thereof, be a good discharge to the Issuer of all obligations evidenced by such Note. The Paying Agent shall not be bound to enquire into the title of any such Noteholder, save as ordered by a court of competent jurisdiction or as required by statute, nor shall it be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting in respect thereof.

(e) In the case of the death of one or more joint registered owners, the principal money of and interest, if any, on a Note may be paid to the survivor or survivors of such registered Noteholders whose receipt thereof, accompanied by the delivery of such Note, shall constitute a valid discharge to the Issuer and the Paying Agent.

(f) Any payment of principal or interest on any Note which is due on a day other than a Business Day shall be payable on the next succeeding Business Day without adjustment for interest thereon and such payment shall be deemed to have been made with the same force and effect as if made on the due date.

(g) The right of any Noteholder to receive interest on or principal of any Note shall be subject to any applicable withholding or deduction imposed pursuant to the Income Tax Act or other applicable tax law, including foreign withholding and deduction. Any amounts properly so withheld or deducted shall be treated as actually paid to the appropriate Noteholder.

(h) Upon the Paying Agent's reasonable request therefor, the Issuer will (i) provide the Paying Agent with any information in its possession or (ii) assist the Paying Agent (to the extent necessary and it is commercially reasonable for the Issuer to do so) to obtain information, in each case, to the extent such information is required by the Paying Agent to comply with its tax reporting and withholding obligations under applicable law with respect to payments to be made to Specified Creditors pursuant to this Indenture and the other Program Agreements, unless the Issuer is prohibited from doing so by applicable law or an obligation of confidentiality by which the Issuer is bound.

4.08 Cancellation

All Notes surrendered for payment, redemption, transfer, conversion or exchange will, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and, if not already canceled, will be promptly canceled by it. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered will be promptly canceled by the Indenture Trustee. No Note will be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 4.08, except as expressly permitted by this Indenture. The Indenture Trustee will dispose of all canceled Notes in accordance with its customary procedures and will deliver a certificate of such disposition to the Issuer.

4.09 Protection of Notes

(a) The Indenture Trustee shall hold in safekeeping the Notes which have not been issued (but which have been delivered to the Indenture Trustee by or on behalf of the Issuer) pending receipt of an Issuer Certificate. The Indenture Trustee shall acknowledge receipt of the Notes so delivered by signing and returning to the Issuer an acknowledgement of receipt of the Notes, such acknowledgement to be in a form satisfactory to the Issuer.

(b) The Indenture Trustee's responsibility for any Notes held in its custody hereunder shall be limited to using the same diligence in physically safeguarding such Notes as it does for its own securities. The Indenture Trustee shall account for the unissued Notes held in its custody whenever so required by the Issuer. If at any time the Indenture Trustee shall discover that any of such Notes have been lost, damaged,

destroyed, stolen or misappropriated, it shall promptly advise the Issuer thereof and identify, to the extent practicable, such Notes.

4.10 New Issuances of Notes

(a) There are no restrictions on the timing or amount of any additional issuance of Notes of an Outstanding Class or Tranche of a Series of Notes, so long as the conditions described in Article V are satisfied. As of the date of any additional issuance of Notes of an Outstanding Class or Tranche of Notes, the Stated Principal Amount and Outstanding Dollar Principal Amount of that Class or Tranche will be increased to reflect the principal amount of the additional Notes. If the additional Notes are a Class or Tranche of Notes that has the benefit of a Derivative Agreement, the Issuer will enter into a Derivative Agreement for the benefit of the additional Notes. In addition, if the additional Notes are a Class or Tranche of Notes that has the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the Issuer will enter into a Credit Enhancement Agreement or Liquidity Agreement, as applicable, for the benefit of the additional Notes. Furthermore, the targeted deposits, if any, to any applicable Issuer Account, will be increased proportionately to reflect the principal amount of the additional Notes.

(b) When issued, the additional Notes of a Class or Tranche will be identical in all respects to the other Outstanding Notes of that Class or Tranche and will be equally and ratably entitled to the benefits of this Indenture and the Related Supplemental Indenture as the other Outstanding Notes of that Class or Tranche without preference, priority or distinction.

ARTICLE V
CONDITIONS PRECEDENT

5.01 Conditions Precedent for Incurrence of Indebtedness

On or prior to the date that the Issuer enters into a definitive agreement for the incurrence of Funding Obligations, the following conditions precedent shall be satisfied:[3]

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of the incurrence of such new Funding Obligation;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency an Issuer Certificate to the effect that:

(i) the Issuer reasonably believes that the incurrence of the new Funding Obligation will not cause an Adverse Effect;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of this Indenture and constitute sufficient authority hereunder for the Indenture Trustee to (i) in the case of a Note issuance only,

[3] OPG and Dealers to discuss need for condition precedent re minimum amount of subordinated debt.

authenticate and deliver such Notes, and (ii) in the case of all other Funding Obligations, execute and deliver the Related Funding Obligation Agreement(s) in accordance with Section 5.04;

(iii) in the case of a Note issuance only, the form and terms of such Notes have been established in conformity with the provisions of this Indenture;

(iv) the incurrence of such Funding Obligation is consistent in all material respects with the Financing Plan;

(v) after giving effect to the incurrence of such Funding Obligation, the estimated Finance Amount that would become due and payable during the applicable Reference Period is reasonably expected to align with the Fair Allocation Amount determined in respect of such Reference Period; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties set forth in Section 12.01 shall be true and correct in all material respects;

(d) the Rating Agency Condition shall have been satisfied with respect to the incurrence of such Funding Obligation;

(e) the Issuer delivers to the Indenture Trustee copies of the Related Funding Obligation Agreement(s), including in the case of Notes, a Supplemental Indenture, and if applicable, a Terms Document relating to the applicable Class or Tranche of Notes;

(f) each creditor for such Funding Obligation (or an authorized agent on their behalf) shall (i) have acknowledged and agreed in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Section 7.06 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.15 (Limited Recourse) and Section 17.01 (No Petition), (ii) irrevocably authorize and direct the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI and Sections 7.04 and 8.13, (iii) appoint the Indenture Trustee as its agent for any and all such purposes, and (iv) provide the Indenture Trustee with its notice details;

(g) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement shall be satisfied;

(h) in the case of a Note issuance only, the Indenture Trustee shall have received an Issuer Certificate for the certification and delivery of such Notes and specifying the particulars relating to such Notes;

(i) in the case of Bearer Notes issued to a United States Person that are "registration required obligations" as described in section 163(f)(2)(A) of the Internal Revenue Code only, such Notes shall be issued in registered form for U.S. federal income tax purposes or shall be issued in accordance with section 4701(b)(1)(B) of the Internal Revenue Code; and

(j) in the case of Foreign Currency Notes only, the Issuer shall have appointed one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

5.02 No Consent

The Issuer and the Indenture Trustee will not be required to provide prior notice to or obtain the consent of any Debtholder to incur any additional Funding Obligations.

5.03 Conditions Precedent for the Incurrence of other Obligations

On or prior to the date that the Issuer enters into any agreement that would give rise to Obligations Secured (other than Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer delivers to the Indenture Trustee a copy of the applicable agreement; and

(b) each counterparty to such agreement (or an authorized agent on their behalf) shall (i) have acknowledged and agreed in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Section 7.06 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.15 (Limited Recourse) and Section 17.01 (No Petition), (ii) irrevocably authorize and direct the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI and Sections 7.04 and 8.13, (iii) appoint the Indenture Trustee as its agent for any and all such purposes, and (iv) provide the Indenture Trustee with its notice details.

5.04 Acknowledgements

Upon receipt of an Issuer Certificate directing it to do so (provided the conditions set forth in Sections 5.01 and 5.03 have been satisfied, as certified by the Issuer), the Indenture Trustee shall execute an acknowledgement on any Program Agreement or any evidence of indebtedness issued pursuant to a Program Agreement confirming that such Program Agreement or evidence of indebtedness is an Obligation Secured under this Indenture and the creditors listed in such Program Agreements are Specified Creditors for the purposes of this Indenture.

ARTICLE VI
SUBORDINATION

6.01 Subordination

The payment of the Associated Subordinated Funding Obligations of any Series shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable. The payment of the Associated Junior Subordinated Funding Obligations of any Series shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable. Subject to the provisions of the Related Funding Obligation Agreement, (i) prior to the acceleration of the Funding Obligations pursuant to Section 8.02, payment in respect of the Associated Subordinated Funding Obligations and the Associated Junior Subordinated Funding Obligations shall be made as provided for in Section 7.04; and (ii) after the acceleration of the Funding Obligations pursuant to Section 8.02, payment on account of the Associated Subordinated Funding Obligations and the Associated Junior Subordinated Funding Obligations shall be made as provided for in Section 8.13.

6.02 Subrogation to Senior Funding Obligations

(a) Subject to the payment in full of the Senior Funding Obligations or the making of due provision for such payment, the Debtholders of Associated Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Associated Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Associated Subordinated Funding Obligations shall be paid in full.

(b) Subject to the payment in full of Associated Subordinated Funding Obligations and Senior Funding Obligations or the making of due provision for such payment, the Debtholders of Associated Junior Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Associated Subordinated Funding Obligations and Senior Funding Obligations to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Associated Junior Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Associated Junior Subordinated Funding Obligations shall be paid in full.

6.03 Rights of Specified Creditors Preserved

The provisions of this Article VI are and are intended solely for the purpose of defining the relative rights of the Debtholders of the Senior Funding Obligations and the Associated Subordinated Funding Obligations and Associated Junior Subordinated Funding Obligations, as applicable. Nothing in this Article VI is intended to or shall impair the obligation of the Issuer, subject to the rights of the Debtholders of the Senior Funding Obligations, to pay the Associated Subordinated Funding Obligations and Associated Junior Subordinated Funding Obligations as

and when the same shall become due and payable in accordance herewith, or affect the relative rights of the Debtholders of the Associated Subordinated Funding Obligations and Associated Junior Subordinated Funding Obligations, and creditors of the Issuer other than the Debtholders of such Senior Funding Obligations, nor shall anything in this Article VI prevent the Indenture Trustee or the Debtholders from exercising all remedies otherwise permitted by this Indenture, subject to the rights (if any) under this Article VI of the Debtholders of such Senior Funding Obligations and the Indenture Trustee on their behalf in respect of any payment or distribution of cash, property or securities of the Issuer received upon the exercise of any such remedy.

6.04 Renewal or Extension of Senior Funding Obligations

(a) Except as provided in the Related Funding Obligation Agreement, the Debtholders of Senior Funding Obligations of any particular Series may at any time in their discretion renew or extend the time of payment of such Senior Funding Obligations or exercise any other of their rights in respect thereof, including, without limitation, the waiver of an Event of Default thereunder, all without notice to or assent from the Debtholders of the Associated Subordinated Funding Obligations or Associated Junior Subordinated Funding Obligations, or the Indenture Trustee.

(b) No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of any Senior Funding Obligations or of any of the terms, covenants or conditions of any Related Funding Obligation Agreement under which any Senior Funding Obligations shall have been issued, shall in any way alter or affect any of the provisions of this Article VI.

ARTICLE VII
ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS

7.01 Available Collections

Except as otherwise expressly provided in this Indenture, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance from any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture including, without limitation, all funds and other property payable to the Indenture Trustee in connection with the Collateral. The Indenture Trustee will hold all such money and property received by it as part of the Collateral and will apply it, or cause it to be applied, as provided in this Indenture and any applicable Program Agreement.

7.02 Issuer Accounts; Distributions from Issuer Accounts

(a) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Collection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received shall be credited to the Collection Account. The Collection Account shall be under the control of the

Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Collection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Collection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Collection Account to such new Collection Account. From the date each such new Collection Account is established, it shall be the "Collection Account".

(b) From time to time in connection with the creation of any Series of Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Capital Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. Payments of Available Collections out of the Collection Account not otherwise required to be paid to Specified Creditors at such time shall be credited to a Capital Reserve Account in accordance with the terms of any applicable Funding Obligation Agreement and Section 7.04 or 8.13, as applicable. Each Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a Capital Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Capital Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Capital Reserve Account. From the date each such new Capital Reserve Account is established, it shall be a "Capital Reserve Account".

(c) From time to time in connection with the creation of any Series of Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Finance Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. Payments of Available Collections out of the Collection Account not otherwise required to be paid to Specified Creditors or a Capital Reserve Account at such time shall be credited to a Finance Reserve Account in accordance with the terms of any applicable Funding Obligation Agreement and Section 7.04 or 8.13, as applicable. Each Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a Finance Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such

longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Finance Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Finance Reserve Account. From the date each such new Finance Reserve Account is established, it shall be a "Finance Reserve Account".

(d) From time to time in connection with the creation of any Series of Funding Obligations, the Issuer may cause the Indenture Trustee to establish one or more Eligible Deposit Accounts denominated as "**Supplemental Reserve Accounts**" in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. Payments of Available Collections out of the Collection Account not otherwise required to be paid to Specified Creditors, a Capital Reserve Account or a Finance Reserve Account at such time shall be credited to a Supplemental Reserve Account in accordance with the terms of the any applicable Funding Obligation Agreement and Section 7.04 or 8.13, as applicable. Each Supplemental Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a Supplemental Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Supplemental Reserve Account, as applicable, that is an Eligible Deposit Account and shall transfer any funds or other property from such Supplemental Reserve Account to such new Supplemental Reserve Account. From the date each such new Supplemental Reserve Account is established, it shall be a "Supplemental Reserve Account".

(e) All payments to be made from time to time by or on behalf of the Issuer to Specified Creditors out of funds in the Issuer Accounts pursuant to the Program Agreements will be made by the Paying Agent in each case not later than 1:00 p.m., Toronto time, on the applicable Payment Date or earlier, if necessary, or as otherwise provided in the applicable Program Agreement but only to the extent of available funds in the applicable Issuer Accounts or Sub-Accounts.

7.03 <u>Investment of Funds in the Issuer Accounts</u>

(a) Funds credited to the Issuer Accounts will (unless otherwise stated in this Indenture or any applicable Funding Obligation Agreement) be invested and reinvested by the Indenture Trustee at the written direction of the Manager in one or more Eligible Investments. The Manager may appoint as its agent under a separate agreement a registered investment advisor and authorize such agent to give instructions on behalf of the Manager to the Indenture Trustee for funds to be invested and reinvested in one or more Eligible Investments. The Manager shall provide the Indenture Trustee with a written direction certifying any such appointment. The Indenture Trustee shall be entitled to conclusively rely on, and shall be protected in

acting upon, instructions received from such agent on behalf of the Manager. The Manager (or its agent appointed pursuant to the preceding sentence) may authorize the Indenture Trustee to make specific investments pursuant to written instructions, in such amounts as the Manager will specify. Notwithstanding the foregoing, funds held by the Indenture Trustee in any of the Issuer Accounts will be invested in Eligible Investments that will mature so that a sufficient amount of such funds shall be available to the extent required to pay all Obligations Secured that are payable on the following Payment Date.

(b) All funds from time to time credited to the Issuer Accounts pursuant to this Indenture and the Funding Obligation Agreements, and all investments made with such funds, if any, will be held by the Indenture Trustee in the Issuer Accounts as part of the Collateral as herein provided, subject to withdrawal by the Paying Agent or the Indenture Trustee for the purposes specified herein.

(c) Funds and other property in any of the Issuer Accounts will not be commingled with any other funds or property of the Issuer or the Indenture Trustee.

(d) Subject to Section 8.13, on the applicable Payment Date, all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Issuer Accounts will be applied as specified in Sections 7.04 and 7.05. Unless otherwise stated in any applicable Funding Obligation Agreement, for purposes of determining the availability of funds or the balance in the Issuer Accounts for any reason under this Indenture or any Funding Obligation Agreement, investment earnings on such funds, if any, shall be deemed not to be available or on deposit.

(e) Subject to subsection 9.01(d), neither the Indenture Trustee nor the Manager will in any way be held liable by reason of any insufficiency in such Issuer Accounts resulting from any loss on any Eligible Investment included therein.

(f) Funds credited to the Issuer Accounts will be invested and reinvested by the Indenture Trustee as provided in the written direction of the Manager; provided, however, that such funds shall remain uninvested upon the occurrence of any of the following events:

(i) the Manager (or its agent appointed pursuant to paragraph (a) above) shall have failed to give investment directions to the Indenture Trustee; or

(ii) an Event of Default shall have occurred and is continuing but no Notes have been declared due and payable pursuant to Section 8.02.

7.04 Allocation of Amounts on Deposit in the Collection Account

(a) All Senior Funding Obligations of each Series, Class or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series, Class or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Scheduled Final Payment Date, or (iii) the Legal Maturity Date of the Senior Funding Obligations of such Series, Class or

Tranche, except as specified in the Related Funding Obligation Agreement. All Associated Subordinated Funding Obligations of each Series, Class or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series, Class or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Scheduled Final Payment Date, or (iii) the Legal Maturity Date of the Associated Subordinated Funding Obligations of such Series, Class or Tranche, except as specified in the Related Funding Obligation Agreement. All Associated Junior Subordinated Funding Obligations of each Series, Class or Tranche under this Indenture will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series, Class or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Scheduled Final Payment Date, or (iii) the Legal Maturity Date of the Associated Junior Subordinated Funding Obligations of such Series, Class or Tranche, except as specified in the Related Funding Obligation Agreement.

(b) On each Payment Date, Available Collections credited to the Collection Account since the previous Payment Date will be distributed in accordance with Section 7.04(e).

(c) If any amount below is payable on a date other than a Payment Date, prior to such payment being made, an amount will be reserved in the Collection Account equal to the amount estimated by the Manager in its commercially reasonable judgment, based upon amounts then known and/or reasonably expected to be or become payable on or before the next Payment Date, in respect of the aggregate amount of items *pari passu* or more senior in priority than such obligation, calculated on a *pro forma* basis, and if, due to such reservation of funds, there are insufficient funds available in the Collection Account to make such payment, such payment will be made only on the following Payment Date (and then only if funds are available pursuant to this Section 7.04).

(d) In the event of non-payment on any Payment Date of any amounts referred to in subsection 7.04(e), such amounts shall remain due and shall be payable on each subsequent Payment Date in the order of priority provided for in subsection 7.04(e), subject to Section 8.13.

(e) Subject to Section 8.13, on each Payment Date, any amount standing to the credit of the Collection Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Payment Date, *pro rata* in proportion to the claims represented by each subclause except as otherwise specifically provided below:

(i) First, to (A) the payment of the allocated amount of all taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of Canada or any province or territory thereof; and then to (B) the Indenture Trustee, the Issuer Trustee and the Administrative Agent in respect of the allocated amount of fees, expenses and reimbursements (including, solely in the case of the Administrative Agent,

any indemnified claims under the terms of the Administrative Services Agreement (but excluding tax indemnities) in respect of the allocated amount of any indemnity) owing, up to a maximum aggregate amount (after taking into account any amounts previously paid in respect of such fees, expenses, reimbursements and indemnified claims under this subsection 7.04(e)(i) or subsection 8.13(a) and without duplication of amounts distributed for such purpose under this subsection 7.04(e)(i) or subsection 8.13(a)) of **[■ percent (■%)]** of the Outstanding Dollar Principal Amount of all Funding Obligations at such time;

(ii) Second, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations, and (B) to Derivative Counterparties, on a *pro rata* basis, all amounts payable other than Termination Payments;

(iii) Third, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations, only to the extent required to satisfy any payment of principal or requirement to accumulate amounts in a Capital Reserve Account in accordance with the terms of any Related Funding Obligation Agreement, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(iv) Fourth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any other Issuer Account as required by any Related Funding Obligation Agreement, other than Issuer Accounts related solely to Associated Subordinated Funding Obligations or Associated Junior Subordinated Funding Obligations;

(v) Fifth, to the Manager in respect of all fees, expenses, reimbursement and indemnity amounts owing;

(vi) Sixth, to the payment of all taxes eligible and not previously paid pursuant to clause (i);

(vii) Seventh, to (A) the Indenture Trustee, the Issuer Trustee and the Administrative Agent, in each case, in respect of the allocated amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (i); and then (B) other service providers, in each case, in respect of the allocated amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity, with funds being distributed *pro rata* in proportion to the claims represented by each of subclauses (A) and (B), respectively;

(viii) Eighth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Associated Subordinated Funding Obligations;

(ix) Ninth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Associated Subordinated Funding Obligations, only to the extent required to satisfy any payment of principal or requirement to accumulate amounts in a Capital Reserve Account in accordance with the terms of any Related Funding Obligation Agreement;

(x) Tenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Issuer Account related solely to Associated Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xi) Eleventh, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Associated Junior Subordinated Funding Obligations;

(xii) Twelfth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Associated Junior Subordinated Funding Obligations, only to the extent required to satisfy any payment of principal or requirement to accumulate amounts in a Capital Reserve Account in accordance with the terms of any Related Funding Obligation Agreement;

(xiii) Thirteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Issuer Account related solely to Associated Junior Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xiv) Fourteenth, to each Derivative Counterparty, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(xv) Fifteenth, to the Issuer Trustee for the account of the beneficiary, such amount as is required pursuant to the Declaration of Trust, provided that such amount shall at no time be less than $100; and

(xvi) Sixteenth, any amounts remaining: (i) to be held in the Collection Account for distribution in the above order of priority on the succeeding Payment Date (or for distribution prior thereto as permitted or required pursuant to this Indenture); or (ii) after the final Funding Obligation has been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due to the Indenture Trustee under Section 9.05 or otherwise, to the Issuer or as the Issuer designates.

7.05 Allocation of Amounts on Deposit in the Other Issuer Accounts

(a) Subject to clause (b) below, if, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date: (i) amounts on deposit in any Issuer Account, other than Issuer Accounts related solely to Associated Subordinated Funding Obligations or Associated Junior Subordinated Funding Obligations, may be withdrawn from such Issuer Account and allocated only to those Specified Creditors required to be paid pursuant to and in accordance with subsection 7.04(e)(i) through (iii); (ii) amounts on deposit in any Issuer Account related solely to Associated Junior Subordinated Funding Obligations may be withdrawn from such Issuer Account and allocated only to those Specified Creditors required to be paid pursuant to and in accordance with subsection 7.04(e)(i) through (ix); and (iii) amounts on deposit in any Issuer Account related solely to Associated Subordinated Funding Obligations may be withdrawn from such Issuer Account and allocated only to those Specified Creditors required to be paid pursuant to and in accordance with subsection 7.04(e)(i) through (xii).

(b) Notwithstanding anything to the contrary contained herein but subject to Section 8.13, amounts on deposit in an Issuer Account established solely for the benefit of one or more Series, Classes or Tranches of Funding Obligations may only be withdrawn from such Issuer Account for the purpose for which such Issuer Account was established and allocated only to those Specified Creditors for whom such Issuer Account was established.

7.06 Payments to be Held in Trust

If, notwithstanding Sections 7.04 and 8.13, any payment on Obligations Secured shall be received at any time by any Specified Creditor, other than in accordance with this Indenture, then the funds received in respect of such payment shall be held by such Specified Creditor in trust for the Issuer and the other Specified Creditors and such Specified Creditor shall forthwith remit to the Indenture Trustee such funds.

7.07 Application of Trust Money

All money and obligations deposited with the Indenture Trustee pursuant to Section 7.01 or Section 7.03 and all money received by the Indenture Trustee in respect of such obligations will be held in trust and applied by it, in accordance with the provisions of the Program Agreements in respect of which it was deposited and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Indenture Trustee, at the direction of the Manager, may determine, to the Persons entitled thereto, of the principal, interest, fees and other amounts for whose payment that money and obligations have been deposited with or received by the Indenture Trustee. Money held by the Indenture Trustee in trust hereunder need not be segregated from other funds except to the extent required by this Indenture or by applicable law. The Indenture Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES[4]

8.01 Events of Default

"**Event of Default**," wherever used herein, means with respect to any Series of Funding Obligations any one of the following events (whatever the reason for such Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority), unless such event is either expressly stated to be inapplicable to a particular Series of Funding Obligations or specifically deleted or modified in the Related Funding Obligation Agreement:

(a) with respect to such Series of Funding Obligations, a default by the Issuer in the payment of any interest on such Funding Obligations when such interest becomes due and payable, and continuance of such default for a period of **[65]** days following the date on which such interest became due and payable;

(b) with respect to such Series of Funding Obligations, a default by the Issuer in the payment of principal of such Series of Funding Obligations at the applicable Legal Maturity Date;

(c) any representation or warranty contained in Section 12.01 proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 90 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Debtholders holding at least **[25%]** of the Outstanding Dollar Principal Amount of the affected Series of Funding Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Debtholders of such Series are materially and adversely affected and continue to be materially and adversely affected during the 90-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in this Indenture in respect of the Funding Obligations of such Series (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this Section 8.01), all of such covenants in this Indenture which are not expressly stated to be for the benefit of a particular Series of Funding Obligations being deemed to be in respect of the Funding Obligations of all Series for this purpose, and continuance of such default or breach for a period of 90 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Debtholders holding at least **[25%]** of the Outstanding Dollar Principal Amount of the affected Series of Funding Obligations, a written notice

[4] Subject to further review and discussion.

specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Debtholders of such Series are materially and adversely affected and continue to be materially and adversely affected during the 90-day period;

(e) an Insolvency Event in respect of the Issuer;

(f) a default by the Issuer in the observance or performance of any term, covenant or agreement contained in any Funding Obligation Agreement by which it is bound as a result of which the holders of such Funding Obligations cause or are entitled to cause acceleration of the maturity thereof;

(g) the Provincial Protection and Assurances Agreement ceases to be in full force and effect against the Province and if the Province does not, within **[90]** days of receipt of notice of such agreement not being in full force and effect, cause such agreement to be in full force and effect or replace such agreement with a new agreement that is in form and substance satisfactory to Debtholders, acting reasonably, pursuant to an Ordinary Resolution;

(h) the validity of the Provincial Protection and Assurances Agreement or the applicability thereof to the Province or to the Funding Obligations or any other obligations purported to be secured thereby or any material part thereof shall be disaffirmed in writing by or on behalf of the Province; or

(i) with respect to such Series of Funding Obligations, any additional event of default specified in a Related Funding Obligation Agreement.

8.02 Acceleration of Maturity; Rescission and Annulment[5]

(a) If an Event of Default described in clause (a), (b), (c), (d), (f) or (g) (if the Event of Default under clause (c) or (d) is with respect to less than all Series of Funding Obligations) of Section 8.01 occurs and is continuing with respect to any Series, then and in each and every such case, unless the principal of all the Funding Obligations of such Series shall have already become due and payable, either the Indenture Trustee or Debtholders holding not less than 50% of the Outstanding Dollar Principal Amount of the Funding Obligations of such Series (each such Series acting as a separate Class), by notice in writing to the Issuer (and to the Indenture Trustee if given by the Debtholders), may declare the Outstanding Dollar Principal Amount of all Funding Obligations of such Series and all interest accrued or principal accreted and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary.

[5] To discuss if any additional delay is required between the occurrence of an Event of Default and the right to accelerate.

(b) If an Event of Default described in clause (c) or (d) of Section 8.01 occurs with respect to all Series of Funding Obligations and is continuing or an Event of Default described in clause (g) or (h) occurs and is continuing, then and in each and every such case, unless the principal of all the Funding Obligations shall have already become due and payable, either the Indenture Trustee or Debtholders holding not less than 50% of the Outstanding Dollar Principal Amount of all Funding Obligations (treated as one Class), by notice in writing to the Issuer (and to the Indenture Trustee if given by Debtholders), may declare the Outstanding Dollar Principal Amount of all the Funding Obligations and all interest accrued or principal accreted and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary.

(c) If an Event of Default described in clause (e) of Section 8.01 occurs and is continuing, then all Series of Funding Obligations will automatically be and become immediately due and payable by the Issuer, without notice or demand to any Person, and the Issuer will automatically and immediately be obligated to pay off the Funding Obligations.

(d) At any time after such a declaration of acceleration has been made or an automatic acceleration has occurred with respect to the Funding Obligations of any Series and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter provided in this Article VIII, Debtholders may, by Extraordinary Resolution, rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay (A) all overdue installments of interest on the Funding Obligations of such Series, (B) the principal of any Funding Obligations of such Series which have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor by the terms of the Funding Obligations of such Series, to the extent that payment of such interest is lawful, (C) interest upon overdue installments of interest at the rate or rates prescribed therefor by the terms of the Funding Obligations of such Series, to the extent that payment of such interest is lawful, and (D) all sums paid by the Indenture Trustee hereunder and the reasonable compensation, expenses and disbursements of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05; and

(ii) all Events of Default with respect to such Series of Funding Obligations, other than the nonpayment of the principal of the Funding Obligations of such Series which has become due solely by such acceleration, have been cured or waived as provided in Section 8.03.

(e) If, at any time, any Event of Default capable of being remedied has been remedied by the Issuer to the satisfaction of the Indenture Trustee: (i) the Security Interest will no longer be or be deemed to be enforceable by reason of such Event of Default; (ii) any rights which had become vested in the Indenture Trustee by virtue thereof will be and be deemed to be cancelled as fully and to the same extent as though no such Event of Default had occurred; and (iii) the Indenture Trustee will, or will instruct any receiver appointed pursuant to this Indenture to restore to the Issuer any Collateral in the possession of the Indenture Trustee or receiver, as the case may be.

(f) No such rescission will affect any subsequent default or impair any right consequent thereon.

8.03 Waiver of Past Defaults

Debtholders may, by Extraordinary Resolution, waive any past default hereunder or under the Related Funding Obligation Agreement with respect to such Series, and its consequences, except a default not theretofore cured in the payment of the principal of or interest on any Funding Obligation of such Series.

Upon any such waiver, such default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, for every purpose of this Indenture; but no such waiver will extend to any subsequent or other default or impair any right consequent thereon.

8.04 Notice of Defaults

(a) Within 90 days after the occurrence of any Event of Default of which the Indenture Trustee has received written notice:

(i) the Indenture Trustee will transmit by mail to all Registered Noteholders of such Series, Class or Tranche, as their names and addresses appear in the Note Register, notice of such default;

(ii) the Indenture Trustee will notify all Noteholders of Bearer Notes of such Series, Class or Tranche, by publication of notice of such default in an Authorized Newspaper, or as otherwise provided in the Related Supplemental Indenture;

(iii) the Indenture Trustee will give prompt written notification thereof to the other Specified Creditors; and

(iv) the Indenture Trustee will give prompt written notification thereof to the Rating Agencies, unless such default will have been cured or waived;

provided, however, that, except in the case of a default in the payment of the principal of or interest on any Funding Obligations of any Series, Class or Tranche, the Indenture Trustee will be protected in withholding such notice if and so long as a Responsible Officer of the Indenture Trustee in good faith determines that the

withholding of such notice is in the interests of the Debtholders of such Series, Class or Tranche and the other Specified Creditors.

(b) When such notice of an occurrence of an Event of Default has been given and the Event of Default is thereafter cured, notice that the Event of Default is no longer continuing shall be given by the Indenture Trustee to Persons to whom notice was sent pursuant to Section 8.04(a) within a reasonable time, but not exceeding 30 days in any event, after the Indenture Trustee receives notice from the applicable Debtholders that the Event of Default has been cured.

8.05 Remedies Generally

Subject to subsections 8.02(d) and (e), and Section 8.03, if, with respect to any Funding Obligation, such Funding Obligation has become due and payable pursuant to Section 8.02 and the Issuer has failed to pay such Funding Obligation, the Indenture Trustee (subject, however, to compliance with the provisions of Section 9.02(d) with respect to the giving of indemnity and funds) may proceed to realize upon the Security Interest and to enforce the rights of the Indenture Trustee and of the Specified Creditors to whom Obligations Secured are owed by (i) application to any court of competent jurisdiction for an order of sequestration and payment of amounts in respect of clean energy adjustments, collections or remittances in accordance with the Act, (ii) possession of the Collateral, (iii) appointment of a receiver with respect to the Collateral, (iv) proceedings in any court of competent jurisdiction for the appointment of a receiver or for sale of the Collateral or any part thereof or for foreclosure, (v) subject to Section 10.02, exercise any of the rights of the Issuer under any of the Program Agreements, including the right to replace the Manager, the Administrative Agent or the Servicer in accordance with Section 8.10, or (vi) any other action, suit, remedy or proceeding authorized or permitted by this Indenture or by applicable law or by equity.

8.06 Collection of Indebtedness and Suits for Enforcement by Indenture Trustee

The Issuer covenants that if:

(a) the Issuer defaults in the payment of interest on any Series of Funding Obligations when such interest becomes due and payable and such default continues for a period of **[65]** days following the date on which such interest became due and payable, or

(b) the Issuer defaults in the payment of the principal amount of any Series of Funding Obligations on the Legal Maturity Date thereof;

the Issuer will, upon demand of the Indenture Trustee, pay (subject to the allocation provided in this Article VIII and any Related Funding Obligation Agreement) to the Indenture Trustee, for the benefit of the Debtholders of any such Funding Obligations of the affected Series, the whole amount then due and payable on any such Funding Obligations for principal and interest, with interest, to the extent that payment of such interest will be legally enforceable, upon the overdue principal and upon overdue installments of interest, (i) in the case of interest-bearing Funding Obligations, at the rate of interest applicable to the principal amount thereof, unless otherwise specified in the Related Funding Obligation Agreement; and (ii) in the case of Discount Notes, as specified in the Related Supplemental Indenture, and in addition thereto, will pay such further

amount as will be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05.

If the Issuer fails to pay such amounts forthwith upon such demand, the Indenture Trustee may take immediate steps to enforce the Security Interest, including instituting, in its own name and as trustee of an express trust, a judicial proceeding seeking the appointment of a receiver or a judicial proceeding for the collection of the sums so due and unpaid, and may directly prosecute such proceeding to judgment or final decree, and the Indenture Trustee may enforce the same against the Issuer and collect the money adjudged or decreed to be payable in the manner provided by applicable law out of the Collateral, wherever situated.

8.07 Indenture Trustee May File Proofs of Claim

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy or other similar proceeding relative to the Issuer or the property of the Issuer, the Indenture Trustee (irrespective of whether the principal of the Funding Obligations will then be due and payable as therein expressed or by declaration or otherwise) will be entitled and empowered by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal, interest, fees and other amounts owing and unpaid in respect of the Funding Obligations and to file such other papers or documents as may be necessary and advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due the Indenture Trustee under Section 9.05) and of the Specified Creditors allowed in such judicial proceeding, and

(b) to collect and receive any funds or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator or other similar official in any such proceeding is hereby authorized by each Specified Creditor to make such payment to the Indenture Trustee, and in the event that the Indenture Trustee will consent to the making of such payments directly to the Specified Creditors, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due the Indenture Trustee under Section 9.05.

Nothing herein contained will be deemed to authorize the Indenture Trustee to authorize or consent to or accept or adopt on behalf of any Specified Creditor any plan of reorganization, arrangement, adjustment or composition affecting the Funding Obligations or the rights of any Specified Creditors, or to authorize the Indenture Trustee to vote in respect of the claim of any Specified Creditor in any such proceeding.

8.08 Indenture Trustee May Enforce Claims Without Possession of Notes

All rights of action and claims under this Indenture or the Notes of any Series, Class or Tranche may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes of such Series, Class or Tranche or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee will be brought in its own name as trustee of an express trust.

8.09 Indenture Trustee May Elect to Hold the Collateral

Following an acceleration of any Series of Funding Obligations, the Indenture Trustee may elect to continue to hold the Collateral and apply distributions on the Collateral in accordance with the distribution provisions of Section 8.13.

8.10 Termination by Indenture Trustee of Manager, Administrative Agent and Servicer

Upon the occurrence and during the continuance of an Event of Default, the Indenture Trustee shall have the right to (and, upon receipt of an Extraordinary Resolution to that effect, shall) terminate the appointment of the then existing Manager under the Management Agreement, the then existing Administrative Agent under the Administrative Services Agreement and/or the Servicer under the Master Transfer and Servicing Agreement, and appoint new Persons under such agreements in accordance with such direction, provided that the Issuer shall have the right to reinstate any appointee under such agreements at such time as the Event of Default is no longer continuing.

8.11 Control by Debtholders of Funding Obligations

Subject to Section 10.02(b), Debtholders of any affected Series of Funding Obligations will, by Ordinary Resolution, have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to the Funding Obligations of such Series, provided that:

(a) the Indenture Trustee will have the right to decline to follow any such direction if the Indenture Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken or would conflict with this Indenture or if the Indenture Trustee in good faith determines that the proceedings so directed would involve it in personal liability or be unjustly prejudicial to the Debtholders not taking part in such direction; and

(b) the Indenture Trustee may take any other action permitted hereunder deemed proper by the Indenture Trustee which is not inconsistent with such direction.

8.12 Limitation on Suits

To the fullest extent permitted by applicable law, no Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, unless:

(a) the Issuer or a Debtholder has previously given written notice to the Indenture Trustee of a continuing Event of Default with respect to the Funding Obligations;

(b) the Debtholders, by way of Extraordinary Resolution, have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in the name of the Indenture Trustee hereunder;

(c) such Debtholder(s) have offered to the Indenture Trustee (when so requested by the Indenture Trustee) indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Indenture Trustee, for 60 days after the Indenture Trustee has received such notice, request and offer of indemnity has failed to institute any such proceeding;

it being understood and intended that no one or more Specified Creditors will have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Specified Creditor, or to obtain or to seek to obtain priority or preference over any other Specified Creditor or to enforce any right under this Indenture, except in the manner herein provided and for the benefit of all the Specified Creditors.

8.13 Application of Money Following an Event of Default

Upon the occurrence and during the continuance of an Event of Default, any money or other property standing in each Issuer Account (except as set out in the following paragraph) or otherwise received by the Indenture Trustee pursuant to this Article VIII will be applied in the order of priority specified in this Section 8.13, *pro rata* in proportion to the claims represented by each subclause, except as otherwise specifically provided below:

(a) First, to (A) the payment of the allocated amount of all taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of Canada or any province or territory thereof; and then to (B) the Indenture Trustee, the Issuer Trustee and the Administrative Agent in respect of the allocated amount of fees, expenses and reimbursements (including, solely in the case of the Administrative Agent, any indemnified claims under the terms of the Administrative Services Agreement (but excluding tax indemnities) in respect of the allocated amount of any indemnity) amounts owing, up to a maximum aggregate amount (after taking into account any amounts previously paid in respect of such fees, expenses, reimbursements and indemnified claims under this subsection 8.13(a) or subsection 7.04(e)(i) and without duplication of amounts distributed for such purpose under this subsection 8.13(a) or subsection 7.04(e)(i)) of **[■ percent (■%)]** of the Outstanding Dollar Principal Amount of all Funding Obligations at such time;

(b) Second, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations, and (B) to Derivative Counterparties, on a *pro rata* basis, all amounts payable other than Termination Payments;

(c) Third, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations until such amount has been paid in full, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(d) Fourth, to the Manager in respect of all fees, expenses, reimbursement and indemnity amounts owing;

(e) Fifth, to the payment of all taxes eligible and not previously paid pursuant to clause (a);

(f) Sixth, to (A) the Indenture Trustee, the Issuer Trustee and the Administrative Agent, in each case, in respect of the allocated amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (a); and then (B) other service providers, in each case, in respect of the allocated amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity, with funds being distributed *pro rata* in proportion to the claims represented by each of subclauses (A) and (B), respectively;

(g) Seventh, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Associated Subordinated Funding Obligations;

(h) Eighth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Associated Subordinated Funding Obligations until such amount has been paid in full;

(i) Ninth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Associated Junior Subordinated Funding Obligations;

(j) Tenth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Associated Junior Subordinated Funding Obligations until such amount has been paid in full;

(k) Eleventh, to each Derivative Counterparty, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party; and

(l) Twelfth, to the Issuer or as the Issuer otherwise directs.

Notwithstanding the foregoing, amounts on deposit in an Issuer Account established solely for the benefit of one or more Series, Classes or Tranches of Funding Obligations shall first be used to satisfy all obligations owing to those Specified Creditors for whom such Issuer Account was established. If any amounts remain following such application, such amounts shall be applied in accordance with the priorities set out above.

8.14 Unconditional Right of Noteholders to Receive Principal and Interest

Notwithstanding any other provisions in this Indenture but subject to Section 8.15, any Noteholder will have the right, which is absolute and unconditional, to receive payment of the principal of and interest on such Note on the Legal Maturity Date expressed in the Related Supplemental Indenture and to institute suit for the enforcement of any such payment, and such right will not be impaired without the consent of such Noteholder.

8.15 Limited Recourse

(a) Notwithstanding any other provision of this Indenture to the contrary, the obligation to pay principal of or interest on any Funding Obligation or any other amount payable to any Debtholder will be without recourse to the Indenture Trustee, the Issuer Trustee or any Affiliate, officer, employee, member or director of any of them, and the obligation of the Issuer to pay principal of or interest on any Funding Obligation or any other amount payable to any Debtholder will be subject to the allocation and payment provisions of this Indenture and any Related Funding Obligation Agreement, and limited to amounts available from the Collateral.

(b) No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer under the Funding Obligations or under this Indenture, or any certificate or other writing delivered in connection herewith or therewith, against (i) the Issuer Trustee in its individual capacity, (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer Trustee in its individual capacity, any holder of a beneficial interest in the Issuer or the Issuer Trustee or of any successor or assign of the Issuer Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Issuer Trustee has no such obligations in its individual capacity).

(c) Under no circumstances shall the Manager or the Administrative Agent or any of their Affiliates be deemed an obligor or guarantor or otherwise deemed to be responsible for payment from its own funds of principal, interest, dividends or other amounts due on the Collateral, the Funding Obligations or any other Obligations Secured.

8.16 Restoration of Rights and Remedies

If the Indenture Trustee or any Specified Creditor has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned

for any reason, then and in every such case the Issuer, the Indenture Trustee and the Specified Creditors will, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Specified Creditors will continue as though no such proceeding had been instituted.

8.17 Rights and Remedies Cumulative

No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Specified Creditors is intended to be exclusive of any other right or remedy, and every right and remedy will, to the extent permitted by applicable law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

8.18 Delay or Omission Not Waiver

No delay or omission of the Indenture Trustee or of any Specified Creditor to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VIII or by applicable law to the Indenture Trustee or to the Specified Creditors may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Specified Creditors, as the case may be.

8.19 Waiver of Stay or Extension Laws

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

8.20 Indenture Trustee Appointed Attorney

The Issuer irrevocably constitutes and appoints the Indenture Trustee and any officer or employee thereof, with full power of substitution, as its true and lawful attorney coupled with an interest with full power and authority in the name of the Issuer or in its own name, in its discretion, upon the occurrence and during the continuance of any Event of Default, for the purpose of carrying out the terms of this Indenture to take all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes hereof, and without limiting the generality of the foregoing, hereby gives the Indenture Trustee the power and right on behalf of the Issuer, without notice to or assent by the Issuer, to the extent permitted by applicable law, to do the following:

(a) to ask for, demand, sue for, collect and receive all and any monies due or becoming due with respect to the Collateral;

(b) to receive, take, endorse, assign and deliver any and all cheques, notes, drafts, acceptances, documents and other negotiable and non-negotiable instruments, documents and chattel paper taken or received by the Indenture Trustee in connection therewith and herewith; and

(c) to commence, file, prosecute, defend, settle, compromise or adjust any claim, suit, action or proceeding with respect to the Collateral.

8.21 Disclaimer of Marshalling

In the event that the security hereby constituted shall become enforceable and the Indenture Trustee shall have determined or become bound to enforce the same, the Issuer covenants not to invoke the doctrine of marshalling or any other equitable principle for the purpose of requiring the Indenture Trustee to realize or to have realized on any particular asset forming part of the Collateral.

ARTICLE IX
THE INDENTURE TRUSTEE

9.01 Certain Duties and Responsibilities

(a) The Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Funding Obligations of any Series, Class or Tranche, and no implied covenants or obligations will be read into this Indenture against the Indenture Trustee.

(b) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Indenture Trustee will act honestly and in good faith with a view to the best interests of the Specified Creditors as a whole and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

(c) In the absence of bad faith on its part, the Indenture Trustee may, with respect to Funding Obligations of any Series, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee will be under a duty to examine the same to determine whether or not they substantially conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(d) No provision of this Indenture will be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this clause (d) will not be construed to limit the effect of subsection 9.01(a);

(ii) the Indenture Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer of the Indenture Trustee, unless it will be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith if so directed by Extraordinary Resolution, relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under this Indenture with respect to the Funding Obligations; and

(iv) no provision of this Indenture will require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee will be subject to the provisions of this Section 9.01.

9.02 Certain Rights of Indenture Trustee

Except as otherwise provided in Section 9.01:

(a) the Indenture Trustee may conclusively rely and will be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document (whether in its original, facsimile or other electronic form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Indenture Trustee will deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(c) the Indenture Trustee may consult with counsel of its own selection and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(d) the Indenture Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Specified Creditors pursuant to this Indenture, unless such Specified Creditors shall have offered to the Indenture Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) the Indenture Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee will determine to make such further inquiry or investigation, it will be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney;

(f) the Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Indenture Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(g) the Indenture Trustee will not be responsible for filing any financing statements or continuation statements in connection with the Obligations Secured or the Security Interest, but will cooperate with the Issuer in connection with the filing of such financing statements or amendments to such financing statements;

(h) the Indenture Trustee shall not be deemed to have notice of any default (including any Servicer Default or Event of Default) unless a Responsible Officer of the Indenture Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Indenture Trustee at the Corporate Trust Office of the Indenture Trustee, and such notice references the Funding Obligations and this Indenture;

(i) the rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder, and each agent, custodian and other person employed to act hereunder;

(j) the Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(k) the Indenture Trustee will have no obligation to calculate any amount due or owing or to be allocated as provided in this Indenture, including interest or principal for any Funding Obligations; the Indenture Trustee shall be entitled to and may rely absolutely upon the Payment Instruction;

(l) the Indenture Trustee will be entitled to rely and act upon any direction, order, instruction, notice or communication provided to it under this Indenture which is sent to it by Electronic Methods. The Indenture Trustee shall have no liability for any losses, liabilities, costs or expenses incurred by it as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees: (i) to assume all risks arising out of the use of such Electronic Methods to submit instructions and directions to the Indenture Trustee, including without limitation the risk of the Indenture Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Indenture Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and

(m) the Indenture Trustee will not be liable for any consequential, punitive or special damages.

9.03 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein and in the Notes, except the Certificates of Authentication, will be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Funding Obligation Agreements. The Indenture Trustee will not be accountable for the use or application by the Issuer of Notes, Borrowings or the proceeds thereof.

9.04 May Hold Notes

The Indenture Trustee, any Paying Agent, the Note Registrar, the Administrative Agent, the Manager or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to subsection 9.07(e) and applicable legislation, may otherwise deal with the Issuer with the same rights it would have if it were not Indenture Trustee, Paying Agent, Note Registrar, Administrative Agent, Manager or such other agent.

9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity

(a) The Issuer agrees:

(i) to pay to the Indenture Trustee from time to time reasonable compensation (or, for so long as [Indenture Trustee] is the Indenture Trustee, such amount as has been mutually agreed upon in writing) for all services rendered by it hereunder (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Indenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its own negligence or bad faith; and

(iii) to indemnify the Indenture Trustee for, and to hold it harmless against, any and all loss, liability, expense, claim, damage or injury incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim or liability (whether asserted by the Issuer, any Specified Creditor or any other Person) in connection with the exercise or performance of any of its powers or duties hereunder.

The Indenture Trustee will have no recourse to any asset of the Issuer other than funds available pursuant to Section 7.04 or 8.13, or to any Person other than the Issuer.

(b) This Section 9.05 will survive the termination of this Indenture and the resignation or replacement of the Indenture Trustee under Section 9.07.

9.06 Corporate Indenture Trustee Required; Eligibility

There will at all times be an Indenture Trustee hereunder which will be either a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business as contemplated hereby in each of the provinces and territories of Canada. The Issuer may not, nor may any Person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee. If at any time the Indenture Trustee will cease to be eligible in accordance with the provisions of this Section 9.06, it will resign immediately in the manner and with the effect hereinafter specified in this Article IX.

9.07 Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Article IX will become effective until the acceptance of appointment by the successor Indenture Trustee under Section 9.08.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by Ordinary Resolution of the Debtholders delivered to the Indenture Trustee and to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of removal, the Indenture Trustee being removed may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(d) If at any time:

(i) the Indenture Trustee ceases to be eligible under Section 9.06 and fails to resign after written request therefor by the Issuer or by any Debtholder, or

(ii) the Indenture Trustee becomes incapable of acting, or

(iii) the Indenture Trustee is adjudged bankrupt or insolvent or a receiver of the Indenture Trustee or of its property is appointed, or any public officer takes charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Issuer may remove the Indenture Trustee, or (B) subject to Article XI, any Debtholder who has been a bona fide Debtholder for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(e) The Indenture Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Indenture that is not eliminated within 90 days after the Indenture Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Indenture Trustee becomes aware that it has a material conflict of interest, it shall provide the Issuer with written notice of the nature of that conflict. If, notwithstanding the foregoing provisions of this subsection 9.07(e), the Indenture Trustee has such a material conflict of interest, the validity and enforceability of this Indenture and of the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Indenture Trustee contravenes the foregoing provisions of this subsection 9.07(e), any interested party may apply to a court of competent jurisdiction for an order that the Indenture Trustee be replaced as trustee hereunder. The Indenture Trustee represents to the Issuer that at the time of the execution and delivery hereof no material conflict of interest exists in the Indenture Trustee's role as a fiduciary hereunder.

(f) If the Indenture Trustee resigns, is removed or becomes incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Issuer will promptly appoint a successor Indenture Trustee. If, within one (1) year after such resignation, removal or incapacity, or the occurrence of such vacancy, a successor Indenture Trustee is appointed by Ordinary Resolution of the Debtholders delivered to the Issuer and the retiring Indenture Trustee, the successor

Indenture Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Indenture Trustee and supersede the successor Indenture Trustee appointed by the Issuer. If no successor Indenture Trustee shall have been so appointed by the Issuer or the Debtholders and accepted in the manner hereinafter provided, any Debtholder who has been a bona fide Debtholder for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(g) The Issuer will give written notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee to each Specified Creditor as provided in Article XVI and to each Rating Agency. To facilitate delivery of such notice, upon request by the Issuer, the Note Registrar shall provide to the Issuer a list of the relevant Registered Noteholders. Each notice will include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

(h) Upon such resignation, the Indenture Trustee shall be discharged from all further duties and liabilities under this Indenture.

9.08 Acceptance of Appointment by Successor

Every successor Indenture Trustee appointed hereunder will execute, acknowledge and deliver to the Issuer and to the predecessor Indenture Trustee an instrument accepting such appointment, with a copy to the Rating Agencies, and thereupon the resignation or removal of the predecessor Indenture Trustee will become effective, and such successor Indenture Trustee, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts and duties of the predecessor Indenture Trustee; but, on request of the Issuer or the successor Indenture Trustee, such predecessor Indenture Trustee will, upon payment of its reasonable charges, if any, execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the predecessor Indenture Trustee, and will duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such predecessor Indenture Trustee hereunder, subject nevertheless to its Lien, if any, provided for in Section 9.05. Upon request of any such successor Indenture Trustee, the Issuer will execute any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts.

No successor Indenture Trustee will accept its appointment unless at the time of such acceptance, such successor Indenture Trustee will be qualified and eligible under this Article IX.

9.09 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, will be the successor of the Indenture Trustee hereunder, provided such corporation shall be otherwise qualified and

eligible under this Article IX, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Indenture Trustee shall give prompt written notice of such merger, conversion, consolidation or succession to the Issuer and the Rating Agencies. In case any Notes shall have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Indenture Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had itself authenticated such Notes.

9.10 Trust Indenture Legislation

(a) In this Article IX, the term "applicable legislation" means the provisions, if any, of the *Trust and Loan Companies Act* (Canada) and any other statute of Canada or a province thereof, and of regulations under any such statute, in each case, as amended, restated or re-enacted from time to time, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of entities issuing debt obligations under trust indentures, to the extent that in the opinion of counsel to the Issuer such provisions are at the time in force and applicable to this Indenture.

(b) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of applicable legislation, such mandatory requirement shall prevail.

(c) The Issuer and the Indenture Trustee agree that each will at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of applicable legislation.

9.11 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) The Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) The Indenture Trustee has full power and authority to execute, deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and other documents to which it is a party;

(c) Each of this Indenture and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) The Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 9.11(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of such event.

9.12 Indenture Trustee's Application for Instructions from the Issuer

Any application by the Indenture Trustee for written instructions from the Issuer may, at the option of the Indenture Trustee, set forth in writing any action proposed to be taken or omitted by the Indenture Trustee under and in accordance with this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective; provided that such application shall make specific reference to this Section 9.12. The Indenture Trustee shall not be liable for any action taken by, or omission of, the Indenture Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five (5) Business Days after the date the Issuer actually receives such application, unless the Issuer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Indenture Trustee shall have received written instructions in response to such application specifying the action be taken or omitted.

9.13 Appointment of Co-Trustee or Separate Indenture Trustee

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Issuer's property may at the time be located, the Indenture Trustee shall have the power and shall execute and deliver all instruments, subject to the prior written consent of the Manager, which consent shall not be unreasonably withheld, to appoint one or more Persons reasonably acceptable to the Issuer to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Issuer's property, and to vest in such Person or Persons, in such capacity and for the benefit of the Specified Creditors, such title to the Issuer's property, or any part thereof, and, subject to the other provisions of this Section 9.13, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 9.06 and no notice to Specified Creditors of the appointment of any co-trustee or separate trustee shall be required under Section 9.07.

(b) Every separate trustee and co-trustee shall, to the extent permitted by applicable law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Issuer's property or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article IX. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time appoint the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by applicable law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by applicable law, without the appointment of a new or successor trustee.

9.14 Preservation of Information; Communications to Debtholders

(a) The Indenture Trustee will preserve, in as current a form as is reasonably practicable, the names and addresses of Registered Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in Section 13.14 and the names and addresses of Registered Noteholders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee may destroy any list furnished to it as provided in Section 13.14 upon receipt of a new list so furnished. The Indenture Trustee will also preserve, in as current a form as is reasonably practicable, the names and addresses of all other Specified Creditors received by the Indenture Trustee pursuant to Sections 5.01(f) and 5.03(b).

(b) If **[three]** or more Debtholders of any Series, Class or Tranche (hereinafter referred to as "**applicants**") (or, if there are less than **[three]** such Debtholders, all of the Debtholders) apply in writing to the Indenture Trustee, and furnish to the Indenture Trustee reasonable proof that each such applicant has owned a Funding Obligation of such Series, Class or Tranche for a period of at least six (6) months preceding the date of such application, and such application states that the applicants desire to communicate with other Debtholders of such Series, Class or Tranche or with all Debtholders with respect to their rights under this Indenture or under such Funding

Obligations and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Indenture Trustee will, within five (5) Business Days after the receipt of such application, at its election, either:

(i) afford such applicants access to the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a), or

(ii) inform such applicants as to the approximate number of Debtholders of such Series, Class or Tranche or all Funding Obligations, as the case may be, whose names and addresses appear in the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a) and as to the approximate cost of mailing to such Debtholders the form of proxy or other communication, if any, specified in such application.

If the Indenture Trustee shall elect not to afford such applicants access to such information, the Indenture Trustee shall, upon the written request of such applicants, mail to each Lender and to each holder of a Registered Note of such Series, Class or Tranche or to all Lenders and/or Registered Noteholders, as the case may be, whose names and addresses appear in the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a), a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Indenture Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless, within five days after such tender, the Indenture Trustee shall mail to such applicants, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Indenture Trustee, such mailing would be contrary to the best interests of the Debtholders of such Series, Class or Tranche or all Debtholders, as the case may be, or would be in violation of applicable law. Such written statement will specify the basis of such opinion.

(c) Every Debtholder agrees with the Issuer and the Indenture Trustee that neither the Issuer nor the Indenture Trustee will be held accountable by reason of the disclosure of any such information as to the names and addresses of the Debtholders in accordance with subsection 9.14(b), regardless of the source from which such information was derived, and that the Indenture Trustee will not be held accountable by reason of mailing any material pursuant to a request made under subsection 9.14(b).

9.15 Acceptance of Trusts by Indenture Trustee

The Indenture Trustee hereby accepts the trusts in this Indenture and agrees to perform the same upon the terms and conditions herein set forth.

9.16 Paying Agent

(a) The Paying Agent, on behalf of the Indenture Trustee, will make distributions to Specified Creditors from the Collection Account or other applicable Issuer Account

pursuant to the provisions of this Indenture and any applicable Program Agreement and will report the amounts of such distributions to the Indenture Trustee. Any Paying Agent will have the revocable power to withdraw funds from the Collection Account or other applicable Issuer Account for the purpose of making the distributions referred to above.

(b) The Indenture Trustee may revoke such power and remove the Paying Agent if the Indenture Trustee determines in its sole discretion that the Paying Agent has failed to perform its obligations under this Indenture in any material respect. The Paying Agent upon removal will return all funds in its possession to the Indenture Trustee.

(c) The Issuer will cause each Paying Agent (other than the Indenture Trustee) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent will agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it so agrees), subject to the provisions of this Article XI, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, interest, fees or other amounts in trust for the benefit of the Persons entitled thereto until such sums will be paid to such Persons or otherwise disposed of as herein provided;

(ii) if such Paying Agent is not the Indenture Trustee, give the Indenture Trustee notice of any default by the Issuer in the making of any such payment of principal or interest on any Funding Obligations;

(iii) if such Paying Agent is not the Indenture Trustee, at any time during the continuance of any such default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) open and maintain appropriate records with respect to each Note; record by appropriate entries therein each payment made on account of interest, principal, fees and other amounts owing with respect to each such Note. For the purposes thereof, the Paying Agent shall provide to the Issuer and the Indenture Trustee satisfactory evidence of each payment as soon as practicable after making such payment. The failure to record, or any error in recording, any such payment shall not, however, limit or otherwise affect the obligations of the Issuer as to the principal amount or accrued interest owing with respect to any Note. Such records of payment shall be conclusive evidence of the unpaid principal balance and interest owing in respect of the Notes in the absence of demonstrable error;

(v) immediately resign as a Paying Agent and, if such Paying Agent is not the Indenture Trustee, forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Funding Obligations if at any time it ceases to

meet the standards described in this Article XI required to be met by a Paying Agent at the time of its appointment; and

(vi) comply with all requirements of the Income Tax Act or any other applicable tax law with respect to the withholding from any payments made by it on any Notes of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(d) Each Paying Agent, if not OPG, will at all times have, or be a wholly owned subsidiary of a corporation which has, a combined capital and surplus of at least $50,000,000 and be subject to supervision or examination by a Canadian federal, provincial or territorial authority or be regulated by or subject to the supervision or examination of a Governmental Authority of a nation that is a member of the Organization for Economic Co-operation and Development. If such Paying Agent publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this subsection 9.16(d), the combined capital and surplus of such Paying Agent will be deemed to be its combined capital and surplus as set forth in its most recent report of condition as so published.

ARTICLE X
MEETINGS

10.01 Conduct of Meetings

Meetings of Debtholders of any Series, Class or Tranche, or of all Series of Funding Obligations, as the case may be, shall be convened, held and conducted in the following manner:

(a) At any time, and from time to time, the Indenture Trustee or the Issuer may, and the Indenture Trustee shall, on receipt of a written request of the Issuer or a requisition signed by Debtholders of a particular Series, Class or Tranche or of all Series of Funding Obligations, as the case may be, holding at least **[25%]** of the aggregate Outstanding Dollar Principal Amount of the Funding Obligations of that Series, Class or Tranche, or all Series of Funding Obligations, as the case may be, convene a meeting of the Debtholders of that Series, Class or Tranche, or of all Series of Funding Obligations, as the case may be. If the Indenture Trustee fails to convene a meeting after 30 days of being duly required by the Issuer or such Debtholders, the Issuer or such Debtholders may themselves convene such meeting and, in the case of a meeting called by such Debtholders, the notice calling such meeting may be signed by such Person as those Debtholders specify. Every such meeting shall be held in the City of Toronto or such other place in Ontario, Canada as the Indenture Trustee may in any case determine or approve.

(b) At least 7 days' prior notice of any meeting shall be given to the Debtholders of the Series, Class or Tranche to which such meeting relates or of all Series of Funding Obligations, as the case may be, and to the Issuer, unless the meeting has been called by the Issuer, and such notice shall state the date, time and the place the

meeting is to be held and shall specify, in general terms, the nature of the business to be transacted. It shall not be necessary to specify in the notice the text of the resolutions to be passed. Subject to Section 10.01(c), notices shall be given in the manner set forth in Article XVI and a copy thereof shall be delivered to the Indenture Trustee unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The non-receipt of any such notice by a Debtholder shall not invalidate any resolution passed at such meeting.

(c) At any meeting of the Debtholders of the Series, Class or Tranche or of all Series of Funding Obligations, as the case may be, subject as herein provided, a quorum shall consist of two or more Persons present in person or by proxy holding either personally or as proxies not less than **[25%]** of the Outstanding Dollar Principal Amount of the Funding Obligations of the Series, Class or Tranche or of all Series of Funding Obligations, as the case may be, entitled to vote at such meeting. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held at a place and upon a date and at an hour to be fixed by the Indenture Trustee who shall give not less than 7 days' notice of the date and time to which such meeting is to be adjourned and at such adjourned meeting a quorum shall consist of the Debtholders of that Series, Class or Tranche or of all Series of Funding Obligations, as the case may be, then and there represented in person or by proxy and entitled to vote at such meeting.

(d) An individual, who need not be a Debtholder, nominated in writing by the Indenture Trustee shall be Chairman of the meeting. If no individual is so nominated or if the individual nominated is not present within 25 minutes after the time fixed for the holding of the meeting, the Debtholders and proxies for Debtholders present shall choose one of their number to be Chairman.

(e) Every question submitted to a meeting, except an Extraordinary Resolution, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes cast on the poll (in either case, an "**Ordinary Resolution**") and shall be binding on all Debtholders of the Series, Class or Tranche or of all Series of Funding Obligations, as the case may be. On a show of hands, each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 Outstanding Dollar Principal Amount of Funding Obligations of which he or she shall be the Debtholder. A poll shall be taken on every Extraordinary Resolution and otherwise whenever requested by a Debtholder or its proxy. On a poll, each Debtholder shall have one vote for every $1,000 Outstanding Dollar Principal Amount of Funding Obligations of which he or she shall be the Debtholder. Votes may be given in person or by proxy and a proxy need not be a Debtholder. If at any meeting a poll is so demanded as aforesaid on the election of a Chairman or on a question of adjournment, it shall be taken forthwith. If at any meeting a poll is so demanded on any other question, or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner and either at once or after an adjournment as the Chairman directs. The result of a

poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Debtholders of that Series, Class or Tranche or of all Series of Funding Obligations, as the case may be. In the case of joint Registered Noteholders, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but, if more than one of them is present in person or by proxy, they shall vote together in respect of the Outstanding Notes of which they are joint Registered Noteholders.

10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution

(a) In addition to any powers hereinbefore given, Debtholders of a Series, Class or Tranche of Funding Obligations shall by Ordinary Resolution have the power to:

(i) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any of the powers conferred upon it by this Indenture insofar as they apply to the Series, Class or Tranche or by the Related Supplemental Indenture or to waive any Event of Default and/or cancel any declaration made pursuant to Section 8.02 upon such terms and/or conditions as may be decided;

(ii) sanction, insofar as they apply to the Series, Class or Tranche, the release of the Issuer from its covenants and obligations hereunder;

(iii) subject to the provisions of this Indenture or of the Related Funding Obligation Agreement, sanction any change whatsoever to any provision of the Funding Obligations of such Series, Class or Tranche which shall be agreed to by the Issuer and any modification, alteration, abrogation, compromise or arrangement of or in respect of the rights of the Debtholders of such Series, Class or Tranche or the Indenture Trustee against the Issuer, whether such rights shall arise under the provisions of this Indenture or otherwise;

(iv) subject to the provisions of this Indenture (including, without limitation, Section 8.02), assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture, a Related Supplemental Indenture or any instrument ancillary or supplementary hereto or thereto which shall be agreed to by the Issuer and to authorize the Indenture Trustee to concur in and execute any deed, instrument or agreement embodying any such modification, change, addition or omission or any other deeds, documents or writings authorized by such Ordinary Resolution; provided that no such assent shall be necessary for any modification of or change in or addition otherwise permitted hereunder or under a Related Supplemental Indenture; and

(v) take any other Action authorized by this Indenture or a Related Supplemental Indenture to be taken by Ordinary Resolution of the Debtholders of a Series, Class or Tranche of Funding Obligations.

(b) In addition to any powers hereinbefore given, Debtholders of all Series Funding Obligations, collectively, shall by Extraordinary Resolution have the power to:

(i) authorize the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

(ii) sanction the selling of the Collateral or any part thereof or interest therein;

(iii) authorize the Indenture Trustee or any other Person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Debtholders;

(iv) assent to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

(v) restrain any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

(vi) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by this Indenture of general application to all Series of Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or to waive any Event of Default and/or cancel any declaration made pursuant to Article XI upon such terms and/or conditions as may be decided;

(vii) authorize the Indenture Trustee, in the event of the Issuer making an authorized assignment or proposal or in the event of an administrator, trustee, receiver or liquidator being appointed under any applicable bankruptcy or insolvency legislation for and on behalf of all Specified Creditors and, in addition to any claim or debt provided or made for its own account as Indenture Trustee hereunder, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide;

(viii) appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in such Extraordinary Resolution) to exercise, and to direct the Indenture Trustee to exercise, on behalf of all Debtholders, such of the powers of such Debtholders as are exercisable by Extraordinary

Resolution or other resolution as shall be included in the Extraordinary Resolution appointing the committee. The Extraordinary Resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee from the Collateral, in portions allocated to each Series as may be specified in such Extraordinary Resolution. Such committee shall consist of such number of Persons as shall be prescribed in the Extraordinary Resolution appointing it and the members need not themselves be Debtholders. Each such committee may elect its Chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debtholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith; and

(ix) take any other action authorized by this Indenture to be taken by Extraordinary Resolution.

(c) The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of one or more of such powers, or any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Debtholders to exercise such power or powers, or combinations of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution shall derogate in any way from any rights of the Issuer under or pursuant to this Indenture. The Issuer shall give the Rating Agency notice of any Extraordinary Resolution adopted.

10.03 Extraordinary Resolution

An Extraordinary Resolution, adopted in accordance with the provisions hereof, shall be binding upon each and every Debtholder and each other Specified Creditor and their respective heirs, executors, administrators, successors and assigns, whether present or absent, and the Indenture Trustee (subject to the provisions for funding and its indemnity herein contained) shall be bound to give effect thereto accordingly.

Except as expressly provided to the contrary in this Indenture, no action shall be taken at a meeting of the Debtholders of a Series, Class or Tranche or of all Series of Funding Obligations which changes any provision of this Indenture or changes or prejudices the exercise of any right of any Debtholder except by Extraordinary Resolution.

10.04 Declaration by Chairman of Result of Vote

At any meeting of the Debtholders of any Series, Class or Tranche or of all Series of Funding Obligations, in cases where no poll is required or requested, a declaration made by the

Chairman that a resolution has been carried, or carried by any particular majority, or lost, shall be conclusive evidence thereof.

10.05 Minutes

Minutes of all resolutions and proceedings at every such meeting, as aforesaid, shall be made and duly entered in books to be provided from time to time for that purpose by an agent of the Issuer at the expense of the Issuer and any such minutes, as aforesaid, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had, or by the Chairman of the next succeeding meeting of Debtholders, shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed and had.

10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Funding Obligations of a Series, Class or Tranche, as the case may be, in the case of matters capable of being decided at a meeting of Debtholders by Ordinary Resolution, and (b) Debtholders holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of Funding Obligations of all Series in the case of matters required to be decided at a meeting of Debtholders by Extraordinary Resolution shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to the Debtholders, as applicable, within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each of the Specified Creditors, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a Series, Class or Tranche or of all Series of Funding Obligations, as the case may be, will be binding upon all of the Debtholders of such Series, Class or Tranche or of all Series of Funding Obligations, as the case may be, whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such Series, Class or Tranche or of all Series of Funding Obligations, as the case may be, whether signatories thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular Series, Class or Tranche of Funding Obligations, the provisions of this Article X shall apply as if the Funding Obligations of that Series, Class or Tranche were not outstanding, and no notice of any such meeting need be given to the Debtholders of that Series, Class or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of the Specified Creditors but with 10 Business Days' prior notice to each Rating Agency, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of the Debtholders of any or all Series, Class or Tranche of Funding Obligations; or

(c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(d) to establish any form of Note, as provided in Article III, and to provide for the issuance of any Series, Class or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Series, Class or Tranche; or

(e) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(f) to add any additional Early Amortization Events or Events of Default in respect of any or all Series, Class or Tranche of Funding Obligations; or

(g) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(h) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(i) to designate additional Collateral to the Issuer; or

(j) to provide for additional or alternative forms of Credit Enhancement for any Series, Class or Tranche of Funding Obligations; or

(k) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(l) to enable the Issuer to file a Registration Statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(m) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such amendment will not have a material adverse effect on the Specified Creditors or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any of the Specified Creditors, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended without the consent of the Indenture Trustee or any of the Specified Creditors, to provide for those changes necessary for compliance

with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

The Issuer shall send a copy of any amendment to this Indenture or any Supplemental Indenture to each Rating Agency.

The Indenture Trustee may, but shall not be obligated to, enter into any amendments which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with prior notice to each applicable Rating Agency and the consent of Debtholders of each Series of Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such Series of Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such amendment of this Indenture or any Supplemental Indenture will, without the consent of the Debtholders of each Funding Obligation affected thereby:

(a) change the scheduled payment date of any payment of interest on any Funding Obligation, or change an Scheduled Final Payment Date or Legal Maturity Date of any Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding Currency Specific Dollar Principal Amount or the Adjusted Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon the occurrence of an Early Amortization Event or other optional or mandatory redemption or upon the acceleration of its Legal Maturity Date;

(d) impair the right to institute suit for the enforcement of any payment on any Funding Obligation;

(e) reduce the percentage in Outstanding Dollar Principal Amount of Funding Obligations of any Series, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(f) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(g) permit the creation of any Lien on the Collateral that is prior to the Security Interest;

(h) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Funding Obligation Agreement;

(i) change the method of computing the amount of principal of, or interest on, any Note on any date; or

(j) make any other amendment not permitted by Section 11.01.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular Series of Funding Obligations, or which modifies the rights of the Debtholders of such Series with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other Series of Funding Obligations.

It will not be necessary for any Ordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution will approve the substance thereof.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section 9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not (except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(e)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each Series, Class or Tranche of Funding Obligations affected thereby, or all Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

11.05 Reference in Notes to Supplemental Indentures

Notes authenticated and delivered after the execution of any amendment of this Indenture or any Supplemental Indenture pursuant to this Article XI may, and will if required by the Indenture Trustee, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such amendment or Supplemental Indenture. If the Issuer will so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such amendment or Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

ARTICLE XII
REPRESENTATIONS AND WARRANTIES OF THE ISSUER

12.01 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and shall be deemed to represent and warrant to the Indenture Trustee on the issuance of Notes of any particular Series, Class or Tranche hereunder, and upon each Borrowing under the applicable Funding Obligation Agreement, that:

(a) The Issuer is a Financing Entity.

(b) The indebtedness incurred pursuant to such issuance of Notes or Borrowing is a Funding Obligation.

(c) The Issuer is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, has the power and authority to enter into and perform its obligations under this Indenture and the other Program Agreements executed by it and all instruments and agreements delivered pursuant hereto and thereto and to own its property and carry on its business as currently conducted including, without limitation, the power and authority and legal right to acquire Investment Interests, and has obtained all material licences, permits and approvals from all Governmental Authorities required in respect of its operations.

(d) The execution, delivery and performance of this Indenture, and at the time it enters into such document, the other Program Agreements executed by it and every instrument or agreement delivered pursuant hereto and thereto has been or will be duly authorized by all requisite action and this Indenture and such other Program Agreements, instruments and agreements have been or will be duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Issuer or in the ability of the Issuer to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreement or instrument delivered pursuant hereto or thereto; and the Issuer is not aware of any existing ground on which such action, suit or proceeding might be commenced with any reasonable likelihood of success or in default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or Governmental Authority, which, either separately or in the aggregate, would result in any such material adverse change.

(f) The Issuer is not a party to any agreement or instrument which materially adversely affects its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or materially adversely affects the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer.

(g) The Issuer is not subject to any restriction or any judgment, order, writ, injunction, decree, award, rule or regulation which materially adversely affects, or in the future may materially adversely affect, the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer or its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto.

(h) Neither the execution nor delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein and therein contemplated, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the Declaration of Trust or any agreements or instruments to which the Issuer is a party or by which it or any of its property and assets are bound, or results or will result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of the Issuer in contravention of any applicable law, rule or regulation of Canada or of any of the provinces or territories of Canada.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of the Issuer is required in connection with the execution and delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or in connection with the enforcement of this Indenture, the other Program Agreements

executed by it or any agreements or instruments delivered pursuant hereto or thereto (except those which have been obtained).

ARTICLE XIII
COVENANTS OF THE ISSUER

13.01 Payment of Principal and Interest

With respect to each Series, Class or Tranche of Funding Obligations, the Issuer will duly and punctually pay the principal of and interest on such Funding Obligations in accordance with their terms, this Indenture and any Related Funding Obligation Agreement, and will duly comply with all the other terms, agreements and conditions contained in, or made in this Indenture and any Funding Obligation Agreement. The payment of principal and interest on each Series, Class or Tranche of Funding Obligations will be primarily based on the performance of the Investment Asset and, except for interest rate or currency mismatches, will not be contingent on market or credit events that are independent of the Investment Asset.

13.02 Use of Proceeds

The Issuer will use the proceeds of Notes and Borrowings solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the refinancing of any existing Funding Obligations; and (iii) the payment of transaction fees and expenses in connection with the incurrence of Funding Obligations.

13.03 Maintenance of Office or Agency

The Issuer will maintain an office or agency in each Place of Payment where Notes may be presented or surrendered for payment, where Notes may be surrendered for transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of such office or agency. If at any time the Issuer will fail to maintain such office or agency or will fail to furnish the Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Indenture Trustee, and the Issuer hereby appoints the Indenture Trustee its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes of one or more Series, Classes or Tranches may be presented or surrendered for any or all of such purposes specified above and may constitute and appoint one or more Paying Agents for the payments of such Notes, in one or more other cities, and may from time to time rescind such designations and appointments; provided, however, that no such designation, appointment or rescission shall in any matter relieve the Issuer of its obligations to maintain an office or agency in each Place of Payment for Notes of any Series, Class or Tranche for such purposes. The Issuer will give prompt written notice to the Indenture Trustee of any such designation or rescission and of any change in the location of any such other office or agency. Unless and until the Issuer rescinds one or more of such appointments, the Issuer hereby appoints the Indenture Trustee, at its principal office, as its Paying Agent in Toronto, Ontario with respect

to all Series, Classes and Tranches of Notes having a Place of Payment in the City of Toronto, Ontario.

13.04 Legal Existence

The Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and maintain its status as a Financing Entity.

13.05 Separateness Covenants

The Issuer will take all reasonable steps to maintain the Issuer's identity as a distinct entity with assets and liabilities distinct from those of the Manager or the Administrative Agent and any of their respective Affiliates. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Issuer shall:

(a) not identify the offices of the Manager or the Administrative Agent or any Affiliate thereof as its offices (by signage or otherwise);

(b) not identify the telephone number of the Manager or the Administrative Agent as its telephone number and it will not utilize the stationery, invoices or cheques of the Manager or the Administrative Agent;

(c) conduct all transactions with the Manager or the Administrative Agent strictly on an arm's length basis and in good faith, allocate all overhead expenses for items shared between the Issuer and the Manager or the Administrative Agent on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(d) conduct its affairs strictly in accordance with the Declaration of Trust, and observe all necessary, appropriate and trust formalities;

(e) maintain the Issuer's books and records separate from those of the Manager or the Administrative Agent or any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of the Manager, the Administrative Agent or any Affiliate thereof;

(f) prepare its financial statements separately from those of the Manager or the Administrative Agent and ensure that any consolidated financial statements of the Manager or the Administrative Agent that include the Issuer have notes clearly stating that the Issuer is a separate entity;

(g) only maintain bank accounts or other depository accounts to which the Issuer alone is the account party (or where the Issuer Trustee or the Indenture Trustee will maintain them on behalf of the Issuer), and from which only the Issuer or its agent has the power to make withdrawals;

(h) pay all of the Issuer's operating expenses from the Issuer's own assets;

(i) continuously maintain the resolutions, agreements and other instruments of the Issuer underlying the transactions described in the Program Agreements as official records of the Issuer separately identified and held apart from the records of the Manager or the Administrative Agent;

(j) maintain its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager, the Administrative Agent or any Affiliate thereof;

(k) not become liable to any Person for any obligations of the Manager, the Administrative Agent or any Affiliate thereof; and

(l) pay all of its operating expenses from its own property.

13.06 Compliance with Laws

The Issuer will comply with the requirements of all applicable laws, the noncompliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Program Agreements.

13.07 Performance of Obligations

The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the Declaration of Trust and in the instruments and agreements (including but not limited to, the Master Transfer and Servicing Agreement) relating to the Collateral, including but not limited to filing or causing to be filed all PPSA financing statements and amendments thereto required to be filed by the terms of this Indenture in accordance with and within the time periods provided for herein. **[If the Issuer is required to distribute net income in accordance with the Declaration of Trust at any time that it is restricted from distributing funds pursuant to any other provision of this Indenture, the Issuer shall distribute such net income by the issuance of additional units to its unitholders in accordance with the Declaration of Trust.]**

13.08 Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with Article V.

13.09 Financial Statements

The Issuer will deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies within 140 days after the end of each fiscal year audited financial statements of the Issuer for the fiscal year, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer and within 90 days after the end of each fiscal quarter, other than the fiscal quarter of the Issuer ending on the fiscal year end of the Issuer, unaudited financial statements of the Issuer for such fiscal quarter of the Issuer, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer.

13.10 Statement as to Compliance

The Issuer will deliver to the Indenture Trustee and the Rating Agencies, on or before **[March 31]** of each year, beginning in 2018, a written statement signed by a Responsible Officer of the Issuer stating that:

(a) a review of the activities of the Issuer during the prior year and of the Issuer's performance under this Indenture and under the terms of the Notes has been made under such Authorized Officer's supervision; and

(b) to the best of such Authorized Officer's knowledge, based on such review, the Issuer has complied in all material respects with all conditions and covenants under this Indenture throughout such year, or, if there has been a material default in the fulfillment of any such condition or covenant (without regard to any grace period or requirement of notice), specifying each such default known to such Authorized Officer and the nature and status thereof.

13.11 Monthly Specified Creditor Statement

On each Payment Date, the Issuer will, in cooperation with the Manager, complete and deliver to the Indenture Trustee and the Paying Agent (with a copy to each Rating Agency), a Monthly Specified Creditor Statement.

13.12 Payment Instruction

Promptly after the receipt by the Issuer of each Monthly Report under the Master Transfer and Servicing Agreement, the Issuer will, in cooperation with the Manager, complete the Payment Instruction and deliver a copy thereof to the Indenture Trustee and the Paying Agent (if such Paying Agent is not the Indenture Trustee).

13.13 Notice of Events of Default

The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of each Event of Default hereunder and each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement and any default of a Derivative Counterparty.

13.14 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors

The Issuer will furnish or cause to be furnished to the Indenture Trustee:

(a) not more than 15 days after each Record Date, in such form as the Indenture Trustee may reasonably require, a list of the names and addresses of the Registered Noteholders of such Series, Classes or Tranches as of such date, and

(b) at such other times as the Indenture Trustee may request in writing, within 30 days after the receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 15 days before the time such list is furnished;

provided, however, that so long as the Indenture Trustee is the Note Registrar, no such list shall be required to be furnished. Upon written request from the Indenture Trustee, within **[30]** days after the receipt by the Issuer of any such request, the Issuer will furnish or cause to be furnished to the Indenture Trustee a list of the names and addresses of all other Specified Creditors.

13.15 Other Positive Covenants

The Issuer will:

(a) In the event that the Issuer shall be required to file tax returns, the Administrative Agent shall prepare or shall cause to be prepared such tax returns and shall provide such tax returns to the Issuer for signature at least **[five (5) Business Days]** before such tax returns are due to be filed. The Issuer, in accordance with the terms of each applicable Supplemental Indenture, shall also prepare or shall cause to be prepared all tax information required by applicable law to be distributed to any Noteholder and shall deliver such information to the Indenture Trustee at least **[5 days]** prior to the date it is required by applicable law to be distributed to any Noteholder. The Indenture Trustee, upon written request, will furnish the Administrative Agent with all such information known to the Indenture Trustee as may be reasonably requested and required in connection with the preparation of all tax returns of the Issuer, and shall, upon request, execute such returns. In no event shall the Administrative Agent, the Indenture Trustee or the Issuer Trustee be personally liable for any liabilities, costs or expenses of the Issuer or any Noteholder arising under any tax law, including without limitation, federal, state, provincial, territorial or local income or excise taxes or any other tax imposed on or measured by income (or any interest or penalty with respect thereto arising from a failure to comply therewith);

(b) pay or cause to be paid all taxes, government fees and dues levied, assessed or imposed upon the Issuer and its property or any part thereof, as and when the same become due and payable; provided that the Issuer may protest the payment of any such taxes, fees or dues if it is acting in good faith and if it either provides the Indenture Trustee with cash in an amount sufficient to satisfy the same or otherwise satisfies the Indenture Trustee that its interests are not prejudiced thereby and the Rating Agency Condition is satisfied;

(c) upon the written request of the Indenture Trustee, use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Administrative Agent, the Manager or the Paying Agent or, in each case, any successor thereof; or (ii) termination, non-renewal or expiry of a Liquidity Agreement or a Credit Enhancement Agreement (other than, in the latter case, a termination, non-renewal or expiry which occurs because neither party thereto has any further obligation thereunder), to appoint and enter into an agreement with a successor to such Servicer, Administrative Agent, Manager or Paying Agent, or replace or renew such Liquidity Agreement or Credit Enhancement Agreement, in form and substance the same as the applicable provisions in the relevant, previously existing Program Agreement and will notify the Indenture Trustee and the Rating

Agencies of each such occurrence and new agreement, and will execute and deliver all Supplemental Indentures and amendments hereto and all instruments of further assurance and other instruments and will take other and further action as the Indenture Trustee, relying on the advice of Counsel, may consider necessary or advisable to assign and render subject to this Indenture any such agreement; and

(d) deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies on a confidential basis (excepting only, on the part of the Rating Agencies, for purposes of rating the securities of the Issuer) such financial statements, reports and other information relating to the conduct of the business and affairs of the Issuer as the Indenture Trustee and the Rating Agencies may reasonably require including, without limitation, information pertaining to any actual or anticipated Event of Default or other event which could reasonably be anticipated to have a material adverse effect on the affairs of the Issuer and copies of all Program Agreements (including any amendments thereto) in effect from time to time.

13.16 Rule 144A Information

For so long as any of the Notes of any Series, Class or Tranche are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Exchange Act, the Issuer agrees to provide to any Noteholder of such Series, Class or Tranche and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such Noteholder or prospective purchaser to satisfy the conditions set forth in Rule 144A(d)(4) under the Securities Exchange Act.

13.17 Further Instruments and Acts

Upon request of the Indenture Trustee or as necessary, the Issuer will execute and deliver such further instruments and do such further acts (including, but not limited to, disclosing or causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.18 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.19 Amendments to Program Agreements

(a) The Issuer will not:

(i) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of the other party to any of the Program Agreements (other than this Indenture and the Declaration of Trust) if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or

interests of any Specified Creditor, except as expressly permitted by such Specified Creditor, and unless the Rating Agency Condition is satisfied;

(ii) consent, if consent is required, to the resignation of (i) the Administrative Agent under the Administrative Services Agreement; or (ii) the Manager under the Management Agreement unless the Rating Agency Condition is satisfied;

(b) Subject to the provisions of the Declaration of Trust, without the consent of Debtholders or the Indenture Trustee, the Issuer Trustee may amend the Declaration of Trust so long as such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future. Subject to the provisions of the Declaration of Trust, with the consent of Debtholders affected by such amendment, by Ordinary Resolution delivered to the Indenture Trustee, the Issuer Trustee may amend the Declaration of Trust for the purpose of adding, changing or eliminating any provisions of the Declaration of Trust or of modifying the rights of those Debtholders.

13.20 Issuer May Consolidate, Etc., Only on Certain Terms

(a) The Issuer shall not consolidate or merge with or into any other Person, unless:

(i) the Person (if other than the Issuer) formed by or surviving such consolidation or merger shall (A) be a Financing Entity, (B) be organized and existing under the laws of Canada or any province or territory thereof, (C) not be subject to regulation as an "investment company" under the Investment Company Act, and (D) expressly assume, pursuant to an assumption agreement or supplement executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of every agreement and covenant of this Indenture on the part of the Issuer to be performed or observed;

(ii) immediately after giving effect to such transaction, no Event of Default or Early Amortization Event shall have occurred and be continuing;

(iii) the Issuer shall have delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that (i) such consolidation or merger and the agreements delivered in connection therewith comply with this Section 13.20, (ii) all conditions precedent in this Section 13.20 relating to such transaction have been complied with, and (iii) each agreement delivered in connection with such consolidation or merger is duly authorized, executed and delivered and is valid, binding and enforceable against such Person;

(iv) the Rating Agency Condition shall have been satisfied with respect to such consolidation or merger;

(v) any action that is necessary to maintain the Security Interest shall have been taken; and

(vi) such Person is not a Non-resident.

(b) The Issuer shall not convey or transfer any of its properties or assets, including those included in the Collateral, substantially as an entirety to any Person, unless:

(i) the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is hereby restricted shall (A) be a Financing Entity, (B) be organized and existing under the laws of Canada or any province or territory thereof, (C) expressly assume, pursuant to an assignment and assumption agreement or supplement executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the due and punctual payment of all Obligations Secured and the performance or observance of every agreement and covenant of this Indenture on the part of the Issuer to be performed or observed, (D) expressly agree, by means of such assignment and assumption agreement or supplement, that all right, title and interest so conveyed or transferred is subject and subordinate to the Security Interest, (E) expressly agree, by means of such assignment and assumption agreement or supplement, that such Person (or if a group of Persons, then one specified Person) shall make all filings with the Commission (and any other appropriate Person) required by the Securities Exchange Act in connection with the Notes, and (F) not be subject to regulation as an "investment company" under the Investment Company Act;

(ii) immediately after giving effect to such transaction, no Event of Default or Early Amortization Event shall have occurred and be continuing;

(iii) the Rating Agency Condition shall have been satisfied with respect to such conveyance or transfer;

(iv) any action that is necessary to maintain the Security Interest shall have been taken; and

(v) the Issuer shall have delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that such conveyance or transfer and such assignment and assumption agreement or supplement complies with this Section 13.20 and that all conditions precedent herein provided for relating to such transaction have been complied with.

13.21 Successor Substituted

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Issuer substantially as an entirety in accordance with Section 13.20, the Person formed by or surviving such consolidation or merger (if other than the Issuer) or the Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every

right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein. In the event of any such conveyance or transfer, the Person named as the Issuer in the first paragraph of this Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section 13.21 shall be released from its obligations under this Indenture as issued immediately upon the effectiveness of such conveyance or transfer, provided that the Issuer shall not be released from any obligations or liabilities to the Indenture Trustee or the Debtholders arising prior to such effectiveness.

13.22 Guarantees, Loans, Advances and Other Liabilities

Except as contemplated by this Indenture or the Declaration of Trust, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

13.23 Capital Expenditures

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets.

13.24 Restricted Payments

The Issuer shall not, directly or indirectly, (i) pay any dividend or make any distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, to any owner of a beneficial interest in the Issuer or otherwise with respect to any ownership or equity interest or security in or of the Issuer, (ii) redeem, purchase, retire or otherwise acquire for value any such ownership or equity interest or security, or (iii) set aside or otherwise segregate any amounts for any such purpose; provided, however, that the Issuer may make, or cause to be made, (x) distributions as contemplated by, and to the extent funds are available for such purpose under, the Declaration of Trust, the Management Agreement or the Administrative Services Agreement, in each case, subject to Sections 7.04, 8.13 and 13.07, (y) payments to the Indenture Trustee pursuant to Sections 9.05 and 13.27, and (z) non-cash distributions of taxable income to its beneficiaries in accordance with Section 13.07. The Issuer will not, directly or indirectly, make payments to or distributions from the Collection Account except in accordance with this Indenture.

13.25 No Borrowing

The Issuer will not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any additional indebtedness, except for Funding Obligations and pursuant to the Program Agreements.

13.26 Other Negative Covenants

The Issuer will not:

(a) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes (other than amounts withheld in good faith from such payments under the Income Tax Act or other applicable tax law including foreign withholding);

(b) permit the validity or effectiveness of this Indenture to be impaired, or permit the Security Interest to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations hereunder with respect to the Funding Obligations except as may be expressly permitted hereby;

(c) permit any Lien (other than the Security Interest) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(d) sell, transfer, exchange or otherwise dispose of any of the Collateral;

(e) release any security or guarantee in respect of the Collateral;

(f) voluntarily dissolve or liquidate; or

(g) take any action that would cause it to be treated as engaged in a "trade or business within the United States" within the meaning of applicable U.S. tax law interpreting section 864 of the Internal Revenue Code or its successor or predecessor provisions.

13.27 Indenture Trustee May Perform Covenants.

If the Issuer fails to perform any of its covenants herein contained, the Indenture Trustee may, subject to the receipt of indemnification and funding reasonably acceptable to the Indenture Trustee as provided in Section 9.02(d), itself perform the covenant if the covenant is capable of being performed by the Indenture Trustee and, if the covenant requires the payment or expenditure of money, the Indenture Trustee may make the payment or expenditure with its own funds or with money borrowed by or advanced to it for such purpose, but will be under no obligation so to do; and all sums so expended or advanced will bear interest at the rate of interest charged to the Indenture Trustee by its bankers from the date of expenditure until repayment and will (together with such interest) be paid by the Issuer upon demand and will until paid form part of the Obligations Secured and constitute a Lien on the Collateral to which such covenant related in priority to the Security Interest and will be payable out of any funds coming into possession of the Indenture Trustee hereunder. No performance or payment will be deemed to relieve the Issuer from the consequences of the occurrence of any Event of Default hereunder.

ARTICLE XIV
EARLY AMORTIZATION OF FUNDING OBLIGATIONS

14.01 Applicability of Article

Unless otherwise specified in the Related Funding Obligation Agreement, the Issuer will redeem and pay, provided that funds are available and subject to the allocation provisions of Section 7.04 and, with respect to Associated Subordinated Funding Obligations or Associated Junior Subordinated Funding Obligations, the subordination provisions of Article VI or the Senior Funding Obligations of that Series, each affected Series, Class or Tranche of Funding Obligations upon the occurrence of any Early Amortization Event. Unless otherwise specified in the Related Funding Obligation Agreement, the following are "**Early Amortization Events**":

(a) with respect to any Series, Class or Tranche of Notes, the occurrence of the Scheduled Final Payment Date of such Series, Class or Tranche of Notes;

(b) the Issuer becomes an "investment company" within the meaning of the Investment Company Act;

(c) the occurrence of an Insolvency Event relating to the Servicer or the Manager; or

(d) with respect to any Series, Class or Tranche of Funding Obligations, any additional Early Amortization Event specified in the Related Funding Obligation Agreement as applying to such Series, Class or Tranche of Funding Obligations;

provided that in the case of any event described in subparagraphs (b) and (c), an Early Amortization Event shall occur with respect to each Series, Class or Tranche of Funding Obligations without any notice or other action on the part of the Indenture Trustee or the Debtholders immediately upon the occurrence of such event. In the case of any event described in subparagraphs (a) and (d) (unless otherwise specified in the Related Funding Obligation Agreement), an Early Amortization Event shall occur with respect to the applicable Series, Class or Tranche without any notice or other action on the part of the Indenture Trustee or the applicable Debtholders immediately upon the occurrence of such event.

The repayment price of a Series, Class or Tranche of Funding Obligations so redeemed will equal the Outstanding Currency Specific Dollar Principal Amount (in the case of Notes that are Foreign Currency Notes) or the Outstanding Dollar Principal Amount (in the case of Funding Obligations that are not Foreign Currency Notes) of such Series, Class or Tranche, plus accrued, past due and additional interest to but excluding the date of repayment, the payment of which will be subject to Article VI, Article VII and Article VIII, if applicable, and the Related Funding Obligation Agreement.

If the Issuer is unable to pay the repayment price in full on the Payment Date following the end of the Monthly Period in which the Early Amortization Event occurs, monthly payments on such Series, Class or Tranche of Funding Obligations will thereafter be made on each following Payment Date until the principal amount of such Series, Class or Tranche, plus all accrued, past due and additional interest, is paid in full or the Legal Maturity Date occurs, whichever is earlier, subject to Article VI, Article VII and Article VIII, if applicable, and the Related Funding

Obligation Agreement. Any funds in any Issuer Account for a repaid Series, Class or Tranche will be applied to make the principal and interest payments on that Series, Class or Tranche on the repayment date, subject to Article VI, Article VII and Article VIII, if applicable, and the Related Funding Obligation Agreement.

14.02 Notice

Promptly after the occurrence of any Early Amortization Event, the Issuer will notify the Indenture Trustee and the Rating Agencies in writing of the identity, Outstanding Dollar Principal Amount and Outstanding Currency Specific Dollar Principal Amount of the affected Series, Class or Tranche of Funding Obligations to be redeemed. Notice of redemption will promptly be given as provided in Article XVI. All notices of redemption will state (a) the date on which the redemption of the applicable Series, Class or Tranche of Funding Obligations pursuant to this Article XIV will begin, which will be the Payment Date next following the end of the Monthly Period in which the applicable Early Amortization Event occurs, (b) the repayment price for such Series, Class or Tranche of Funding Obligations, and (c) the Series, Class or Tranche of Funding Obligations to be redeemed pursuant to this Article XIV.

ARTICLE XV
MANAGEMENT AGREEMENT, ADMINISTRATIVE SERVICES AGREEMENT, LIQUIDITY AGREEMENTS AND CREDIT ENHANCEMENT AGREEMENTS

15.01 Management Agreement and Administrative Services Agreement

The Indenture Trustee acknowledges that the Issuer has entered into the Management Agreement and the Administrative Services Agreement which provide, among other things, for the provision of certain services and the performance by the Manager and Administrative Agent, respectively, of certain obligations of the Issuer under this Indenture connected with the Issuer Investment Interest, the incurrence of Funding Obligations and all registrations required pursuant to Section 4.05. Accordingly, any obligation of the Issuer hereunder performed by the Manager or the Administrative Agent on behalf of the Issuer will be deemed to have been performed by the Issuer and any payments referred to hereunder received or received and applied against the Funding Obligations by the Manager on behalf of the Issuer will be deemed to have been received or received and applied by the Issuer. The Indenture Trustee may act and rely on any instrument or report referred to hereunder prepared by the Manager or the Administrative Agent on behalf of the Issuer as if the instrument or report had been prepared by the Issuer.

15.02 Liquidity Agreements

The Indenture Trustee acknowledges that the Issuer may enter into one or more Liquidity Agreements which may either provide certain liquidity facilities to the Issuer or permit the Issuer to require the purchase of certain Notes by the Lender(s) thereunder. A Lender under a Liquidity Agreement is only obligated to advance funds to or purchase Notes from the Issuer in the event that all conditions precedent to such advance or purchase, as provided in this Indenture and its respective Liquidity Agreement, are met.

15.03 Credit Enhancement Agreements

The Indenture Trustee acknowledges that the Issuer may enter into one or more Credit Enhancement Agreements which provide, among other things, for the right of the Issuer, the Indenture Trustee or the Manager, as attorney for the Issuer, to make drawings on Credit Enhancers for the purpose of paying maturing Funding Obligations and repaying Borrowings under the Liquidity Agreements. The Indenture Trustee hereby appoints the Manager as the Indenture Trustee's attorney, with full authority in the place and stead of and in the name of the Indenture Trustee or otherwise, from time to time to make any drawings pursuant to a Credit Enhancement Agreement (provided that written notice of any drawings shall be given by the Manager to the Indenture Trustee) and, in that connection, to execute and deliver all such documents, instruments and certificates including, without limitation, any drawing certificates required to be delivered to a Credit Enhancer at the time any drawing is made, and to do all such further acts and things and to take all such proceedings as the Manager in its sole discretion deems necessary or desirable to enforce compliance by a Credit Enhancer with the terms of a Credit Enhancement Agreement.

ARTICLE XVI
NOTICES

16.01 Notice to Issuer

Any notice, document or other communication required or permitted to be given or delivered to the Issuer hereunder will be in writing and will be valid and effective if given by delivery to the addresses indicated below or by facsimile or email transmission at such addresses (with, in the case of facsimile or email transmission, receipt confirmed, either by telephone, reply facsimile or reply email, or, in the case of email transmission, through the email software itself) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile or email transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 16.01. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day:

[Issuer]
c/o Ontario Power Generation Inc.
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

[Issuer Trustee], in its capacity as Issuer Trustee for [Issuer]
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

16.02 Notice to the Indenture Trustee

Any notice, document or other communication require or permitted to be given or delivered to the Indenture Trustee hereunder will be in writing and will be valid and effective if given by delivery to the address indicated below or by facsimile transmission at such address (with, in the case of facsimile transmission, receipt confirmed, either by telephone or reply facsimile) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 16.02. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the Indenture Trustee on a Business Day, be deemed to have been given on the next Business Day:

[Indenture Trustee]
[Address]
Attention: [■]
Fax: [■]

16.03 Notice to Noteholders

(a) Any notice, document or other communication required or permitted to be given or delivered hereunder to Registered Noteholders will be deemed to be validly given if sent to a destination within Canada by first class mail and if sent to a destination outside of Canada by airmail, postage prepaid in each case, or sent by facsimile transmission or email transmission, addressed in each case to the Registered Noteholder at its address appearing in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Registered Noteholders is given by mail, facsimile or electronic transmission, neither the failure to mail, send by facsimile or send by electronic transmission such notice, nor any defect in any notice so mailed, to any particular Noteholders will affect the sufficiency of such notice with respect to other Noteholders and any notice that is mailed, sent by facsimile or sent by electronic transmission in the manner herein provided shall conclusively have been presumed to have been duly given.

(b) No notice will be given by mail, facsimile, email transmission or otherwise delivered to a holder of Bearer Notes or coupons in bearer form. In the case of any Series, Class or Tranche with respect to which any Bearer Notes are Outstanding, any notice required or permitted to be given to holders of such Bearer Notes will be published in an Authorized Newspaper within the time period prescribed in this Indenture or the Related Supplemental Indenture.

(c) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or otherwise, it will be impractical to mail notice of any event to any holder of a Registered Note when such notice is required to be given pursuant to

any provision of this Indenture, then any method of notification as will be satisfactory to the Indenture Trustee and the Issuer will be deemed to be a sufficient giving of such notice.

(d) With respect to any Series, Class or Tranche of Notes, the Related Supplemental Indenture may specify different or additional means of giving notice to the Noteholders of such Series, Class or Tranche.

(e) Where this Indenture, any Supplemental Indenture or any Registered Note provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver will be the equivalent of such notice. Waivers of notice by Registered Noteholders will be filed with the Indenture Trustee, but such filing will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

16.04 Notice to Other Specified Creditors

Any notice, document or other communication required or permitted to be given or delivered to (i) a Lender will be given in accordance with the relevant Liquidity Agreement or Loan Agreement; (ii) a Credit Enhancer will be given in accordance with the relevant Credit Enhancement Agreement; (iii) the Administrative Agent will be given in accordance with the Administrative Services Agreement; (iv) the Manager will be given in accordance with the Management Agreement; (v) a counterparty to an Underwriting Agreement, Agency Agreement or Note Purchase Agreement will be given in accordance with the relevant Underwriting Agreement, Agency Agreement or Note Purchase Agreement; (vi) a Derivative Counterparty will be given in accordance with the relevant Derivative Agreement; and (vii) any other Specified Creditor will be given in accordance with the relevant Program Agreement.

16.05 Notice to Rating Agencies

Any notice, document or other communication required or permitted to be given or delivered to the Rating Agencies hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by the Rating Agencies or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day.

16.06 Change of Address

Any Person referenced above may from time to time notify any other interested Person, in accordance with the provisions hereof, of any change of address which thereafter, until changed by like notice, shall be the address of such Person for all purposes of this Indenture. Where this Indenture provides for notice to any Rating Agency, failure to give such notice will not affect any other rights or obligations created hereunder and will not under any circumstance constitute an Adverse Effect.

ARTICLE XVII
MISCELLANEOUS

17.01 No Petition

The Indenture Trustee, by entering into this Indenture, and each Specified Creditor by accepting its rights as a third party beneficiary hereunder, agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Funding Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

17.02 U.S. Tax Treatment

The Issuer and each Noteholder that is a United States Person agree that the Notes are intended to be debt for United States federal, state and local income and franchise tax purposes and agree to treat the Notes accordingly for all such purposes, unless otherwise required by a taxing authority. Each Noteholder that is a United States Person further agrees that it will cause any Note Owner that is a United States Person acquiring an interest in a Note through it to comply with this Indenture as to treatment as indebtedness for United States federal, state and local income and franchise tax purposes as described in this Section 17.02.

17.03 Alternate Payment Provisions

Notwithstanding any provision of this Indenture or any of the Notes to the contrary, the Issuer, with the written consent of the Indenture Trustee, may enter into any agreement with any Noteholder providing for a method of payment or notice that is different from the methods provided for in this Indenture for such payments or notices. The Issuer will furnish to the Indenture Trustee a copy of each such agreement and the Indenture Trustee will cause payments or notices, as applicable, to be made in accordance with such agreements.

17.04 Final Distribution

(a) The Issuer shall give the Indenture Trustee at least 30 days written notice of the Payment Date on which the Noteholders of any Series, Class or Tranche may surrender their Notes for payment of the final distribution on and cancellation of such Notes. Not later than the fifth day of the month in which the final distribution in respect of such Series, Class or Tranche is payable to Noteholders, the Indenture Trustee shall provide notice to Noteholders of such Series, Class or Tranche specifying (i) the date upon which final payment of such Series, Class or Tranche will be made upon presentation and surrender of Notes of such Series, Class or Tranche at the office or offices therein designated, (ii) the amount of any such final payment, and (iii) that the Record Date otherwise applicable to such payment date is not applicable, payments being made only upon presentation and surrender of such Notes at the office or offices therein specified (which, in the case of Bearer Notes, shall be outside the United States and Canada). The Indenture Trustee shall give such notice to the Note Registrar and the Paying Agent at the time such notice is given to Noteholders.

(b) Notwithstanding a final distribution to the Noteholders of any Series, Class or Tranche of Notes (or the termination of the Issuer), except as otherwise provided in this paragraph, all funds then on deposit in any Issuer Account allocated to such Noteholders shall continue to be held in trust for the benefit of such Noteholders, and the Paying Agent or the Indenture Trustee shall pay such funds to such Noteholders upon surrender of their Notes, if certificated. In the event that all such Noteholders shall not surrender their Notes for cancellation within 6 months after the date specified in the notice from the Indenture Trustee described in paragraph (a), the Indenture Trustee shall give a second notice to the remaining such Noteholders to surrender their Notes for cancellation and receive the final distribution with respect thereto (which surrender and payment, in the case of Bearer Notes, shall be outside the United States). If within one year after the second notice all such Notes shall not have been surrendered for cancellation, the Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account or any Issuer Account held for the benefit of such Noteholders. The Indenture Trustee and the Paying Agent shall pay to the Issuer any monies held by them for the payment of principal or interest that remains unclaimed for 2 years. After payment to the Issuer, Noteholders entitled to the money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person.

17.05 Force Majeure

In no event shall the Indenture Trustee or the Issuer Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Issuer Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

17.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Indenture.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

[ISSUER], as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

[INDENTURE TRUSTEE], as Indenture Trustee and not in its individual capacity

By: _____

Name:
Title:

Schedule A
DEFINED TERMS

"**Accumulation Period**" has the meaning specified in the applicable Supplemental Indenture.

"**Act**" means *Ontario Fair Hydro Act, 2017*.

"**Action**" has the meaning specified in Section 1.04.

"**Adjusted Outstanding Dollar Principal Amount**" means, at any time with respect to any Series, Class or Tranche of Notes, the Outstanding Dollar Principal Amount of all Outstanding Notes of such Series, Class or Tranche at such time, less any funds on deposit in any Issuer Account or the related Sub-Account, as applicable, for the benefit of such Series, Class or Tranche at such time.

"**Administrative Agent**" means OPG, in its capacity as administrative agent of the Issuer under the Administrative Services Agreement.

["**Administrative Services Agreement**" means the administrative services agreement dated [■], 2017 between the Issuer and the Administrative Agent concerning the reimbursement of certain costs incurred by the Administrative Agent in connection with the administration of the Issuer.][6]

"**Adverse Effect**" means, whenever used in this Indenture with respect to any action, that such action will at the time of its occurrence (a) result in the occurrence of an Early Amortization Event or Event of Default, (b) materially adversely affect the amount or timing of payments to be made to the Specified Creditors pursuant to this Indenture or any Program Agreement, or (c) adversely affect the Security Interest unless otherwise permitted by this Indenture.

"**Affected Party**" has the meaning specified in the applicable Derivative Agreement.

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Issuer and one or more Persons acting on behalf of the Issuer, providing for the sale and distribution of Notes on an agency basis.

"**Amortization Period**" has the meaning specified in the applicable Supplemental Indenture.

"**Associated Junior Subordinated Funding Obligations**" means, with respect to Senior Funding Obligations of a particular Series, a Class of such Series issued in connection with such Senior

[6] To be confirmed if required.

Funding Obligations and subordinated to such Senior Funding Obligations and any related Associated Subordinated Funding Obligations.

"**Associated Subordinated Funding Obligations**" means, with respect to Senior Funding Obligations of a particular Series, a Class of such Series issued in connection with such Senior Funding Obligations and subordinated to such Senior Funding Obligations.

"**Authorized Newspaper**" means any newspaper or newspapers of general circulation, in the case of Notes issued in the United States, in the Borough of Manhattan, The City of New York, and in the case of Notes issued in Canada, in the City of Toronto, in each case printed in the English language and customarily published on each Business Day at such place, whether or not published on Saturdays, Sundays or holidays, or if and so long as Notes of any Series, Class or Tranche are listed on any securities exchange and that exchange so requires, the newspaper of record required by the applicable securities exchange, printed in any language satisfying the requirements of such exchange.

"**Available Collections**" means, for any Monthly Period: (a) the Servicer CEA Collections paid to the Issuer in accordance with Section **[3.3]** of the Master Transfer and Servicing Agreement, plus investment earnings allocable to the amounts on deposit in the Collection Account, any Finance Reserve Account and any Capital Reserve Account, plus any other amounts, or allocable portion thereof, to be treated as Available Collections, subject to this Indenture and any applicable Supplemental Indenture; and (b) the Funding Rebates paid to the Issuer in accordance with Section **[3.4]** of the Master Transfer and Servicing Agreement.

"**Bearer Note**" means a Note in bearer form.

"**Benefit Plan**" means an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to the provisions of Title I of ERISA, a "plan" described in and subject to Section 4975 of the Code, or an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's investment in the entity.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a Liquidity Agreement or a Loan Agreement.

"**Business Day**" means (a) any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by applicable law, regulation or executive order to be closed, or (b) for purposes of any particular Series, Class or Tranche of Notes, any other day specified in the applicable Supplemental Indenture.

"**Canadian Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes of any Tranche issuable or issued as a Global Note within Canada, CDS Clearing and Depository Services Inc., or any successor thereto registered as a clearing agency under the *Securities Act* (Ontario), or other applicable statute or regulation.

"**Capital Reserve Account**" has the meaning specified in subsection 7.02(b).

"**Certificate of Authentication**" means the certificate of authentication of the Indenture Trustee, the form of which is described in Section 3.03.

"**Class**" means, with respect to any Funding Obligation, the class specified in the Related Funding Obligation Agreement.

"**Closing Date**", with respect to any Series of Funding Obligations, has the meaning specified in the Related Funding Obligation Agreement.

"**Collateral**" has the meaning specified in Section 2.01.

"**Collection Account**" has the meaning specified in subsection 7.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection 29(5) of the Act.

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at [■]; Telephone: [■]; Facsimile: [■], or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"**Credit Enhancement**" means any form of credit enhancement (howsoever characterized) for any Obligations Secured, including any letter of credit, letter of guarantee, insurance policy, surety bond, cash reserve account, spread account, guaranteed rate agreement, note purchase agreement, loan facility or other similar agreement established for the benefit of a Lender or Noteholder, as applicable, and including any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as "Credit Enhancement" for purposes hereof.

"**Credit Enhancement Agreement**" means any credit enhancement agreement entered into hereafter between the Issuer and one or more Credit Enhancers providing Credit Enhancement in respect of Obligations Secured, and includes any letter of credit, guarantee, surety bond or other instrument executed and delivered by such Credit Enhancer(s).

"**Credit Enhancer**" means any Person providing Credit Enhancement to the Issuer or in respect of Obligations Secured.

"**DBRS**" means DBRS Limited, or any successor thereof.

"**Debtholder**" means a Noteholder or a Lender.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Issuer was established.

"**Defaulting Party**" has the meaning specified in the applicable Derivative Agreement.

"**Depository**" means a Canadian Depository, a U.S. Depository or a Foreign Depository, as the case may be.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Issuer in connection with or related to Funding Obligations.

"**Derivative Counterparty**" means any party to any Derivative Agreement other than the Issuer or the Indenture Trustee.

"**Discount Note**" means a Note that provides for an amount less than the Stated Principal Amount (but not less than the Initial Currency Specific Dollar Principal Amount) thereof to be due and payable upon the occurrence of an Early Amortization Event or other optional or mandatory redemption, or the occurrence of an Event of Default and the acceleration of such Note, in each case before the Scheduled Final Payment Date of the applicable Note.

"**Dollar**," "**$**" or "**Cdn. $**" means Canadian dollars.

"**Early Amortization Event**" has the meaning specified in Section 14.01.

"**Electronic Methods**" means delivery of any notice or form of communication by facsimile, pdf or e-mail, or by other similar electronic means in a form satisfactory to the Issuer.

"**Eligible Deposit Account**" means, in relation to any Issuer Account, an account that is a segregated account with an Eligible Institution.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of A (high) or better by DBRS, or (y) a certificate of deposit rating or short-term credit rating of R-1 (middle) or better by DBRS, (ii) which has (x) either (1) a long-term unsecured debt rating of A or better by S&P and (2) a short-term debt rating of A-1 or better by S&P, (y) a long-term unsecured debt rating of A+ or better by S&P and no short-term rating by S&P, or (z) a short-term debt rating of A-1 or better by S&P and no long-term unsecured debt rating by S&P, and (iii) whose deposits are insured by Canada Deposit Insurance Corporation, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of

the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "A-1" and "P-1" (or their equivalents) by each of S&P and Moody's and, if DBRS provides a rating thereon, by DBRS, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer's Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity, and other than commercial paper of the Servicer), which at the time of purchase is rated at least "A-1" and "P-1" (or their equivalents) by each of S&P and Moody's or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer's Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from Moody's, S&P and DBRS, if rated by DBRS;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the Securities Act (any such broker/dealer being referred to in this definition as a "broker/dealer"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's, "A-1+" by S&P and, if DBRS provides a rating thereon, "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's, "A-1+" by S&P and, if DBRS provides a rating thereon, "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable

on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing: (1) no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A1" from Moody's and also has a long-term unsecured debt rating of at least "A" from S&P; (2) no securities or investments described in clauses (b) through (d) above that have maturities of more than 30 days but less than or equal to 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's; and (3) no securities or investments described in clauses (b) through (d) above that have maturities of more than 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's.

"**ERISA**" means the *Employee Retirement Income Security Act* of 1974, as amended.

"**Event of Default**" has the meaning specified in Section 8.01.

"**Exchange Date**" means, with respect to any Series, Class or Tranche of Notes, the latest of:

(a) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in registered form, any date that is after the related issuance date;

(b) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in bearer form, the date of presentation of certification of non-United States beneficial ownership (as described in Section 3.05); and

(c) the earliest date on which such an exchange of a beneficial interest in a Temporary Global Note for a beneficial interest in a Permanent Global Note is permitted by applicable law.

"**Extraordinary Resolution**" mean, in respect of all Series of Funding Obligations, a resolution passed by the affirmative votes of Debtholders of not less than 66⅔% of the Outstanding Dollar Principal Amount of all Series of Funding Obligations represented and voting at a meeting of all Debtholders duly convened and held in accordance with the provisions of this Indenture, or an instrument or instruments in writing signed in one or more counterparts by Debtholders holding not less than 66⅔% of the Outstanding Dollar Principal Amount of all Series of Funding Obligations.

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Indenture.

"**Finance Reserve Account**" has the meaning specified in subsection 7.02(c).

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act as of the date of this Indenture.

"**Financing Plan**" has the meaning ascribed to the term "financing plan" in the Act as of the date of this Indenture.

"**Foreign Currency**" means (a) a currency other than Dollars, or (b) denominated in a currency other than Dollars.

"**Foreign Currency Note**" means a Note denominated in a Foreign Currency.

"**Foreign Depository**" means the Person specified in the Related Supplemental Indenture, in its capacity as depository for the accounts of any clearing agencies located outside Canada and the United States.

"**Funding Obligation Agreement**" means any Notes, any Supplemental Indenture (including any Terms Document), any Liquidity Agreement or any Loan Agreement.

"**Funding Obligations**" has the meaning ascribed to the term "funding obligations" in the Act as of the date of this Indenture.

"**Funding Rebate**" has the meaning ascribed thereto in Section **[3.4(b)]** of the Master Transfer and Servicing Agreement.

"**Global Note**" means any Note issued pursuant to Section 3.04.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998,* SO, 1998.

"**Income Tax Act**" means the *Income Tax Act* (Canada).

"**Indenture**" or "**this Indenture**" means this Trust Indenture, as amended, supplemented, restated or otherwise modified from time to time, including by Supplemental Indentures for the issuance of Series of Notes entered into pursuant to the applicable provisions hereof.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Indenture until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Indenture Trustee" means and includes such Person.

"**Initial Currency Specific Dollar Principal Amount**" means with respect to a Class or Tranche in a Series that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Currency Specific Dollar Principal Amount thereof.

"**Initial Dollar Principal Amount**" means (a) unless otherwise specified in the applicable Supplemental Indenture, with respect to a Series, Class or Tranche of Notes, the aggregate initial principal amount of the Outstanding Notes of such Series, Class or Tranche plus the aggregate initial principal amount of any additional Notes of such Series, Class or Tranche, and (b) with respect to a Series, Class or Tranche of Discount Notes or that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Dollar Principal Amount thereof.

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within **[45]** days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof.

"**Internal Revenue Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act as of the date of this Indenture.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Indenture.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

"**Issuer**" has the meaning specified in the first paragraph of this Indenture.

"**Issuer Accounts**" means, collectively, the Collection Account, all Finance Reserve Accounts, all Capital Reserve Accounts and all Supplemental Reserve Accounts, including any Sub-Accounts thereof.

"**Issuer Certificate**" means a certificate (including an Officer's Certificate) signed in the name of the Issuer by a Responsible Officer of the Manager on behalf of the Issuer and, in each case delivered to the Indenture Trustee relating to, among other things, the issuance of a new Series, Class or Tranche of Notes. Wherever this Indenture requires that an Issuer Certificate be signed also by an accountant or other expert, such accountant or other expert (except as otherwise expressly provided in this Indenture) may be an employee of the Manager.

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer.

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time.

"**Legal Maturity Date**" means, with respect to any Series of Funding Obligations, the date specified in the Related Funding Obligation Agreement as the fixed date on which all of the principal of such Series of Funding Obligations is due and payable.

"**Lender**" means any Person providing credit facilities or note purchase facilities under a Liquidity Agreement or Loan Agreement, as applicable.

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"**Liquidity Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more liquidity facilities in respect of all or a portion of the Notes in favour of the Issuer, including a facility to fund the repayment of all or a portion of Notes or that permits the Issuer to require the purchase of Notes by a counterparty, and including further any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as a "Liquidity Agreement" for the purposes hereof.

"**Loan Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more credit facilities in favour of the Issuer for purposes of purchasing Investment Interests.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Issuer.

"**Manager**" means OPG, in its capacity as manager of the Issuer under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Issuer and IESO, and acknowledged and accepted by the Indenture Trustee.

"**Monthly Period**" means, with respect to each Payment Date, unless otherwise provided in a Funding Obligation Agreement, the period from and including the first day of each calendar month and to and including the last day of such calendar month; provided, however, that the initial Monthly Period with respect to any Series of Funding Obligations will commence on the Closing Date with respect to such Series.

"**Monthly Report**" has the meaning ascribed thereto in Section **[3.3(e)]** of the Master Transfer and Servicing Agreement.

"**Monthly Specified Creditor Statement**" means, with respect to any Series of Funding Obligations, a report, the form of which is attached as an exhibit to the Related Funding Obligation Agreement.

"**Moody's**" means Moody's Investors Service, Inc., or any successor thereof.

"**Non-resident**" means a non-resident of Canada as such term is defined in the Income Tax Act or a partnership that is not a Canadian partnership within the meaning of the Income Tax Act.

"**Note**" or "**Notes**" means any note or notes of any Series, Class or Tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under this Indenture.

"**Noteholder**" means a Person in whose name a Note is registered in the Note Register or the bearer of any Bearer Note (including a Global Note in bearer form), as the case may be.

"**Note Owner**" means the beneficial owner of an interest in a Global Note.

"**Note Purchase Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons.

"**Note Register**" has the meaning specified in subsection 4.05(a).

"**Note Registrar**" means the Person who keeps the Note Register.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement.

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party

receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"**Ordinary Resolution**" has the meaning specified in subsection 10.01(e).

"**Outstanding**" means, in respect of Notes, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) any Notes theretofore canceled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 4.08, or canceled by the Issuer and delivered to the Indenture Trustee pursuant to Section 4.08;

(b) any Notes for whose full payment (including principal and interest) or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given if required pursuant to this Indenture or the Related Supplemental Indenture, or provision therefor satisfactory to the Indenture Trustee has been made; and

(c) any Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, or which will have been paid pursuant to the terms of Section 4.06 (except with respect to any such Note as to which proof satisfactory to the Indenture Trustee is presented that such Note is held by a Person in whose hands such Note is a legal, valid and binding obligation of the Issuer).

For purposes of determining the amounts of deposits, allocations, reallocations or payments to be made, unless the context clearly requires otherwise, references to "Notes" will be deemed to be references to "Outstanding Notes". In determining whether Noteholders of the requisite principal amount of Outstanding Notes have taken any Action hereunder, and for purposes of Article X, Notes beneficially owned by the Issuer, OPG or any Affiliate of the Issuer or OPG will be disregarded and deemed not to be Outstanding. In determining whether the Indenture Trustee will be protected in relying upon any such Action, only Notes which a Responsible Officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any Affiliate of the Issuer or OPG will be so disregarded. Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee creates to the satisfaction of the Indenture Trustee the pledgee's right to act as owner with respect to such Notes and that the pledgee is not the Issuer, OPG or any Affiliate of the Issuer or OPG.

"**Outstanding Currency Specific Dollar Principal Amount**" means at any time, with respect to any Class or Tranche of Notes in a Series that includes Foreign Currency Notes, the Initial Currency Specific Dollar Principal Amount of the Outstanding Notes of such Class or Tranche at such time, less the amount of any withdrawals from any Issuer Account or Sub-Account for such Class or Tranche of Notes for payment of principal to the holders of such Class or Tranche of Notes; plus, the amount of any increase in the Outstanding Currency Specific Dollar Principal Amount of such Class or Tranche of Notes due to the issuance of additional Notes of such Class or Tranche pursuant to Article V.

"**Outstanding Dollar Principal Amount**" means at any time:

(a) in respect of Notes, either:

(i) with respect to any Series, Class or Tranche of Notes (other than Discount Notes), the aggregate Initial Dollar Principal Amount of the Outstanding Notes of such Series, Class or Tranche at such time, less the amount of any withdrawals from any Issuer Account or Sub-Account for such Series, Class or Tranche of Notes for payment of principal to the holders of such Series, Class or Tranche of Notes or the applicable Derivative Counterparty pursuant to the Related Supplemental Indenture, or

(ii) with respect to any Series, Class or Tranche of Discount Notes, an amount of the Outstanding Notes of such Series, Class or Tranche calculated by reference to the applicable formula set forth in the Related Supplemental Indenture, taking into account the amount and timing of payments of principal made to the holders of such Series, Class or Tranche or the applicable Derivative Counterparty and accretions of principal, each pursuant to the Related Supplemental Indenture;

plus, in either case, the amount of any increase in the Outstanding Dollar Principal Amount of such Series, Class or Tranche of Notes due to the issuance of additional Notes of such Series, Class or Tranche pursuant to Article V; and

(b) in respect of other Funding Obligations, the aggregate principal amount of Borrowings under the Liquidity Agreements and the Loan Agreements.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer as provided in Section 13.03.

"**Payment Date**" means, with respect to any Series of Funding Obligations, the **[fifteenth]** day of each calendar month or the date otherwise specified in the Related Funding Obligation Agreement.

"**Payment Instruction**" means, with respect to any Series of Funding Obligations, the instructions of the Manager substantially in the form of Exhibit 2.

"**Permanent Global Note**" has the meaning specified in Section 3.05(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Place of Payment**" means, with respect to any Series, Class or Tranche of Notes issued hereunder, the city or political subdivision so designated with respect to such Series, Class or Tranche of Notes in accordance with the provisions of Article V.

"**PPSA**" shall mean the *Personal Property Security Act* (Ontario).

"**Predecessor Notes**" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 4.06 in lieu of a mutilated, lost, destroyed or stolen Note will be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Note.

"**Program Agreements**" means this Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Administrative Services Agreement, the Master Transfer and Servicing Agreement, each Transfer Notice, any Co-Owner Agreements, the Provincial Protection and Assurances Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements or Note Purchase Agreements and all other documents and certificates delivered in connection therewith.

"**Province**" means Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance.

[Provincial Protection and Assurances Agreement] means [■].[7]

"**Rating Agency**" means, with respect to any Outstanding Series, Class or Tranche of Notes, each nationally recognized statistical rating organization or designated rating organization, as specified in the Related Supplemental Indenture, selected by the Manager to rate such Notes.

"**Rating Agency Condition**" means, unless otherwise specified in the Related Supplemental Indenture for any Series, Class or Tranche of Notes, with respect to any action subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 Business Days prior to the effective date of such action (or such shorter notice period if specified in the Related Supplemental Indenture with respect to any specific action, or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the Rating Agencies (i) shall not have informed the Issuer prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to any Outstanding Notes immediately before the taking of such action, or (ii) in the case of S&P, or any successor thereto, when it is a Rating Agency, such Rating Agency shall have informed the Issuer in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Outstanding Notes immediately before the taking of such action, provided that wherever there is reference to satisfaction of a Rating Agency Condition in this Indenture or any other Program Agreement, subject to the terms of the specific Program Agreement which shall govern, such condition need not be satisfied if there is no Rating Agency then rating the applicable Notes or other Notes in respect of which the Rating Agency Condition is applicable. For purposes of this Indenture, any Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, an Issuer Certificate confirming the satisfaction of the Rating Agency Condition.

[7] To confirm if Agreement will be in favour of the Indenture Trustee or in favour of the Issuer and assigned by way of security to the Indenture Trustee.

"**Record Date**" means, for the interest or principal payable on any Note on any applicable Payment Date, the last day of the calendar month immediately preceding such Payment Date, unless otherwise specified in the Related Supplemental Indenture.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Indenture.

"**Registered Note**" means a Note issued in registered form.

"**Registered Noteholder**" means a Noteholder of a Registered Note.

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

"**Related**" is used in reference to the Funding Obligations of a particular Series and means, when used in conjunction with:

(a) "Agency Agreement": the Agency Agreement relating to the sale and distribution of such Funding Obligations constituting Notes;

(b) "Credit Enhancement Agreement": a Credit Enhancement Agreement pursuant to which Credit Enhancement has been provided in respect of such Funding Obligations;

(c) "Derivative Agreement": a Derivative Agreement relating to any such Funding Obligations;

(d) "Funding Obligation Agreements": the Funding Obligation Agreements entered into in connection with the incurrence of such Funding Obligations;

(e) "Liquidity Agreement": a Liquidity Agreement pursuant to which one or more liquidity facilities have been made available to fund the repayment of such Funding Obligations constituting Notes or, if specified in such Liquidity Agreement, a Class or Tranche of such Funding Obligations constituting Notes;

(f) "Loan Agreement": a Loan Agreement in respect of Funding Obligations constituting Borrowings;

(g) "Program Agreements": this Indenture, each Related Supplemental Indenture, the Master Transfer and Servicing Agreement, the applicable Transfer Notices, the Co-Owner Agreement, if any, the Provincial Support Guarantee, such Notes, any Related Derivative Agreement, Related Credit Enhancement Agreement, Related Liquidity Agreement, Related Loan Agreement, Related Underwriting Agreement, Related Agency Agreement or Related Note Purchase Agreement and all other documents and certificates delivered in connection with such Notes;

(h) "Supplemental Indenture": a supplement to this Indenture executed in connection with the issuance of such Funding Obligations constituting Notes; and

(i) "Underwriting Agreement": an Underwriting Agreement in respect of such Funding Obligations constituting Notes.

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; (c) a Successor Servicer, any authorized director or officer of the Successor Servicer; and (d) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of this Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor thereof.

"**Scheduled Final Payment Date**" has, with respect to any Funding Obligation, the meaning specified in the Related Supplemental Indenture or Related Loan Agreement.

"**Securities Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time.

"**Security Interest**" means the Lien granted pursuant to Section 2.01.

"**Senior Borrowings**" has, with respect to any Series of Borrowings, the meaning specified in the Related Loan Agreement or Related Liquidity Agreement.

"**Senior Funding Obligations**" means the Senior Notes and Senior Borrowings, as applicable.

"**Senior Notes**" has, with respect to a Class of Notes of any Series, the meaning specified in the Related Supplemental Indenture.

"**Series**" means, with respect to any Funding Obligation, the Series specified in the Related Funding Obligation Agreement.

"**Servicer**" has the meaning specified in the Master Transfer and Servicing Agreement.

"**Servicer Default**" has the meaning ascribed thereto in Section **[7.1]** of the Master Transfer and Servicing Agreement.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Administrative Agent, the Servicer, Derivative Counterparties, Credit Enhancers, counterparties to Underwriting Agreements, Agency

Agreements or Note Purchase Agreements, and other Persons in respect of Obligations Secured, in each case, to the extent of their claims related to Program Agreements.

"**Stated Principal Amount**," has, with respect to any Note, the meaning specified in the Related Supplemental Indenture or Terms Document.

"**Sub-Account**" means each sub-account of an Issuer Account maintained pursuant to this Indenture or any Funding Obligation Agreement.

"**Successor Servicer**" means ■.

"**Supplemental Indenture**" means, with respect to any Series of Notes, a supplement to this Indenture, executed and delivered in conjunction with the issuance of such Notes pursuant to Section 4.01, together with any applicable Terms Document for any Classes and Tranches of Notes belonging to such Series and any amendment to the Supplemental Indenture executed pursuant to Section 11.01 or 11.02.

"**Supplemental Reserve Account**" means the trust account or accounts designated as such and established pursuant to subsection 7.02(d).

"**Temporary Global Note**" has the meaning specified in Section 3.05(a).

"**Terms Document**" means, with respect to any Class or Tranche of Notes, a supplement to the Related Supplemental Indenture.

"**Tranche**" means, with respect to any Class of Notes, Notes of such Class which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons as principals for the purpose of resale.

"**United States Person**" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America, any one of the states thereof, the District of Columbia or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended from time to time.

"**U.S. Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes of any Tranche issuable or issued as a Global Note within the United States, The Depository Trust Company, or any successor thereto registered as a clearing agency under the Securities Exchange Act, or other applicable statute or regulation.

EXHIBIT 1
[FORM OF] INVESTMENT LETTER [DATE]

[Indenture Trustee],
as Indenture Trustee,
[Address]
Attention: [■]

[Issuer]
c/o [Issuer Trustee][Ontario Power Generation Inc.]
[Address]
Attention: [■]

Re: Purchase of $[____][1] principal amount of [Issuer], Series [_], Class [_] Notes

Ladies and Gentlemen:

In connection with our purchase of the above Notes (the "**Notes**") we confirm that

1. We understand that the Notes are not being registered under the Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and are being sold to us in a transaction that is exempt from the registration requirements of the U.S. Securities Act.

2. Any information we desire concerning the Notes or any other matter relevant to our decision to purchase the Notes is or has been made available to us.

3. We have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Notes, and we (and any account for which we are purchasing under paragraph 4 below) are able to bear the economic risk of an investment in the Notes. We (and any account for which we are purchasing under paragraph 4 below) are an "accredited investor" (as such term is defined in Rule 501(a)(1), (2) or (3) of Regulation D under the U.S. Securities Act).

4. We are acquiring the Notes for our own account or for accounts as to which we exercise sole investment discretion and not with a view to any distribution of the Notes, subject, nevertheless, to the understanding that the disposition of our property shall at all times be and remain within our control.

5. We agree that the Notes must be held indefinitely by us unless subsequently registered under the U.S. Securities Act or an exemption from any registration requirements of the U.S. Securities Act and any applicable state securities law is available.

[1] Not less than $100,000 minimum principal amount.

6. We agree that in the event that at some future time we wish to dispose of or exchange any of the Notes (such disposition or exchange not being currently foreseen or contemplated), we will not transfer or exchange any of the Notes unless:

   (a) (i) the sale is of at least U.S. $250,000 principal amount of Notes to an Eligible Purchaser (as defined below), (ii) a letter to substantially the same effect as paragraphs 1, 2, 3, 4, 5 and 6 of this letter is executed promptly by the purchaser and (iii) all offers or solicitations in connection with the sale, whether directly or through any agent acting on our behalf, are limited only to Eligible Purchasers and are not made by means of any form of general solicitation or general advertising whatsoever; or

   (b) the Notes are transferred pursuant to Rule 144 under the U.S. Securities Act by us after we have held them for more than two years; or

   (c) the Notes are sold in any other transaction that does not require registration under the U.S. Securities Act and, if the Issuer, the Servicer, the Trustee or the Note Registrar so requests, we theretofore have furnished to such party an opinion of counsel satisfactory to such party, in form and substance satisfactory to such party, to such effect; or

   (d) the Notes are transferred pursuant to an exception from the registration requirements of the U.S. Securities Act under Rule 144A under the U.S. Securities Act; and

7. We understand that the Notes will bear a legend to substantially the following effect and any other legends required by the applicable Supplemental Indenture:

   "THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE INDENTURE SUPPLEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

   BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE NOTES EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER

OF SUCH NOTES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

EACH PURCHASER WILL BE DEEMED TO REPRESENT, COVENANT AND AGREE, FOR THE BENEFIT OF THE TRUST, THE INDENTURE TRUSTEE, THE ISSUER TRUSTEE, THE SERVICER, THE INITIAL PURCHASERS AND THE SELLER, THAT EITHER (A) IT IS NOT ACQUIRING THIS NOTE (OR INTEREST HEREIN) WITH THE ASSETS OF A BENEFIT PLAN (AS DEFINED BELOW) OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR INTEREST HEREIN WILL NOT RESULT IN A NONEXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), OR A NONEXEMPT VIOLATION OF ANY APPLICABLE LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW"). FOR THESE PURPOSES, A "BENEFIT PLAN" INCLUDES (1) AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF ERISA) WHICH IS SUBJECT TO TITLE I OF ERISA, (2) A "PLAN" (AS DEFINED IN SECTION 4975(e)(1) OF THE CODE), WHICH IS SUBJECT TO SECTION 4975 OF THE CODE, (3) ANY ENTITY DEEMED TO HOLD "PLAN ASSETS" OF ANY OF THE FOREGOING BY REASON OF AN EMPLOYEE BENEFIT PLAN OR PLAN'S INVESTMENT IN THE ENTITY, OR (4) ANY GOVERNMENTAL, NON-U.S. OR CHURCH PLAN THAT IS SUBJECT TO SIMILAR LAW."

This legend and any other legends required by the applicable Supplemental Indenture may be removed if the Issuer, the Indenture Trustee and the Note Registrar have received an opinion of counsel, in form and substance satisfactory to them, to the effect that the legend may be removed.

"**Eligible Purchaser**" means either an Eligible Dealer or a corporation, partnership or other entity which we have reasonable grounds to believe and do believe can make representations with respect to itself to substantially the same effect as the representations set forth herein.

"**Eligible Dealer**" means any corporation or other entity the principal business of which is acting as a broker and/or dealer in securities.

Capitalized terms used but not defined herein shall have the meanings given to such terms in the Trust Indenture, dated as of [■], 2017, between [Issuer] and [Indenture Trustee], as indenture trustee.

Very truly yours,

(Name of Purchaser)

By: _____
(Authorized Officer)

EXHIBIT 2
FORM OF PAYMENT INSTRUCTIONS

See Attached.

PRIVATE AND CONFIDENTIAL
TORYS DRAFT: August 23, 2017

MASTER TRANSFER AND SERVICING AGREEMENT

between

[FINANCING ENTITY]
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

Acknowledged and Accepted by

■
as Indenture Trustee

Dated as of ■, 2017

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MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of ■, 2017.

BETWEEN:

[FINANCING ENTITY], a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

- acknowledged and accepted by -

[INDENTURE TRUSTEE], a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee

(the "**Indenture Trustee**")

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer a specified portion of the Regulatory Asset to the Issuer on a fully-serviced basis and such Transfer shall result in (i) a reduction in the balance in the Fair Hydro Variance Account, (ii) the corresponding adjustment of the Regulatory Asset, and (iii) the acquisition by the Issuer of an Investment Interest corresponding to the specified portion of the Regulatory Asset;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer desires to be so engaged;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Administrative Agent**" means OPG, in its capacity as administrative agent of the Issuer;

"**Administrative Services Agreement**" means the administrative services agreement dated ■, 2017 between the Administrative Agent and the Issuer concerning the reimbursement of certain costs incurred by the Administrative Agent in connection with the administration of the Issuer;

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing;

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by law, regulation or executive order to be closed;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Closing Date**" means the date on which a Transfer is completed as specified in the applicable Transfer Notice;

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection 29(5) of the Act;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

"**Collection Account**" has the meaning ascribed thereto in Section **[8.02(a)]**[1] of the Indenture;

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at ■; Telephone: ■; Email: ■, or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice;

"**Daily Remittance Event**" means ■ **[NTD: Definition to be tied to the loss of investment grade ratings of the IESO]**;

"**Declaration of Trust**" means the declaration of trust made as of ■, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Electricity Act**" means the *Electricity Act, 1998*, SO, 1998;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

"**Eligible Deposit Account**" means an account in Canada with an Eligible Institution;

1 All cross-references to the Indenture to be conformed to the final version of the Indenture.

"**Eligible Institution**" means:

(a) at any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) at any time on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the applicable Co-Owner Agreement;

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to subsection 24(1) of the Act;

"**Finance Reserve Deposit**" has the meaning ascribed to the term "finance reserve deposit" in the Regulations;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Financing Entity Expenses**" has the meaning ascribed to the term "financing entity expense" in the Regulations;

"**Funding Cost**" has the meaning ascribed to the term "funding cost" in the Regulations;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

["**Funding Rebate**" has the meaning ascribed thereto in Section 3.4(b);]**[NTD: Terminology and provisions relating to IESO payment of carrying costs during the moratorium period subject to finalization of regulations creating this obligation.]**

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government;

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the Electricity Act;

"**IESO Deferral**", at any time, means the amount determined by the IESO under subsection 23(1) of the Act and sections 15 and 16 of the Regulations and recorded by the IESO under subsection 24(1) of the Act in the Fair Hydro Variance Account at such time;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.7;

"**IESO Segregated Account**" means the account established under Section 3.3(a);

"**Indemnified Losses**" has the meaning ascribed thereto in Section 6.1(a);

"**Indemnified Party**" has the meaning ascribed thereto in Section 6.1(a);

"**Indenture**" means the master trust indenture dated ■, 2017 between the Indenture Trustee and the Issuer;

"**Indenture Trustee**" means ■, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors, or any successor thereto, under the Indenture;

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within **[45]** days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Issuer**" means ■, a trust formed under the laws of the Province of Ontario;

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Share**" means:

(a) at any time before the Co-Owner Implementation Date, 100%; and

(b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

"**Management Agreement**" means the management agreement dated ■, 2017 between the Manager and the Issuer;

"**Manager**" means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly Funding Expenses**" has the meaning ascribed thereto in Section 3.4(a);

"**Monthly Funding Rebate Statement**" has the meaning ascribed thereto in Section 3.4(a);

"**Monthly Report**" has the meaning ascribed thereto in Section 3.3(e);

"**Officer's Certificate**" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section **[10.01]** of the Indenture, and delivered to the Indenture Trustee;

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario;

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

"**Outstanding Amount**" means the aggregate principal amount of all Funding Obligations outstanding at the date of determination;

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion, acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority;

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" means the Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Administrative Services Agreement, this Agreement, each Transfer Notice, any Co-Owner Agreements, the Provincial Protection and Assurances Agreement and any hedging agreements, credit enhancement agreements, loan agreements and underwriting or agency agreements in effect at such time and all other documents and certificates delivered in connection therewith;

"**Provincial Protection and Assurances Agreement**" means the Provincial Protection and Assurances Agreement dated as of ■, 2017 between **[Her Majesty the Queen in Right of Ontario, as represented by the Minister, the Indenture Trustee and the Issuer][NTD: Subject to finalization of agreement]**;

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(a);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Released Parties**" has the meaning ascribed thereto in Section 6.1(e);

"**Remittance Date**" means, in respect of each Billing Period, the **[3rd]**[2] Servicer Business Day following the last day of each Billing Period;

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; (c) a Successor Servicer, any authorized director or officer of the Successor Servicer; and (d) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject);

"**Servicer**" means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

2 Based on the monthly payment cycle charts prepared by OPG.

"**Servicer Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed, on which the Servicer maintains normal office hours and conducts business;

"**Servicer CEA Collections**" has the meaning ascribed thereto in Section 3.2(a)(ii);

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Successor Servicer**" has the meaning ascribed thereto in Section **[3.07(e)]** of the Indenture;

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

"**Tax Liability**" has the meaning ascribed to the term "tax liability" in the Regulations;

"**Tax Refund**" has the meaning ascribed to the term "tax refund" in the Regulations;

"**Termination Event**" has the meaning ascribed thereto in Section 3.11;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(a) of this Agreement; and

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings[3]

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration

3 Torys to conform boilerplate provisions, as applicable, across all transaction documents.

means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

(c) All references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

(g) The word "**will**" shall be construed to have the same meaning and effect as the word "**shall**". The word "**or**" is not exclusive.

ARTICLE 2
TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer a Specified Portion of the Regulatory Asset

(a) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of each calendar month, provide to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the specified portion of the Regulatory Asset that the Transferor desires to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of the specified portion of the Regulatory Asset that the Transferor proposes to Transfer to the Issuer, (iii) the Closing Date to effect such transfer which shall be the 10th Business Day following delivery of the Transfer Notice, or such other date as may be agreed upon by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

(b) **[The Issuer shall use commercially reasonable efforts to provide reasonable notice to the Transferor if the Issuer has reasonable cause to believe that it will not accept a Transfer Notice sent by the Transferor or that the conditions precedent in Sections 2.2(b)(i), (v), (vi), (vii), (viii) and (vii) will not be satisfied on the relevant Closing Date.][NTD: Subject to review by OPG.]**

(c) On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the portion of the Regulatory Asset subject to the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a binding agreement for IESO to Transfer the specified portion of the Regulatory Asset and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

(d) In consideration and as an inducement for the Issuer to acquire the Investment Interest at the Purchase Price, the Transferor shall, concurrently with each such Transfer and in accordance with Section 3.4, agree to pay to the Issuer all Monthly Funding Expenses that are incurred by or on behalf of the Issuer in connection with each applicable Transfer in respect of each calendar month in which there are no Clean Energy Adjustments billed to Specified Consumers.

(e) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by wire transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice.

(f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e):

(i) the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price and, as a consequence, the Regulatory Asset shall be adjusted accordingly; and

(ii) the corresponding Investment Interest shall immediately vest in the Issuer, free and clear of any adverse claim, and in accordance with section 27(1) of the Act, shall constitute a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the Issuer.

(g) Any Transfer of a specified portion of the Regulatory Asset by the Transferor pursuant to this Agreement shall constitute a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the Issuer, shall be treated as a true sale and not as a pledge of or secured transaction relating to the Transferor's right, title, and interest in, to, and under the specified portion of the Regulatory Asset. After giving effect to a Transfer contemplated hereby, the Transferor shall have no right, title or interest in, to or under the corresponding Investment Interest because (i) it has Transferred all of its right, title and interest in and to the corresponding specified portion of the Regulatory Asset

to the Issuer, (ii) as provided in the Act, all right, title and interest to the corresponding Investment Interest shall be vested in the Issuer, (iii) as provided in the Act, such Transfer is perfected, vested, valid and binding as against the Transferor and all other Persons who may have claims of any kind against the Transferor, regardless of whether the Persons who have claims have received notice of the Transfer, and (iv) the property rights and interests acquired by the Issuer shall be free and clear of any Liens arising through the IESO.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a specified portion of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer and the Indenture Trustee, of the following condition:

(i) the Issuer and the Indenture Trustee shall have received from the Transferor the following documents, in form and substance satisfactory to each of the Issuer and the Indenture Trustee:

(A) a certificate of an officer of the IESO, dated the initial Closing Date certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the Program Agreements to which the IESO is party, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO officers executing this Agreement or any of the Program Agreements to which the IESO is party; and

(B) reports showing the results of searches conducted against the IESO under applicable personal property security registers in the Province of Ontario together with executed copies of all discharges or releases of prior security interests relating to the Regulatory Asset subject to the Transfer; provided that the IESO may establish that any particular registration does not affect the Regulatory Asset by delivering a letter or acknowledgment signed by the applicable secured party.

(b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a specified portion of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer and the Indenture Trustee of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and the Indenture Trustee and shall be in full force and effect as of such Closing Date;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not insolvent and will not have been made insolvent by such Transfer and the Transferor is not aware of any pending insolvency with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement shall have occurred and not been waived, and (C) no Servicer Default shall have occurred and not been waived;

(iv) on or prior to the applicable Closing Date, the Transferor shall have taken all action required to provide for the Transfer, upon payment of the Purchase Price, of the specified portion of the Regulatory Asset as set forth in the applicable Transfer Notice on the Closing Date, free and clear of all Liens other than Liens created by the Issuer pursuant to the Program Agreements;

(v) the Transferor shall have delivered to the Indenture Trustee and the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(i), (ii), (iii) and (iv);

(vi) the Transferor shall have delivered to the Indenture Trustee, the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them **[NTD: Scope of opinions required to be confirmed by the Dealers and their counsel]**;

(vii) as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and

(viii) after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a specified portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be fully serviced by the Servicer, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled to receive any further compensation from the Issuer or the Indenture Trustee for its services in connection therewith. The Servicer acknowledges the responsibility of the Servicer for servicing the related Issuer Investment Interest corresponding to the specified portion of the Regulatory Asset Transferred by the Transferor under this Agreement and hereby agrees to perform the duties and obligations of the Servicer pursuant to the terms hereof at no additional cost to the Issuer.

3.2 Duties of Servicer Generally

(a) The Servicer shall:

(i) issue settlement statements to Electricity Vendors that include amounts in respect of the Clean Energy Adjustment as prescribed by the Act and the Regulations;

(ii) receive from Electricity Vendors amounts in respect of Electricity Vendor CEA Collections including payments made directly to the IESO as an Electricity Vendor (such amounts received being "**Servicer CEA Collections**");

(iii) hold and remit Servicer CEA Collections in accordance with Section 3.3;

(iv) receive information from Electricity Vendors in respect of CEA Consumer Invoice Amounts and Electricity Vendor CEA Collections and such other information as the IESO may reasonably request for the purposes of determining the IESO Deferral or such further information as may be required;

(v) determine and record the IESO Deferral for each month and make any necessary corrections thereto in accordance with the Act and the Regulations;

(vi) forecast electricity demand by Specified Consumers for Reference Periods;

(vii) provide information to the Board in respect of forecast electricity demand or any other information the Board may require from the Servicer to facilitate the Board's determination of the rates at which Specified Consumers are to be invoiced so as to enable full recovery of the Clean Energy Adjustment in respect of any Reference Period;

(viii) respond to inquiries by Electricity Vendors, the Board or any other Governmental Authority with respect to the Clean Energy Adjustment;

(ix) investigate and handle delinquencies by Electricity Vendors regarding Servicer CEA Collections (and furnish reports with respect to such delinquencies to the Issuer);

(x) process and deposit Servicer CEA Collections and make periodic remittances to the Issuer in accordance with Section 3.3;

(xi) furnish periodic and current reports to the Issuer, the Board, the Indenture Trustee and the Rating Agencies, as may reasonably be required by the Issuer;

(xii) take all necessary action in connection with Funding Rebates as set forth herein and in the Regulations; and

(xiii) perform such other duties as may be reasonably required from time to time to be performed by it.

(b) Without limiting the generality of Section 3.2(a), in furtherance of the foregoing, the Servicer hereby agrees that it shall also have, and shall comply with, the duties and responsibilities relating to data acquisition, consumption and settlement statement calculation, settlement, collections, posting, payment processing and remittance with reasonable care and in material compliance with each applicable Requirement of Law, including the Act and the Regulations, using the same degree of care and diligence that the Servicer exercises with respect to similar assets for its own account and, if applicable, for others.

(c) Notwithstanding anything to the contrary in this Agreement, the duties of the Servicer set forth in this Agreement shall be qualified and limited in their entirety by the Act, the Regulations, all applicable laws and the rules and regulations promulgated thereunder as in effect at the time such duties are to be performed.

3.3 Remittances

(a) The Servicer shall establish an Eligible Deposit Account (the "**IESO Segregated Account**") bearing a designation clearly indicating that the funds deposited therein are held in trust for the benefit of the owners of Investment Interests. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account.

(b) The Servicer shall deposit all Servicer CEA Collections into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within two Servicer Business Days of receipt by the Servicer and such Servicer CEA

Collections shall remain in the IESO Segregated Account until remitted in accordance with Section 3.3(d).

(c) The IESO agrees and acknowledges that it holds all Servicer CEA Collections and any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the benefit of the Issuer, any other owner of Investment Interests, the Indenture Trustee and the Specified Creditors and that all such amounts will be remitted by the Servicer in accordance with this Section 3.3 without any surcharge, fee, offset, charge or other deduction. The IESO further agrees not to make any claim to reduce its obligation to remit all Servicer CEA Collections received by it in accordance with this Agreement.

(d) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Collections received by the Servicer during a Billing Period and any interest earned thereon shall be remitted by the Servicer to the Collection Account no later than the Remittance Date immediately following such Billing Period. Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Collections on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on each Servicer Business Day.

(e) On or before the **[2nd]** Servicer Business Day following the end of each Billing Period, the Servicer shall prepare and deliver to the Issuer, the Indenture Trustee and the Rating Agencies a written report substantially in the form of Exhibit B (a "**Monthly Report**").

3.4 [Funding Rebates]

[NTD: Terminology and provisions relating to IESO payment of carrying costs during the moratorium period subject to finalization of regulations creating this obligation.]

(a) On or before the **[4th]** Servicer Business Day following the end of each calendar month in which no Clean Energy Adjustment is billed to Specified Consumers, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit C (a "**Monthly Funding Rebate Statement**") setting out the aggregate amount of all (i) Funding Costs, (ii) Finance Reserve Deposits, (iii) Financing Entity Expenses, and (iv) Tax Liabilities (net of Tax Refunds), that were incurred by or on behalf of the Issuer during the previous calendar month ("**Monthly Funding Expenses**").

(b) On or before the **[10th]** Servicer Business Day following receipt by the IESO of the Monthly Funding Rebate Statement, the IESO shall, as required by the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer in immediately available funds, an amount in Canadian dollars equal to the Monthly Funding Expenses set forth in the applicable Monthly Funding Rebate Statement (the "**Funding Rebate**").

3.5 Reporting Functions

(a) Notification of Laws and Regulations. The Servicer shall promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement.

(b) Other Information. Upon the reasonable request of the Issuer, the Indenture Trustee or any Rating Agency, the Servicer shall provide to the Issuer, the Indenture Trustee or such Rating Agency, as the case may be, any public financial information in respect of the Servicer, or any material information regarding the Investment Interest or the Regulatory Asset to the extent it is reasonably available to the Servicer, as may be reasonably necessary and permitted by law to enable the Issuer, the Indenture Trustee or the Rating Agencies to monitor the performance by the Servicer of its duties and obligations hereunder. In addition, the Servicer shall provide the Issuer and the Indenture Trustee, within a reasonable time after written request therefor, any information available to the Servicer or reasonably obtainable by it that is necessary to calculate the Clean Energy Adjustment.

3.6 Servicing and Maintenance Standards

The Servicer shall monitor payments and impose collection policies on Electricity Vendors with respect to Electricity Vendor CEA Collections. On behalf of the Issuer, the Servicer shall: (a) manage, service, administer, collect and receive Servicer CEA Collections with reasonable care and in material compliance with each applicable Requirement of Law, including the Act and the Regulations, using the same degree of care and diligence that the Servicer exercises with respect to the collection of other amounts from Electricity Vendors for its own account and, if applicable, for others; (b) follow standards, policies and procedures in performing its duties as Servicer that are customary for an electricity market operator and administrator that regularly performs settlement functions; (c) use all reasonable efforts, consistent with its customary servicing procedures, to receive and hold Servicer CEA Collections in trust for the benefit of the Issuer; (d) comply with each Requirement of Law, including all regulations and guidelines, applicable to and binding on it relating to its duties hereunder; and (e) provide all information to the Board as required by the Act and the Regulations. The Servicer shall follow such customary and usual practices and procedures as it shall deem necessary or advisable in its servicing of all or any portion of the Investment Asset and the Issuer Investment Interest, which may include, at the direction of the Issuer, the taking of legal action, at the Issuer's expense but subject to the priority of payments set forth in **[Section 8.02(e)]** of the Indenture. In no event shall the Issuer Investment Interest be set off at any time by the IESO or any Permitted Successor thereof in connection with any default by such Person or otherwise.

3.7 Binding Effect of Servicing Obligations

The obligations to continue to provide services and to receive and account for Servicer CEA Collections and related amounts will be binding upon the Servicer and any Permitted Successor so long as the Servicer CEA Collections have not been fully received and posted. Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a

Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer and the Indenture Trustee an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.7 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.7, then, upon satisfaction of all of the other conditions of this Section 3.7, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.8 Limitation on Liability of Servicer and Others

(a) Except as otherwise provided under this Agreement, including Section 6.1, neither the Servicer nor any of the directors, officers, employees or agents of the Servicer shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment; provided, however, that this provision shall not protect the Servicer or any such Person against any liability that would otherwise be imposed by reason of negligence, recklessness or willful misconduct in the performance of duties or by reason of reckless disregard of obligations and duties under this Agreement. The Servicer and any director, officer, employee or agent of the Servicer may rely in good faith on the advice of counsel or on any document of any kind, *prima facie* properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(b) Except as provided in this Agreement, the Servicer shall not be under any obligation to appear in, prosecute or defend any legal action relating to the Issuer Investment Interest that is not directly related to one of the Servicer's enumerated duties in this Agreement or related to its obligation to pay indemnification, and that in its reasonable opinion may cause it to incur any expense or liability; provided, however, that the Servicer will, at the direction of the Issuer, in respect of any Proceeding, undertake any action that is not specifically identified in this Agreement as a duty of the Servicer but that the Issuer reasonably determines is necessary or desirable in order to protect the rights and duties of the Issuer or the

Indenture Trustee under this Agreement and the interests of Specified Creditors under the Indenture.

3.9 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.7, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer, the Indenture Trustee and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer, the Indenture Trustee and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.10 Appointments

(a) Subject to Section 3.10(b), the Servicer may at any time appoint any Person to perform all or any portion of its obligations as Servicer hereunder; provided, however, that the Rating Agency Condition shall have been satisfied in connection therewith; and provided, further, that the Servicer shall remain obligated and be liable under this Agreement for the servicing and administering of the Issuer Investment Interest in accordance with the provisions hereof without diminution of such obligation and liability by virtue of the appointment of such Person and to the same extent and under the same terms and conditions as if the Servicer alone were servicing and administering the Investment Interest. The fees and expenses of any such Person shall be as agreed between the Servicer and such Person from time to time, and none of the Issuer, the Indenture Trustee, Specified Creditors or any other Person shall have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.9.

(b) The following matters shall be performed by the Electricity Vendors in accordance with the Act and shall not be considered an "appointment" for purposes of Section 3.10(a): (i) invoicing Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) collection from Specified Consumers of payments in respect of such invoices and remittance of such payments to the Servicer; and (iii) reporting to the Servicer the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and such other information the IESO may reasonably request for the purposes of determining the IESO Deferral or such further information as may be required. The Servicer shall not be responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations or in respect of the matters set out in this Section 3.10(b).

3.11 Effective Period and Termination

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 4.3, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer and the Indenture Trustee will rely thereon in paying the Purchase Price related to Transfers of specified portions of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it, and to execute, deliver and carry out the terms of this Agreement, including, for greater certainty, acting as Servicer in accordance with this Agreement.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset, the servicing of related Investment Interests, the Issuer or the repayment when due of the Funding Obligations.

(c) Power and Authority. The IESO has the requisite power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer specified portions of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary action. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties.

(f) No Proceedings. There are no Proceedings or, to the IESO's knowledge, investigations pending or Proceedings threatened, before any Governmental Authority having jurisdiction over the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under, or the validity or enforceability of, this Agreement or the Act.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information.

(i) At the date hereof and as of each applicable Closing Date, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Regulatory Asset is true and correct in all material respects and does not omit any material facts.

(ii) Each report and certificate delivered in connection with any filing made or information provided to the Board by the IESO in connection with the Act, including on behalf of the Issuer with respect to Clean Energy Adjustments, will constitute a representation and warranty by the IESO that each such report or certificate, as the case may be, is true and correct in all material respects; provided, however, that, to the extent any such report or certificate is based in part upon or contains assumptions, forecasts or other predictions of future events, the representation and warranty of the IESO with respect

thereto will be limited to the representation and warranty that such assumptions, forecasts or other predictions of future events are reasonable based upon historical performance (and facts known to the IESO on the date such report or certificate is delivered).

(i) The Transfer. On the applicable Closing Date, the specified portion of the Regulatory Asset as set forth in the applicable Transfer Notice shall be validly Transferred to the Issuer and the IESO will have no right, title or interest in the related Investment Interest and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Except pursuant to any Co-Owner Agreement, no portion of the Regulatory Asset has been sold, transferred, assigned, pledged or otherwise conveyed by the IESO to any Person other than the Issuer or the Indenture Trustee, and, to the IESO's knowledge (after due inquiry), no security agreement, financing statement or equivalent security or lien instrument listing the IESO as debtor covering all or a portion of the Regulatory Asset (or the corresponding Investment Interest upon the Transfer thereof) is on file or of record in any jurisdiction, except such as may have been filed or recorded in favour of the Issuer or the Indenture Trustee in connection with the Program Agreements.

(k) Title. The IESO is the sole owner of the specified portion of the Regulatory Asset that is to be Transferred to the Issuer on the applicable Closing Date, free and clear of all Liens.

(l) Tax Liens. After due inquiry, the IESO is not aware of any judgment or tax lien filing against the IESO.

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

(i) is solvent and expects to remain solvent;

(ii) reasonably believes that it will be able to pay its debts as they come due; and

(iii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of an Investment Interest to the Issuer and the pledge thereof to the Indenture Trustee pursuant to the Indenture and may not be waived

by any party hereto except pursuant to a written agreement executed in accordance with Section 8.1 and as to which the Rating Agency Condition has been satisfied.

4.3 Limitations on Representations and Warranties

Notwithstanding anything in this Agreement to the contrary, the IESO makes no representation or warranty that the Issuer's Share of Servicer CEA Collections will be sufficient to satisfy in full the Issuer's Funding Obligations.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

Subject to Section 3.9, so long as any Funding Obligations are outstanding, the IESO (a) will keep in full force and effect its existence and remain validly existing under the laws of the Province of Ontario, and (b) will obtain and preserve its qualifications to do business in each jurisdiction in which such qualification is or will be necessary to protect the validity and enforceability of this Agreement and each other instrument or agreement to which the IESO is a party necessary for the proper administration of this Agreement and the transactions contemplated hereby.

5.2 No Liens

Except for (a) the Transfers under this Agreement to the Issuer or any Lien for the benefit of the Specified Creditors or the Indenture Trustee, and (b) following the Co-Owner Implementation Date, Transfers to other Financing Entities who enter into a Co-Owner Agreement with the Issuer and Liens granted in connection therewith to Persons advancing Funding Obligations to such other Financing Entities, the IESO will not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any Lien on, any portion of the Regulatory Asset, whether existing as of the applicable Closing Date or thereafter created, or any interest therein. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest, and will defend the right, title and interest of the Issuer and of the Indenture Trustee, on behalf of the Specified Creditors, in, to and under the Issuer Investment Interest against all claims of third parties claiming through or under the Transferor.

5.3 Notice of Liens

The IESO shall notify the Issuer and the Indenture Trustee promptly after becoming aware of any Lien on any portion of the Regulatory Asset, other than the Transfers hereunder and any Lien pursuant to the Program Agreements.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset. the Investment Asset or Investment Interests, except to the extent that failure to so comply would not materially adversely affect the Issuer's, the Indenture Trustee's or the Specified Creditors' interests in the Issuer Investment Interest under

any of the Program Agreements, the value of the Issuer Investment Interest, the timing or amount of Clean Energy Adjustments payable by Specified Consumers or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.

(b) Except for passive investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations other than Funding Rebates.

(c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

(d) The IESO agrees that upon completion of a Transfer, the IESO shall reduce the balance in the Fair Hydro Variance Account by the Purchase Price and will adjust the Regulatory Asset accordingly.

(e) (i) in all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the specified portion of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, (iii) the IESO shall not take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement, and (iv) the IESO shall not sell any portion of the Regulatory Asset pursuant to the Act to any other Person unless a Co-Owner Agreement has been entered into and the Rating Agency Condition has been satisfied with respect thereto.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide all information regarding the IESO, the IESO Deferral, the Regulatory Asset or the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda, prospectuses, registration statements and continuous disclosure documents and represents that all such information is, at the respective dates of delivery to the Issuer, true and correct, contains no misrepresentation and constitutes full, true and plain disclosure of all material facts relating to the IESO Disclosure.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

5.9 Co-Owner Agreements

The IESO shall not continue as or become a party to any purchase and sale agreement or similar arrangement (other than this Agreement) under which it sells all or any portion of the Regulatory Asset unless (i) the Rating Agency Condition shall have been satisfied, (ii) the Indenture Trustee, the Transferor and the other parties to such additional arrangement shall have entered into a Co-Owner Agreement in connection therewith, and (iii) the terms of the documentation evidencing such purchase and sale arrangement or similar arrangement shall expressly exclude the Issuer Investment Interest (including the Issuer Share of any Servicer CEA Collections) from any receivables, rights or other assets pledged or sold under such arrangement and unless the purchaser under such arrangement is a Financing Entity.

5.10 Access to Certain Records and Information Regarding Investment Interest

The IESO shall provide to the Issuer and the Indenture Trustee access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Collections, as is reasonably required for the Issuer and the Indenture Trustee to confirm compliance by the IESO with its obligations under this Agreement and any other Program Agreements to which the IESO is a party. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.10 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.10.

5.11 Maintenance of Operations

Subject to Section 3.7, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario in order to provide service so long as it is acting as the Servicer under this Agreement.

ARTICLE 6
IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

(a) The IESO shall indemnify the Issuer, the Indenture Trustee (for itself and for the benefit of the Specified Creditors), the Manager, the Administrative Agent and each of their respective trustees, officers, directors, employees and agents (each, an "**Indemnified Party**"), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against any such Person as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement, any Co-Owner Agreement and any other Program Agreement to which the IESO is a party; (ii) the IESO's breach of any of its representations or warranties under this Agreement, any Co-Owner Agreement and any other Program Agreement to which the IESO is a party; and (iii) any litigation and related expenses relating to the IESO's status and obligations as Servicer (other than any Proceeding the IESO is required to institute under this Agreement), except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Party of notice (or, in the case of the Indenture Trustee, receipt of notice by a Responsible Officer only) of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those

available to the IESO, (ii) the IESO shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, (iii) the IESO shall authorize the Indemnified Party to employ separate counsel at the expense of the IESO, or (iv) in the case of the Indenture Trustee, such action exposes the Indenture Trustee to a material risk of criminal liability or forfeiture or a Servicer Default has occurred and is continuing. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

(b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section 3.7) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.

(c) Indemnification under Section 6.1(a) shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable legal fees and expenses), except as otherwise expressly provided in this Agreement.

(d) Indemnification under this Section 6.1 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the resignation or removal of the Indenture Trustee or the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO. Other than provided in the preceding sentence, the IESO shall not indemnify any party under this Section 6.1 for any changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision.

(e) Except to the extent expressly provided in this Agreement (including the payment of the Purchase Price), the IESO hereby releases and discharges the Issuer and the Indenture Trustee, and each of their respective trustees, officers, directors and agents (collectively, the "**Released Parties**"), from any and all actions, claims and demands whatsoever, whenever arising, which the IESO, in its capacity as Servicer or otherwise, shall or may have against any such Person relating to the Investment Interest or the IESO's activities with respect thereto, other than any actions, claims and demands arising out of the willful misconduct, bad faith or gross negligence of the Released Parties.

ARTICLE 7
SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account on behalf of the Issuer any required remittance that shall continue unremedied for a period of **[two/three][NTD: Rating Agencies will expect 2-3 days]** Business Days after written notice of such failure is received by the Servicer from the Issuer (with a copy to the Indenture Trustee) or the Indenture Trustee or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement (other than as provided in Section 7.1(a)) or any other Program Agreement to which it is a party, which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer (with a copy to the Indenture Trustee) or to the Servicer or the IESO, as the case may be, by the Indenture Trustee or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement or in any Monthly Report, shall prove to have been incorrect when made, which has a material adverse effect on the Issuer, the Indenture Trustee or any other Specified Creditor and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer (with a copy to the Indenture Trustee) by the Issuer or the Indenture Trustee or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer or the IESO;

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs; or

(f) the termination or withdrawal of the "Servicing Guarantee" under the Provincial Protection and Assurances Agreement. **[NTD: Subject to finalization of the Provincial Protection and Assurances Agreement.]**

then, and in each and every case, the Indenture Trustee shall, upon the instruction of the Specified Creditors evidencing a majority of the Outstanding Amount of the Issuer's Funding Obligations,

subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (and to the Indenture Trustee if given by the Specified Creditors) (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), the Specified Creditors and the Indenture Trustee (or any of their representatives) shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Investment Interest. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and, without limitation, the Indenture Trustee is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the IESO Deferral, the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer, the Issuer and the Indenture Trustee in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a Successor Servicer shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Indenture Trustee may, and at the written direction and with the consent of the Specified Creditors evidencing a majority of the Outstanding Amount of the Issuer's Funding Obligations shall, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer with the Issuer's prior written consent thereto (which consent shall not be unreasonably withheld), and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer.

If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the Indenture Trustee may, at the direction of Specified Creditors evidencing a majority of the Outstanding Amount of the Issuer's Funding Obligations, petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Indenture Trustee be liable for its appointment of a Successor Servicer. The Indenture Trustee's expenses incurred under this Section 7.2(a) shall be at the sole expense of the Issuer and payable from the Collection Account as provided in **[Section 8.02]** of the Indenture.

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Indenture Trustee, with the written consent of Specified Creditors evidencing a majority of the Outstanding Amount of the Issuer's Funding Obligations, may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences, except a default in making any required deposits to the Collection Account in accordance with this Agreement. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer, the Manager, the Indenture Trustee and the Rating Agencies promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Amendment

(a) This Agreement may be amended in writing by the IESO and the Issuer with (i) the prior written consent of the Indenture Trustee, and (ii) the satisfaction of the Rating Agency Condition. Promptly after the execution of any such amendment or consent, the Issuer shall furnish copies of such amendment or consent to each of the Rating Agencies.

(b) Prior to the execution of any amendment to this Agreement, the Issuer and the Indenture Trustee shall be entitled to receive and rely upon an Opinion of Counsel, which counsel may be an employee of or counsel to the Issuer or the IESO and which shall be reasonably satisfactory to the Indenture Trustee, or, in the Indenture Trustee's sole judgment, external counsel of the IESO stating that the execution of such amendment is authorized and permitted by this Agreement and that all conditions precedent provided for in this Agreement relating to such amendment have been complied with. The Issuer and the Indenture Trustee may, but shall not be obligated to, enter into any such amendment that affects their own rights, duties, indemnities or immunities under this Agreement or otherwise.

8.2 Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
[Address]

Attention: ■
Email: ■

(b) in the case of the Issuer or the Manager (on behalf of the Issuer):

[Financing Entity]
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

(c) in the case of the Indenture Trustee:

■
[Address]

Attention: ■
Email: ■

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent. Any notice, report or communication required to be given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.3 Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.4 Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO, the Issuer and, to the extent provided herein or in the other Program Agreements, the Indenture Trustee (for its own benefit and for the benefit of the Specified Creditors) and the other Persons expressly referred to herein, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.5 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.6 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed signature page to this

Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.7 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.8 Assignment to Indenture Trustee

The IESO hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors of all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors. In no event shall the Indenture Trustee have any liability for the representations, warranties, covenants, agreements or other obligations of the Issuer hereunder or in any of the certificates delivered pursuant hereto, as to all of which any recourse shall be had solely to the assets of the Issuer subject to the availability of funds therefor under Section **[8.02]** of the Indenture.

8.9 Limitation of Liability of Indenture Trustee

It is expressly understood and agreed by the parties hereto that this Agreement is executed and delivered by the Indenture Trustee, not individually or personally but solely as Indenture Trustee on behalf of the Specified Creditors, in the exercise of the powers and authority conferred and vested in it. The Indenture Trustee in acting hereunder is entitled to all rights, benefits, protections, immunities and indemnities accorded to it under the Indenture.

8.10 Limitation of Liability of the Issuer Trustee

(a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.

(b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's

property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.10, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

(c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.11 Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof; provided, however, that no such waiver delivered by the Issuer shall be effective unless the Indenture Trustee has given its prior written consent thereto. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

8.12 Indenture Trustee Actions

In acting hereunder, the Indenture Trustee shall have the rights, protections and immunities granted to it under the Indenture.

8.13 Issuer Trustee

In acting hereunder, the Issuer Trustee shall have the rights, protections and immunities granted to it under the Declaration of Trust.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By: _____
Name:
Title:

By: _____
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:

[INDENTURE TRUSTEE]
as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario, and acknowledged and accepted by **[INDENTURE TRUSTEE]**, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee (the "**Indenture Trustee**"). All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its desire to transfer to the Issuer on the Closing Date set out below, on a fully serviced basis, the specified portion of the Regulatory Asset set out below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the specified portion of the Regulatory Asset set out below, on a fully serviced basis, **[and (ii) the Transferor's agreement to pay to the Issuer all (a) Funding Costs, (b) Finance Reserve Deposits, (c) Financing Entity Expenses, and (d) Tax Liabilities (net of Tax Refunds) that are incurred by the Issuer in connection with such Transfer,]**[4] the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date, (i) the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price and the Regulatory Asset shall be adjusted accordingly; and (ii) the corresponding Investment Interest shall immediately vest in the Issuer, free and clear of any adverse claim, and

4 Funding Rebate language to be included in Transfer Notice only when Clean Energy Adjustment is not being charged.

shall constitute a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; and

(iii) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed.

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

FORM OF MONTHLY REPORT

See Attached

MONTHLY REPORT

[NTD: Dealers and Counsel to confirm form of Monthly IESO Report.]

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario, and acknowledged and accepted by **[INDENTURE TRUSTEE]**, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee (the "**Indenture Trustee**"). Capitalized terms used but not defined in this Monthly Report have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.3 of the Master Transfer and Servicing Agreement the Servicer hereby certifies in respect of the Billing Period corresponding to the calendar month of ■, ■, as follows:

	Item	**Amount**
(A)	Servicer CEA Collections:	$■
(B)	Balance of Collection Account:	$■

[NTD: Any additional information considered necessary for OPG/IESO to be included.]

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Servicer

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT C

FORM OF MONTHLY FUNDING REBATE STATEMENT

See Attached

MONTHLY FUNDING REBATE STATEMENT

TO: INDEPENDENT ELECTRICITY SYSTEM OPERATOR
[Address]

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario, and acknowledged and accepted by **[INDENTURE TRUSTEE]**, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee (the "**Indenture Trustee**"). Capitalized terms used but not defined in this Monthly Funding Rebate Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.4(a) of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly Funding Expenses incurred by the Issuer in respect of the calendar month of ■, ■ are as follows:

Monthly Funding Expense	**Amount**
Funding Costs:	$■
Finance Reserve Deposits:	$■
Financing Entity Expenses:	$■
Tax Liabilities (net of Tax Refunds):	$■
Total Monthly Funding Expense:	**$■**

[NTD: Any additional information considered necessary for OPG/IESO to be included.]

In accordance with Section 3.4(b) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer to the account set forth below, an amount in Canadian dollars equal to the Total Monthly Funding Expense set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[NTD: Wire transfer instructions to be provided by OPG.]

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

From:	Gadi Mayman
To:	Scott Nelms (ENERGY)
Cc:	Ronald Kwan; Ken Kandeepan; Anna Strathy; Mike Manning; James Devine; Carlos Yep
Subject:	Fw: Fair Hydro Business Issues
Date:	Sunday, June 25, 2017 7:26:22 PM
Attachments:	Financing Plan_May 2017.pdf

Jim's reminded me that he's also away meeting with investors until Thursday, so I've added Carlos to the list for a Capital Markets perspective when we get together.

Gadi

From: Nelms, Scott (MOF)
Sent: Sunday, June 25, 2017 6:52 PM
To: Gadi Mayman; Mike Manning; Ronald Kwan; Ken Kandeepan; James Devine
Cc: Anna Strathy
Subject: RE: Fair Hydro Business Issues

FYI – this may provide helpful context. From OPG last week.

From: Nelms, Scott (MOF)
Sent: June-25-17 5:58 PM
To: Mayman, Gadi (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Devine, James (OFA)
Cc: Strathy, Anna (OFA)
Subject: RE: Fair Hydro Business Issues

Thanks Gadi. I will look for time perhaps Wednesday afternoon and try to gather the same group that talked through the guarantees. Need to work around LRC, TB, Cab schedules.

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: June-25-17 5:39 PM
To: Nelms, Scott (MOF); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Devine, James (OFA)
Cc: Strathy, Anna (OFA)
Subject: Re: Fair Hydro Business Issues

I'm adding Ken and Jim to this conversation, as Mike is away this week and Jim is filling in for him. I'm away Thursday and Friday, but would be happy to find some time Tuesday or Wednesday for the internal meeting you're suggesting, Scott.
Gadi

From: Nelms, Scott (MOF)
Sent: Sunday, June 25, 2017 5:23 PM
To: Gadi Mayman; Mike Manning; Ronald Kwan
Subject: Fair Hydro Business Issues

Hi Gadi, Mike, Ron,

I had a chat with Ken Hartwick on Friday afternoon about our position on fees as well as progress on what we have been calling “business issues” (equity injection process, sub-debt agreement, guarantees). He agreed that we could push out the fees conversation from this round of regulation drafting, but wanted to make sure we set up time in early July to talk through these issues and land them asap. Here is where I think we are on each point:

- Fees: OPG wants a very light touch from OEB and, formulaic approach that mimics fee structures for portfolio managers (base fee tied to AUM + variable fee tied to performance). ENE agrees with the variable fee component (limited to $1M floor / ceiling), but has

concerns about a base fee that does not tie to costs and wants a more substantive role for OEB.

- Guarantees: as you know the Province's position was shared on Friday

- Equity Injections: I believe OPG has provided a draft structure. Unless OFA has concerns, I think this is largely procedural.

- Sub-debt: I don't have much visibility in to this one. I heard folks from OFA were in discussions. This should link in with the fees conversation given the relationship with performance.

I would suggest we try and have an internal conversation later this week to discuss where we are on each of these in order to be ready to meet with OPG the following week.

Let me know if this makes sense or if I am missing anything.

Thanks,

Scott

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Financing Plan

ONTARIO POWER GENERATION

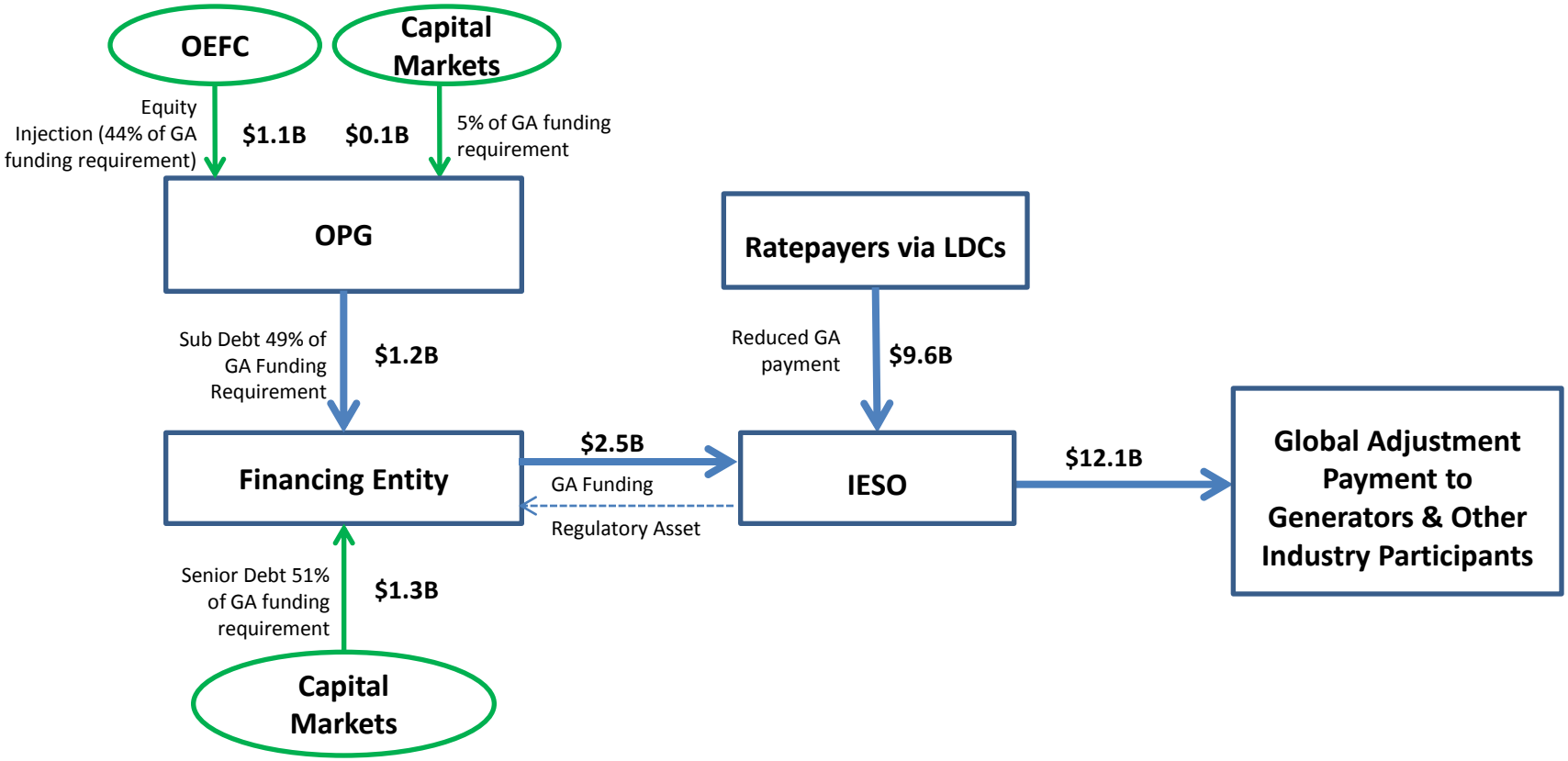
Financing Plan

Highlights:

- Legislation as currently drafted provides for a framework to implement the Fair Hydro Plan Act:
  - (i) to allow flexibility in OPG's corporate structure and to enable OPG to raise financing through public offerings of debt
  - (ii) for a regulatory asset consisting of the right to recover over time the amount of the Global Adjustment being deferred, together with interest and other costs
- Regulations and principal agreement need to be negotiated and agreed to in order to provide a completely financeable program
- A Financing Entity will be set up that will hold the claim on future customers and the debt issued to fund the payment to the IESO for the regulatory asset
- The GA financing platform will be developed to access both the Canadian and US markets in order to access best pricing and flexibility
- OPG will provide services to the Financing Entity including financings via a financial service and management agreement

Financing Plan – Structure

Illustration based on $2.5B GA Funding



Financing Plan - Components

- Debt components are:

	Risk Profile	Source	% of Total Funding Requirement
Tranche A Senior Debt	the least risky	Capital Markets	51%
Tranche B Sub Debt	In between A&C	OPG via Province	39%
Tranche C Sub Debt	the most risky	OPG via Province	5%
		OPG via Capital Markets	5%

Financing Plan – Rationale

The rationale for the structural debt percentages are:

- **Minimum of 51% from the Capital Markets**
  - Required from an accounting treatment perspective in order to consolidate the Financing Entity on OPG's financial statements, otherwise the debt is consolidated with the Province
  - Accounting treatment also requires OPG to direct the activities of the Financing Entity, and that the Province not directly or indirectly fund (through debt or equity) more than 50% of the Financing Entity to allow for OPG consolidation
- **Minimum Provincial equity contribution of up to 44%**
  - Help to is avoids the potential risk of a credit downgrade from the rating agencies as a result of the incremental debt consolidated on OPG financial statements negatively impacting credit metrics (Funds from Operations/ Debt)
- **Minimum OPG Investment of 5% from the Capital Market**
  - OPG requires a minimal amount of debt at risk financed through OPG operating cash flows or capital market debt. To demonstrate control of the Financing Entity OPG must own >=50% of the most subordinated debt and targeted to be no less than 5% of the total debt of the Financing Entity
  - The Province must not directly or indirectly fund (through debt or equity) more than 50% of OPG's investments in the most subordinated debt of the Financing Entity to lessen the materiality of OPG's debt at risk

Financing Plan – Other Elements

Other Structural Advantages:

- **Financing Entity:**
  - Is ring-fenced from OPG as a single purpose entity with no other operations that could add risk to the OPG entity
  - Is targeting a higher credit rating than OPG and therefore will have lower financing costs than OPG in the Capital Markets
  - Will record funding revenue reflecting the growth in the deferred asset value which will mitigate the negative impact on OPG's credit rating from the debt consolidation
  - Allows for flexibility to fund debt tranches with different terms, contractual consideration and subordination
  - Subordination will play an important credit enhancement role for the senior debt, and could act as a buffer or first loss of capital in any credit event
- **Operational attributes:**
  - OPG is the Financing and Services Manager for the Financing Entity and direct its activities
  - Short term debt can be warehoused in the Financing Entity until OPG accesses the Capital Markets
  - OPG will be independently accessing the public debt markets on a commercial basis
  - Opportunity to access the US market as appropriate

Financing Plan – Overview

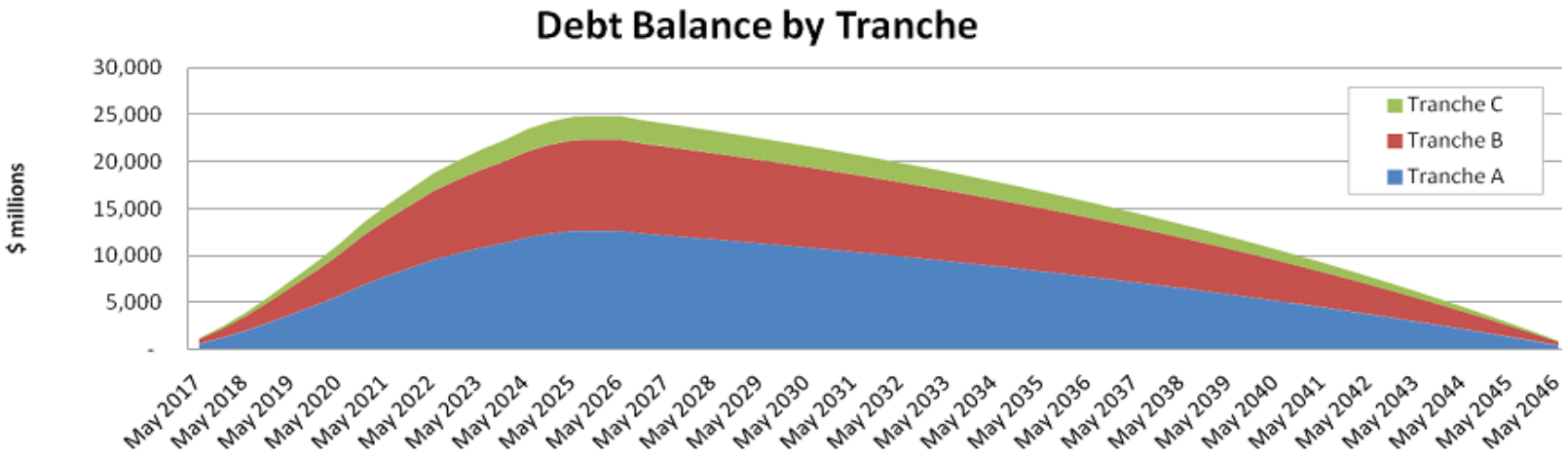
The Financing Plan has two main phases:

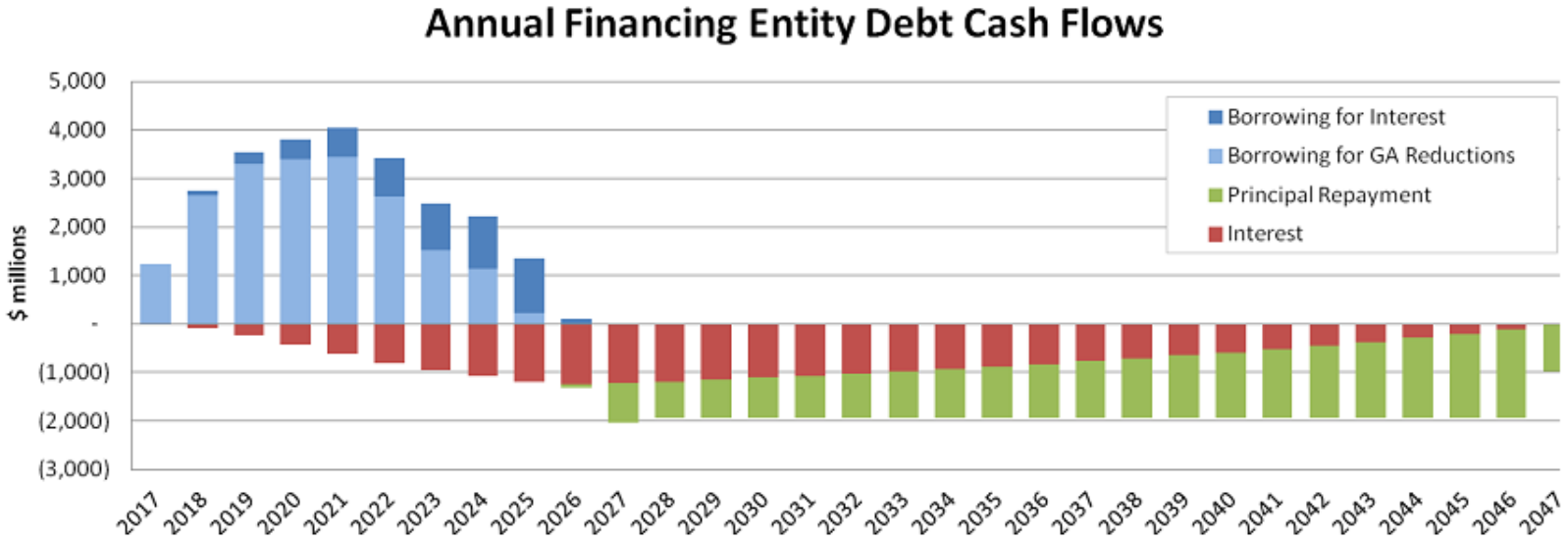
- **Net Borrowing Phase (2017-2026)**
  - During this 10 year period the debt created by the deferral of electricity charges will accumulate, together with associated interest costs & other fees, that in combination will establish the regulatory assets.
  - Monthly the Financing Entity will purchase the regulatory assets from IESO (purchase is ~$200M) as follows:
    - 51% through external capital markets (~$102M per month)
      - Initially the financing plan will access liquidity facilities at the Financing Entity level to fund and warehouse the monthly asset purchase requirement
      - On a quarterly basis when the accumulated monthly funding has reached a certain level ($300M), public debt will be offered to the market
    - Up to 49% subordinated debt in OPG
      - 44% funded through OPG via equity injections from the Province (~$88M/ month)
      - 5% funded through OPG via the capital markets (~$10M/ month)
  - Cash interest will be paid based on the lender agreements. The interest costs will be added to future borrowing requirements, and do not flow through to consumers during this period

Financing Plan – Program Overview

- **Debt Amortization Phase (2027-2046)**
  - Starting 2027, the accumulated debt created by the deferral will be recovered and paid down by 2047
  - Similar to mortgage style debt payment, a combination of principal and interest will be paid to lenders during this 20 yr period
  - Financing Entity structure continues until all the debt is repaid
  - Target to keep the charge paid by ratepayers during the amortization period to less than 10% of a customers bills to meet credit rating agency guidelines

Debt Profile & Cash Flows





ONTARIO POWER GENERATION

Financing Plan – Funding Alternatives

Key Considerations

- There are several potential funding sources that can be considered to structure the overall financing program, including securitization (issued in Canada or the U.S.), bonds, bank financing, and subordinated debt

Short Term	
ABCP Conduit	▪ R-1(high)/P-1 credit ratings required from DBRS and Moody's (limited market capacity if these ratings are not achieved) ▪ Requires periodic take-outs to repay warehouse funding; take-out risk needs to be addressed as amortization of debt currently not contemplated to commence until after year 10
Bank	▪ No external rating required ▪ Take-out risk needs to be addressed as amortization of debt currently not contemplated to commence until after year 10
Long Term	
Canadian Term ABS	▪ AAA ratings required from at least two of DBRS, Moody's, S&P or Fitch (limited market capacity if these ratings are not achieved) ▪ Tenors > 10 years to be explored
Canadian Bond	▪ This type of financing has not been tested in the Canadian market ▪ AAA ratings not required to access the market ▪ Provides access to broadest investor base in the Canadian market
US Term Debt (ABS/Bonds)	▪ Proven market for securitization and higher market capacity available than Canadian Term ABS ▪ Ratings required from at least two of S&P, Moody's or Fitch (AAA required for Term ABS) ▪ Requires cross-currency swaps
Subordinated Debt	▪ Nature of subordinated debt, repayment terms/flexibility and contingent Provincial support applicable to subordinated debt will impact pricing ▪ Quantum of subordinated debt creates equity like thickness and may serve as a credit enhancement for the senior debt

Indicative Pricing Consideration

Indicative Pricing Considerations

- Although all of the debt issued by the Financing Entity is expected to be afforded the same level of protection including a provincial guarantee, a higher return on the subordinated debt (sub debt) would be required to compensate for incremental risk to the extent:
  - The rating agencies attribute a lower rating to the sub debt relative to the senior debt because of its ranking in the cash flow waterfall
  - The ratings of senior debt need to be credit enhanced by all or a portion of the sub debt as follows:
    1) Flexibility to defer charges to rate payers and hence extend the expected duration of the sub debt to manage the total amount charged to rate payers as a proportion of the total bill during the recovery period – could result in non repayment by 2047 if a hard cap is included
    2) Defer principal payments on certain classes of sub debt until more senior notes are fully repaid

Feature	Tranche B Subordinated Debt	Tranche C Subordinated Debt
	Explanation	**Explanation**
Credit Risk	Credit enhancement to Tranche A (senior debt)	Credit enhancement to Tranche A (senior debt) Act as first “loss absorber”
Duration/Tenor Premium	Same duration as Market Notes	Same duration as Market Notes
Certainty of timing of payments	Same as Market Notes but lower in the waterfall	Some additional volatility in timing of payments, but trued-up every 6 months
Liquidity Premium	Issue size expected to be similar to senior debt	Relatively small amount which will have less liquidity

From:	Gadi Mayman on behalf of HAHN PARKER Janet -TREASURY
To:	Ken Kandeepan; Mike Manning; Carlos Yep; Ronald Kwan; Gadi Mayman; Scott Nelms (ENERGY); LEE John -TREASURY; RYFA Ken -TREASURY; "Persaud, Donnie - Debt Capital Markets"; Benaiah, Ian
Cc:	Anna Strathy
Subject:	Fw: OPG - FHP - Guarantee
Attachments:	disclaimer.html

From: HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Sent: Wednesday, August 2, 2017 1:43 PM
To: Gadi Mayman; Scott Nelms (ENERGY); LEE John -TREASURY; RYFA Ken -TREASURY; 'Persaud, Donnie - Debt Capital Markets'; Benaiah, Ian
Subject: OPG - FHP - Guarantee

When: Wednesday, August 09, 2017 2:15 PM-3:15 PM (UTC-05:00) Eastern Time (US & Canada).
Where: OPG, 700 University Avenue, 18th Floor, Treasury C/R
Note: The GMT offset above does not reflect daylight saving time adjustments.
~~*~*~*~*~*~*~*~*~*
Please come to OPG's office, 18th floor. We will meet you at the Glass Doors.
No pass required.
Thank you.

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From:	Whitfield, Tobias P. (MOF)
To:	Mike Manning; Gadi Mayman; Anna Strathy; Ronald Kwan; John Kim; Malle Hanslep (MOF); Ken Kandeepan; Michael Waterston (MOF)
Subject:	Fw: Ontario Fair Hydro Plan
Date:	Wednesday, April 26, 2017 4:23:18 PM
Attachments:	Fair Hydro Plan Act (April 26 2017) Consultation v4.docx

Please see attached the latest draft of the legislation. My understanding is that there is only room to make small tweaks based on the timeline right now.

Please note that Energy has not removed the exemption from section 28 in this draft. I am not sure if there has been any further discussion on that subject, but I think that if we want to push back on this issue it needs to be communicated as soon as possible.

Also, there is new language around the guarantee, but it does not contemplate the current plan to have both Ministers sign the guarantee. I have let Energy Legal know that this would make sense to change.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456
From: Rehob, James (ENERGY) <James.Rehob@ontario.ca>
Sent: Wednesday, April 26, 2017 3:19 PM
To: Whitfield, Tobias P. (MOF)
Subject: FW: Ontario Fair Hydro Plan

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April 26, 2017

Hi, Toby. I am pleased to attach the most recent version of the draft legislation pertaining to the electricity rate reductions and intergenerational cost transfer.

Thanks for your help on all of this, and note that this version does not include amendments to EA ss.89 and 90 (PILS amendments). Those discussions are ongoing between MOF policy, OPG/Tory's and ENERGY is awaiting those discussions to close before finalizing the legislation on these matters.

Best regards,

James

James P. H. Rehob
Senior Counsel
Ministry of the Attorney General
Legal Services Branch
MAG Civil Law Division
Ministry of Energy, Ministry of Economic Development and Growth, Ministry of Research, Innovation and Science, Ministry of Infrastructure, Accessibility Directorate of Ontario
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Version 4

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A proposal to create Legislation.

An Act to provide for the fair allocation of costs of electricity over time, if enacted

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A proposal to create Legislation.

An Act to provide for the fair allocation of costs of electricity over time, if enacted

EXPLANATORY NOTE TO BE ADDED BY LEGISLATIVE COUNSEL TO ANY FINAL BILL PRIOR TO INTRODUCTION.

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Preamble

The Government of Ontario is committed to fostering the development of a clean, modern and reliable electricity system with a diverse supply mix. The Government is also committed to removing barriers to and promoting opportunities for renewable and clean energy projects.[1] These commitments can only be achieved if costs are shared fairly among consumers, today and in the future.

Electricity rates have risen for two key reasons. First, decades of under-investment in the electricity system resulted in the need to invest more than $50 billion in generation, transmission and distribution assets to ensure the system is clean and reliable. Second, the decision to eliminate Ontario's use of coal and produce clean, renewable power has created additional costs.

The actions taken to achieve a clean, modern and reliable electricity system have resulted in significant costs to consumers today. The burden of financing these system improvements and funding key programs has unfairly fallen almost entirely on the shoulders of today's consumers.

The Government of Ontario is committed to ensuring that the costs of financing these investments and the associated charges to consumers are allocated fairly among present and future generations of consumers.

Recognizing that the electricity infrastructure that has been built and the policy decisions that have been made will create benefits for years to come, costs should be allocated fairly over time, so that consumers in the future pay their fair share for the benefits that they receive from the investments already made.

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PART I
GENERAL

Interpretation
Definitions

1xx. (1) In this Act,

"Board" means the Ontario Energy Board; ("French")

"clean energy adjustment" means the amount determined under section 10xx; ("French")

"clean energy benefits" means the value of the benefits determined to be derived by or accruing to the specified consumers as a result of the clean energy initiative, including as a result of clean energy costs; ("French")

"clean energy costs" means the value of the costs allocated to specified consumers as a result of the clean energy initiative, including as a result of past, present and expected costs incurred in respect of,

(a) the estimated amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the *Electricity Act, 1998* or any provision that is the successor to that provision, which relate to contracts for,

(i) renewable energy generation or capacity,

(ii) conservation and demand management,

(iii) energy storage,

(iv) energy efficiency,

(v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the *Ontario Energy Board Act, 1998* and excluding such other contracts as may be prescribed, or

(vi) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*, and

(b) such other estimated costs as may be prescribed; ("French")

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"clean energy initiative" means the policies of the Government of Ontario related to,

(a) fostering the growth of and investment in clean and renewable energy sources and technologies,

(b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies, and

(c) promoting conservation and demand management; ("French")

"electricity vendor"[2] means,

(a) a licensed distributor,

(b) a licensed retailer,

(c) the IESO in circumstances where the IESO directly invoices a specified consumer, or

(d) such other person as may be prescribed; ("French")

"fair allocation amount" means the amount determined in under section 15xx;

"financing entity" means an entity established or caused to be established under subsection 17xx (3); ("French")

"Financial Services Manager" means the Financial Services Manager appointed under section 13xx; ("French")

"Financing Plan" means the plan prepared under section 16xx, as amended from time to time in accordance with this Act; ("French")

"funding obligation" means,

(a) a payment obligation incurred in connection with the transfer of a regulatory asset or the refinancing of an existing funding obligation, or

(b) a payment obligation that meets such other criteria as may be prescribed; ("French")

[2] FLS - this is similar to the definition of "electricity vendor" in the Ontario Rebate for Electricity Consumers Act, 2016

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"IESO" means the Independent Electricity System Operator continued under Part II of the *Electricity Act, 1998*; ("SIERE")

"IESO funding shortfall" means the amount determined under section 20xx; ("French")

"investment asset" means the rights and interests described in section 22xx; ("French")

"investment interest owner" means a financing entity that has acquired and holds an investment interest; ("French")

"investment interest" means,

(a) an ownership interest in the investment asset, and

(b) in circumstances where the ownership interest is transferred, the rights and benefits specified in the agreement under which the interest is transferred; ("French")

"invoice amount" means, in respect of an invoice period, the sum of the amounts set out in subsection (2.1) in relation to the provision of electricity in Ontario to a specified consumer; ("French")

"invoice period" means the period in respect of which an invoice amount applies, as specified on an invoice issued by an electricity vendor; ("French")

"licensed distributor" means a person licensed under Part V of the *Ontario Energy Board Act, 1998* to own or operate a distribution system; ("French")

"licensed retailer" means a person who is licensed under Part V of the *Ontario Energy Board Act, 1998* to retail electricity; ("French")

"Minister" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of this Act under the *Executive Council Act*; ("ministre")

"Ontario Power Generation Inc." means the corporation incorporated as Ontario Power Generation Inc. under the *Business Corporations Act* on December 1, 1998; ("Ontario Power Generation Inc.")

"prescribed" means prescribed by the regulations; ("prescrit")

"reference period" means,

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(a) the period beginning on May 1, 2017 and ending on October 31, 2017, and

(b) during the period beginning on November 1, 2017 and ending on April 30, 2047,

(i) every six-month period following the period mentioned in clause (a); or

(ii) any period shorter than six months, as may be prescribed; ("French")

"refinancing" means, subject to the regulations, a redemption, repayment or repurchase of a funding obligation; ("French")

"regulation" means a regulation made under this Act; ("règlement")

"regulatory asset" means the right and interest established under section 21xx; ("French")

"specified consumer" means,

(a) a person who has an account with an electricity vendor for the supply of electricity in Ontario and meets the criteria set out in subsection (2); or

(b) such other person as may be prescribed; ("French")

"sub-meter customer" means a person who is supplied electricity by a specified consumer, if an invoice for the electricity is issued to the person by the specified consumer, by an agent of the specified consumer or by a unit sub-meter provider providing unit sub-metering for the specified consumer; ("French")

"transfer" means [TBD]; ("French")

"unit sub-metering" has the same meaning as in the *Energy Consumer Protection Act, 2010*; ("activités liées aux compteurs divisionnaires d'unité")

"unit sub-meter provider" has the same meaning as in the *Energy Consumer Protection Act, 2010*; ("fournisseur de compteurs divisionnaires d'unité")

Specified consumers

(2) For the purposes of clause (a) of the definition of "specified consumer" in subsection (1), the person must meet any one of the following criteria:

1. The person has a demand for electricity of 50 kilowatts or less, or such other amount as may be prescribed.

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2. The person annually uses not more than 250,000 kilowatt hours of electricity, or such other amount as may be prescribed.

3. The person carries on a business that is a farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act, 1993* and either holds a valid registration number assigned under that Act or the has had the obligation to file a farming business registration form waived pursuant to an order made under subsection 22 (6) of that Act.

4. The person's account with the electricity vendor relates to,

    i. a dwelling,

    ii. a property within the meaning of the *Condominium Act, 1998*,

    iii. a residential complex within the meaning of subsection 2 (1) of the *Residential Tenancies Act, 2006*, without regard to section 5 of that Act, or

    iv. a property that includes one or more housing units and that is owned or leased by a co-operative within the meaning of the *Co-operative Corporations Act*.

5. The person satisfies such criteria as may be prescribed.

Invoice amount

(2.1) Subject to the regulations, the invoice amount for a specified consumer in respect of an invoice period includes the following amounts:

1. In circumstances where the electricity is provided by a licensed distributor or a licensed retailer, the following amounts in respect of the invoice period:

    i. The commodity price of the electricity used.

    ii. The rates and charges set out in the applicable rate order issued by the Board under subsection 78 (3) of the *Ontario Energy Board Act, 1998* and in effect on April 30, 2017.

    iii. Any adjustment on the invoice required under section 25.33 of the *Electricity Act, 1998*.

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iv. The amount of any harmonized sales tax payable by the consumer under Part IX of the *Excise Tax Act* (Canada) in respect of the amounts mentioned in subparagraphs i, ii and iii;

v. Any other amounts as may be prescribed.

2. In circumstances where the electricity is provided by the IESO or other prescribed entity, such amounts as may be prescribed in respect of the invoice period. ("French")

Same, exclusions

(2.2) Subject to the regulations, an invoice amount does not include any of the following amounts:

1. The balance of any amounts carried forward from previous invoices in respect of previous invoice periods.

2. Penalties or interest.

3. Charges that do not relate to the use of electricity.

4. Any of the following charges that may be set out in an order issued by the Board under subsection 78 (3) of the *Ontario Energy Board Act, 1998*:

   i. A fixed monthly service charge payable by a generation facility within the meaning of section 56 of the *Ontario Energy Board Act, 1998* and classified as "microFIT".

   ii. A charge labelled as a "specific service charge" or "retail service charge".

   iii. A rate rider [of the prescribed type or class].

5. Any other prescribed amounts.

Effect of invalidity, etc.[3]

2xx. (1) For greater certainty, all of the provisions of this Act remain in full force and effect, even if one or more provisions are held to be invalid, the intention of the Legislature being to give separate and independent effect to the extent of its powers to every provision contained in this Act.

[3] FLS: this is from the *Climate Change Mitigation and Low-carbon Economy Act, 2016*

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Same, funding obligation

(2) The fact that any provision of this Act is held to be invalid or ceases to be in effect for any reason does not affect the validity or enforceability of a funding obligation incurred under this Act before the day that the provision is held to be invalid or ceases to be in effect, or any rights or obligations associated with the funding obligation.

Purpose

3xx. (1) The purposes of this Act are,[4]

(a) to ensure that clean energy costs are fairly allocated among present and future specified consumers and reflect the fair allocation; and

(b) to recognize that clean energy benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in the Province.

Crown bound

4xx. This Act binds the Crown.

Protection and assurances

Prohibition

5xx. (1) The Crown shall not do anything that would,

(a) hinder, delay, impair or prejudice the charging, collection or remittance of amounts in respect of the clean energy adjustment;

(b) except as expressly permitted by this Act, reduce the clean energy adjustment determined under this Act or lower the priority of the clean energy adjustment over other debts; or

(c) adversely affect an investment asset or a funding obligation.

Clarification with respect to regulations

(2) For greater certainty, the things prohibited under subsection (1) include the making or approving of a regulation under this Act.

Agreements for compensation

(3) The Minister may, with the approval of the Lieutenant Governor in Council, enter into agreements on behalf of the Province of Ontario with any person in respect of this Act, including agreements regarding the performance of IESO or electricity vendors under this Act or similar transactions.

[4] FLS: Please see the *Electricity Act, 1998* for much of the wording proposed in this section.

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Guarantee, indemnification

(4) The Lieutenant Governor in Council may by order,

(a) authorize the Minister of Finance, on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and

(ii) to determine terms and conditions and the amount on which the guarantee or indemnity will be given;

(b) impose terms and conditions, as it considers advisable, on which the Minister of Finance may, on behalf of the Province, agree to guarantee or indemnify as described in subclause (a) (ii); and

(c) specify a maximum liability for the guarantee or indemnity.

PART II
FAIR ADJUSTMENT OF ELECTRICITY RATES

Definitions

6xx. In this Part,

"effective date" means the date determined under section 6.5xx; ("French")

"RPP rate" means the rate determined by the Board under clause 79.16 (1) (b) of the *Ontario Energy Board Act, 1998*, which rate is commonly referred to as the Regulated Price Plan"; ("French")

"specified RPP consumer" means a specified consumer who meets the following criteria:

1. The consumer is a member of the class of consumers prescribed by the regulations made under the *Ontario Energy Board Act, 1998* for the purposes of subsection 79.16 (1) of that Act.

2. The consumer is subject to the RPP rate. ("French")

Specified RPP consumer, first fair adjustment

6.1xx (1) The rate for electricity payable by a specified RPP consumer for the period beginning on the effective date and ending on April 30, 2018 is the rate required for a specified RPP consumer who meets the prescribed criteria to receive a monthly invoice

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amount that is 25 per cent lower than the monthly invoice amount for that consumer under the comparison rate described in subsection (2).

Comparison rate

(2) The comparison rate is the rate that would be effective May 1, 2017, determined by the Board solely using the method prescribed by the regulations made under clause 79.16 (1) (b) of the *Ontario Energy Board Act, 1998*.

Same

(3) For the purposes of subsection (2), the applicable method is the method on the day this section comes into force.

Specified consumers (non-RPP), first fair adjustment

6.2xx The rate for electricity payable by a specified consumer who is not a specified RPP consumer for the period beginning on the effective date and ending on April 30, 2018 is the rate that would be necessary in order for [the monthly global adjustment rate] in respect of a specified consumer who is not a specified RPP consumer (RPP) and who meets the prescribed criteria to be reduced by the same amount as the difference between the comparison rate referred to in subsection 6.1xx (2) and the rate determined under subsection 6.1xx (1).

Determination by Board

6.3xx The Board shall determine the rates mentioned in sections 6.1xx and 6.2xx no later than seven business days after the day this section receives Royal Assent.

Implementation of rates

6.4xx Each electricity vendor, [specified consumer who provides electricity to a sub-meter customer and unit sub-meter provider who provides unit sub-metering for a specified consumer] shall, no later than seven business days after the day on which the Board determines the rates under section 6.3xx, adapt is billing practices and invoices to reflect the new rates.

Effective date

6.5xx The rates determined under section 6.3xx are effective on the earlier of the following days:

1. The first day of the month immediately following the last day of the seven-day period referred to in section 6.4xx.

2. July 1, 2017.

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Transition

6.6xx (1) This section applies if an electricity vendor, specified consumer or unit sub-meter provider is unable to comply with section 6.4xx for one of the following reasons:

1. There are fewer than seven days between the day of the Board's determination of rates under section 6.3xx and the effective date.

2. Technical or operational reasons.

Same

(2) In the circumstances described in subsection (1), the electricity vendor, specified consumer or unit sub-meter provider shall,

(a) adapt its invoices as soon as possible and, in any event, no later than August 1, 2017; and

(b) ensure that any specified consumer or sub-meter customer invoiced at a rate higher than the applicable rate determined by the Board receives the difference between the rate shown on their invoice and the applicable rate as a lump sum credit on the first invoice issued after the invoices have been adapted or by such other means as may be prescribed by the regulations.

Subsequent fair adjustments

7xx. The Lieutenant Governor in Council may make regulations prescribing the methodology to be applied by the Board to determine rates for electricity payable by specified consumers and sub-meter customers during the period beginning on May 1, 2018 and ending on April 30, 2022.

Sub-meter customers

7.1xx A specified consumer who provides electricity to a sub-meter customer and any unit sub-meter provider who provides unit sub-metering for the specified consumer shall ensure that the rate payable by each sub-meter customer is the applicable rate determined under this Part.

PART III
CLEAN ENERGY ADJUSTMENT

Specified consumers to pay

8xx. (1) Upon receipt of an invoice that includes an amount in respect of the clean energy adjustment, a specified consumer shall pay the amount to the electricity vendor, as agent of the investment interest owners, in accordance with such terms of payment as may be specified in the invoice, which may include terms relating to late payment fees and interest charges.

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Same

(2) For greater certainty, subsection (1) applies regardless of,

(a) whether the clean energy adjustment was determined in a manner that was inconsistent with this Act; and

(b) whether the amount payable in respect of the clean energy adjustment relates to funding obligations that were incurred in a manner that was not in material conformity with the Financing Plan.

Indebtedness of specified consumer

(4) An unpaid amount that is required to be paid by a specified consumer under this section constitutes indebtedness of the specified consumer to each investment interest owner to the extent of each owner's respective interest in the investment asset.

Same

(5) The indebtedness mentioned in subsection (4) is a single and separate debt obligation owed by the specified consumer and may be enforced independently from any other payment obligation or indebtedness owing by the specified consumer.

Recovery from sub-meter consumers

(6) A specified consumer who provides electricity to a sub-meter customer may recover amounts in respect of the clean energy adjustment payable under this section from each sub-meter customer on a pro rata basis.

Irrevocability of amount

9xx. (1) An amount in respect of the clean energy adjustment shown on an invoice issued to a specified consumer under this Act is determinative of the amount of the consumer's indebtedness resulting from the clean energy adjustment and is irrevocable upon invoicing the consumer and may not be set off or by passed.

Exception

(2) Subsection (1) does not apply to the extent that there is a clerical, typographical or calculation-related error by the electricity vendor.

Determination of clean energy adjustment
Financial Services Manager to determine

10xx. (1) The Financial Services Manager shall determine the clean energy adjustment payable by all specified consumers in respect of each month in a reference period by adding the estimated finance amount in respect of the reference period to the true up amount in respect of the reference period.

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Estimated finance amount, true up amount

(2) The estimated finance amount and the true up amount shall be determined in accordance with the regulations.

Regulations re true up amount

(3) The regulations under subsection (2) shall have regard to the following principles:

1. The true up amount should serve to ensure that the collection of the clean energy adjustment is sufficient to pay the finance amount when it is due.

2. The method for determining the true up amount should take into account historical and reasonably foreseeable,

    i. differences between the estimated and actual finance amount for the immediately preceding reference period,

    ii. differences between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs, and

    ii. variations in billings due to variations in electricity consumption.

Financial Services Manager to notify Board

(4) The Financial Services Manager shall, in accordance with the regulations, notify the Board of the clean energy adjustment and such other information related to the determination of the clean energy adjustment as may be prescribed.

Board to determine rates

(5) The Board shall, in accordance with the regulations, determine the rate at which specified consumers are invoiced to recover the clean energy adjustment in respect of the reference period.

IESO to receive amounts

11xx. (2) The IESO shall, as an agent of the investment interest owners, receive amounts in respect of the clean energy adjustment paid to it from electricity vendors in accordance with the regulations and the market rules made under section 32 of the *Electricity Act, 1998*.

Account

(3) All of the following amounts received by the IESO shall, until paid to or for the benefit of the investment interest owner in accordance with subsection (5), be deposited promptly into an account established for the purposes of receiving those amounts:

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1. Amounts described in subsection 11xx (2).

2. Payments made by specified consumers directly to the IESO as electricity vendor under subsection 8xx (1).

Same, held in trust

(4) All amounts received by the IESO in respect of the clean energy adjustment shall, until paid to or for the benefit of the investment interest owner, be received and held in trust by the IESO for the investment interest owners or a secured party to whom a security interest in an investment interest is granted under this Act.

IESO to remit

(5) The IESO shall remit amounts received by it in respect of the clean energy adjustment to or for the benefit of the investment interest owners in accordance with the regulations.

Electricity vendor to invoice specified consumers

12xx. (1) Each electricity vendor shall issue an invoice to each of its specified consumers for the amount payable by the consumer in respect of the clean energy adjustment, as determined by applying the rate set by the Board under subsection 10xx (2) and in accordance with the regulations.

Electricity vendor to report

(1.1) Each electricity vendor shall, in accordance with the regulations, promptly report to the IESO the total amount invoiced to its specified consumers in respect of the clean energy adjustment, the amount collected and such further information as may be prescribed.

Electricity vendor to collect

(2) Each electricity vendor shall, as agent of the investment interest owners, collect amounts in respect of the clean energy adjustment from specified consumers in accordance with the regulations.

Pro rating of payments

(3) If an electricity vendor receives a payment made by or on behalf of a specified consumer in respect of amounts payable under one or more invoices and the amount paid is less than the total amount payable, the electricity vendor shall allocate the payment on a pro rata basis to the clean energy adjustment and other amounts payable under the relevant invoices in respect of electricity charges in respect of the same period.

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Held in trust

(4) Payments received by an electricity vendor from or on behalf of specified consumers shall, until paid to or for the benefit of the investment interest owner in accordance with subsection (5), be received by and held by each electricity vendor in trust for the benefit of the investment interest owners.

Remittance to IESO

(5) Each electricity vendor shall remit amounts described in subsection (5) to the IESO for the benefit of the investment interest owners in accordance with the regulations.

PART IV
IMPLEMENTATION

FINANCIAL SERVICES MANAGER

Appointment

13xx. (1) Subject to subsection (2), Ontario Power Generation Inc. is appointed as the Financial Services Manager for the purposes of this Act.

Replacement

(2) The Minister may terminate an appointment of a Financial Services Manager and may, in accordance with the regulations, appoint a new person or entity as the Financial Services Manager.

Duties and powers

14xx. (1) The Financial Services Manager shall perform the duties assigned to it under this Act and may administer the investment asset on behalf of the investment interest owners.

Same

(2) The administration of the investment asset may include the following:

1. Providing information, in accordance with the regulations, to the Board in respect of funding obligations and the determination of the clean energy adjustment in accordance with section 10xx.

2. Providing information to the IESO in respect of obligations under Part III.

3. Such other matters as may be prescribed.

Review of costs

(3) The Board shall review the administrative costs of the Financial Services Manager in accordance with the regulations.

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FAIR ALLOCATION AMOUNT

Financial Services Manager to calculate fair allocation amount

15xx. (1) The Financial Services Manager shall calculate a fair allocation amount in respect of each reference period, having regard to the need to align that amount with the finance amount payable during the reference period, for the purpose of fairly measuring and allocating the estimated clean energy costs and estimated clean energy benefits among the specified consumers in respect of the reference period.

Timing of calculation

(1.1) The Financial Services Manager shall calculate a fair allocation amount in respect of each reference period before any funding obligation is incurred [by a financing entity during the reference period].

Amount

(1.2) The fair allocation amount in respect of a reference period is the sum of the following amounts:

1. The amount, if any, by which, if this Act had not been enacted, the estimated clean energy costs and estimated clean energy benefits allocated to specified consumers in respect of the reference period would have exceeded the estimated amount of the adjustments provided for under section 25.33 of the *Electricity Act, 1998* and the regulations made under that provision that would have been borne by the specified consumers in respect of clean energy costs for the reference period.

2. A portion of the value of any fair adjustment that has been made under Part II in respect of any previous reference period.

Principles

(2) In calculating the estimated clean energy costs and estimated clean energy benefits to be allocated to specified consumers in respect of a reference period, the Financial Services Manager shall [comply with the regulations and] have regard to the following principles:

1. Clean energy costs allocated to specified consumers in respect of a reference period should be allocated in proportion to the clean energy benefits attributed to the specified consumers in respect of the reference period.

2. The clean energy benefits allocated to the specified consumers in respect of a reference period should be determined in accordance with the regulations.

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3. The fair allocation calculation should include reasonable assumptions regarding the following:

    i. The time value of money or the rate of inflation, for the purpose of equating nominal amounts over time.

    ii. The expected number of specified consumers in respect of each reference period.

    iii. The expected electricity consumption rates in respect of each reference period.

Method

(3) The Financial Services Manager shall calculate a fair allocation amount in accordance with such methods as the Financial Services Manager considers appropriate, having regard to the requirements of this Act.

Notification to Minister

(4) The Financial Services Manager shall notify the Minister of the methods used to calculate the fair allocation amount and any changes to those methods.

Effective date

(6) The fair allocation calculation or an amendment to the fair allocation calculation takes effect on the day that is 30 days after the fair allocation calculation or the amendment, as the case may be, is provided to the Minister in writing.

Publication

(7) The Minister shall ensure that the fair allocation calculation and any amendments to it are made available to the public in a manner that the Minister considers appropriate.

FINANCING PLAN

Financial Services Manager to prepare Financing Plan

16xx. (1) The Financial Services Manager shall prepare a written plan entitled the Financing Plan to be used by the Financial Services Manager to evaluate whether potential funding obligations should be incurred for the purposes of acquiring an investment interest in accordance with this Act.

Plan to be provided to Minister

(1.1) The Financial Services Manager shall provide the Financing Plan to the Minister.

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Principles

(2) In preparing the Financing Plan, the Financial Services Manager shall have regard to the following principles:

1. Any incurrence of a funding obligation should reasonably align with the estimated finance amount, as determined in accordance with the regulations, that would, subject to any refinancing, become due and payable during a reference period with the fair allocation amount determined in respect of the reference period under this Part as of the time of the incurrence, in each case after reducing the fair allocation calculation by the amount of any fair adjustment in respect of the reference period.

2. Incurrences should be implemented in a manner that, in the opinion of the Financial Services Manager, is reasonable, cost effective and that reflects prevailing market terms and conditions.

3. Reasonable assumptions should be made regarding such matters as may be prescribed.

Limitation, first five year period

(4) In respect of each reference period from May 1, 2017 to April 30, 2022, no funding obligation shall be incurred that would become payable during the reference period and result in amounts payable in respect of the clean energy adjustment in respect of the reference period unless,

(a) no fair adjustment has been made under Part II in respect of the reference period; or

(b) if a fair adjustment has been made under Part II in respect of the reference period, the funding obligations incurred would not be payable during the reference period in an amount that exceeds the [difference between the fair allocation amount in respect of the reference period and the amount of the fair adjustment in respect of the reference period].

Other reports

(3.1) The Financial Services Manager shall submit to the Minister such reports and information as the Minister may require from time to time and shall, if required by the Minister to do so, examine, report and advise on any question relating to the Financing Plan.

Confidentiality

(5) The following are deemed to be records subject to clauses 18 (1) (c) and (d) of the *Freedom of Information and Protection of Privacy Act*:

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1. The Financing Plan.

2. Reports referred to in subsection (3.1).

3. Any other document that would reveal information contained in the Financing Plan or the reports.

Amendments to plan

(6) The Financial Services Manager may amend the Financing Plan at any time.

Same

(7) In the event that the Financing Plan is amended, any reference in this section to the Financing Plan is deemed to be a reference to the plan as amended.

Implementation of Financing Plan

17xx. (1) The Financial Services Manager shall incur funding obligations in material conformity with the applicable Financing Plan.

Same

(2) For greater certainty, subsection 17xx (5) applies despite the failure of the Financial Services Manager to comply with subsection (1).

Financing entities

(3) In accordance with the Financing Plan, the Financial Services Manager may establish or cause to be established one or more financing entities that may incur funding obligations.

Prohibition

(3.1) The Financial Services Manager shall not provide for funding obligations to be incurred with any recourse to any assets of an electricity vendor, the Board, Ontario Power Generation Inc., the Province or the Lieutenant Governor in Council, except to the extent that any of these persons or entities may be liable to perform obligations or duties arising under this Act or under the express terms of a funding obligation or other agreement.

Effect of amendment to fair allocation amount

(4) Each funding obligation incurred and each transfer made by a financing entity is deemed to be consistent with the Financing Plan and [the fair allocation amount].

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PART V
THE REGULATORY ASSET

IESO funding shortfall

20xx. (1) The IESO funding shortfall for each month shall be determined in accordance with the regulations.

Electricity vendors to provide information

(2) Electricity vendors shall provide to IESO such information as IESO may reasonably request for the purposes of determining the IESO shortfall under subsection (1) and such further information as may be prescribed.

Same

(3) IESO may rely on information provided by electricity vendors for the purposes of the determination under subsection (1).

Variance account to be established, maintained

20.1xx (1) The IESO shall establish and maintain a variance account for the purposes of this section.

Recording in variance account

(2) The IESO shall record the following in the variance account:

1. The amount of the IESO funding shortfall for each month.

2. All payments received by the IESO resulting from the exercise of the right of recovery under section 21xx and any transfer under section 22xx.

3. Such other adjustments as may be prescribed.

Recording determinative

(3) Subject to any finding of [manifest error], a recording by the IESO in the variance account of the balance is, as of the time of the recording, determinative of the balance at the time.

Rights of investment interest owner

(4) No change made by IESO to the balance in the variance account shall, if the previous balance was relied upon by an investment interest owner in the context of a transfer under section 22x, affect the rights of the investment interest owner acquired under the transfer.

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Regulatory asset established

21xx. (1) The IESO has the right, exercisable in accordance with this Act and the regulations, to recover the balance recorded in the variance account from specified consumers.

Limitation

(2) Despite subsection (1), the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2022.

Board to set rates

(3) The Board shall, from time to time, determine and set rates payable by specified consumers to allow for IESO to recover the balance recorded in the variance account.

Same, limitations

(4) The Board's powers under subsection (3) shall be exercised in accordance with the regulations.

Transfer of regulatory asset

22xx. (1) The IESO may from time to time transfer all or a portion of the regulatory asset to any financing entity.

Same

(2) Upon receipt by IESO of payment in consideration of a transfer of all or a portion of the regulatory asset, the transfer shall be valid and enforceable against the IESO and the IESO shall retain no further right, title or interest in, or any obligations in respect of, the regulatory asset or in the investment asset created by the transfer.

Same

(3) Upon transfer, the financing entity acquires an investment interest and becomes an investment asset owner.

Validity of transfer

23xx. (1) A transfer of a regulatory asset under this Act is a valid and enforceable sale and absolute transfer to the investment interest owner of the regulatory asset.

Same

(2) Without limiting subsection (1), any transfer that by its terms is intended to constitute a sale or absolute transfer shall be treated for all purposes as an absolute transfer of IESO's right to recover the IESO funding shortfall, and not merely as a security interest, and upon the absolute transfer the transferor shall retain no right, title or interest in the regulatory asset, including all rights to recover the IESO funding shortfall.

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Deemed perfection, etc.

(3) At the time a transfer of a regulatory asset is made, the transfer shall be deemed to have been and shall be perfected, vested, valid and binding as against the transferor and all other persons who have claims of any kind against the transferor.

Priority of transfer

(4) Subsection (3) applies regardless of whether the persons who have claims have received notice of the transfer and the property rights and interests acquired by the transferee shall have priority over any liens in favour of those persons.

PART VI
THE INVESTMENT ASSET

Effect of transfer

24xx. (1) The first transfer of the regulatory asset or a portion of it creates the investment asset.

Same

(2) Upon any transfer of all or a portion of the regulatory asset to a financing entity, the investment asset resulting from the transfer is immediately vested in the financing entity, free and clear of any adverse claim, and the financing entity becomes an investment interest owner and acquires an investment interest**.**

Investment asset established

25xx. (1) The investment asset constitutes a current and irrevocable property right and interest consisting, collectively, of the following rights and interests of investment interest owners:

1. The right to impose, invoice, collect, receive and recover amounts in respect of the clean energy adjustment from specified consumers, including the right to determine the clean energy adjustment in accordance with this Act.

2. The right to receive, collect and recover amounts in respect of the clean energy adjustment that are imposed, invoiced and recoverable under this Act, including any amounts in respect of the clean energy adjustment that are held by electricity vendors or other prescribed parties.

3. All rights and entitlements under such accounts as may be prescribed by regulation and all amounts on deposit in such accounts.

4. The right to enforce the duties and obligations under this Act of each electricity vendor to impose, attribute, charge and invoice for amounts in respect of the clean energy adjustment.

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5. The right to enforce the duties and obligations under this Act of each electricity vendor to collect, receive and remit amounts received by it in respect of the clean energy adjustment, including all collections and the proceeds of any enforcement action undertaken by an electricity vendor to recover payment of amounts in respect of the clean energy adjustment.

6. All rights of any kind related to any of the other property rights or interests that comprise the investment interest.

7. All revenue, collections, claims, payments, money and proceeds of or derived from the rights described in paragraphs 1 to 6, regardless of whether it is invoiced, collected and maintained together with or commingled with other revenue, collections, claims, payments, money and proceeds.

Not affected by failure to impose etc. clean energy adjustment

(1.1) An investment interest is not affected by any failure to impose, attribute, invoice, accrue or collect amounts in respect of the clean energy adjustment.

No set off, etc.

(2) The investment asset shall not be set off,

(a) by a consumer, an electricity vendor, an agent of the investment interest owner or an owner of distribution system assets in the Province;

(b) in connection with any default of a person mentioned in clause (a); or

(c) by any affiliate or successor of a person mentioned in clause (a).

Exercise of rights

(3) The rights of the investment asset owner to collect and enforce its rights and interests in, to and in respect of the investment asset against a specified consumer shall be exercised in accordance with Part III of this Act.

Collective action required

(4) If the investment interest owner owns a right or interest in the investment asset that comprises less than the entire property right and interest constituted by the investment asset, the right or interest shall only be enforced by the investment interest owner collectively and in coordination with all other investment interest owners, and any agreement among that collective in furtherance of the collective action shall be valid and binding on the investment interest owner as a collective in accordance with its terms.

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Transfer of investment interest

26xx. An investment interest owner may transfer all or a portion of its rights and interests in an investment interest to any other investment interest owner, including by way of a transfer of a divided or an undivided interest, in accordance with the Financing Plan.

Validity of transfer

27xx. (1) A transfer of an investment interest under this Act is a valid and enforceable sale and absolute transfer of the investment interest and confers upon the investment asset owner a valid property right and interest in, to and under the applicable investment interest in accordance with the terms of the transfer.

Same

(2) Without limiting subsection (1), a transfer that by its terms is intended to constitute a sale or absolute transfer shall be treated for all purposes as an absolute transfer of an investment interest owner's right, title and interest in, to and under an investment interest, and not merely as a security interest, and upon such absolute transfer the transferor shall retain no right, title or interest in the investment interest, subject to the transfer, including all rights to the investment interest arising after the transfer.

Deemed perfection, etc.

(3) At the time a transfer of an investment interest is made, the transfer shall be deemed to have been and shall be perfected, vested, valid and binding as against the transferor and all other persons who have claims of any kind against the transferor.

Priority of transfer, assignment, etc.

(4) Subsection (3) applies regardless of whether the persons who have claims have received notice of the transfer and the property rights and interests acquired by the investment interest owner shall have priority over any liens in favour of such other persons.

Investment interest owner may grant security interest

28xx. (1) An investment interest owner may grant a security interest over all or a specified portion of its right, title and interest in, to and under the investment interest to or in favour of any person to secure a funding obligation.

Validity

(2) A security interest granted under this Act shall be valid and enforceable in accordance with its terms.

Perfection and priority of security interests

(3) All provisions of the *Personal Property Security Act* shall apply to the investment asset and each investment interest on the basis that it is intangible personal property,

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except as otherwise provided for in this section, and any granting of a security interest by the investment interest owner to secure a funding obligation shall, subject to the terms of the funding obligation, give rise to a security interest in respect of which that Act applies and may be perfected by filing a financing statement under that Act on that basis.

Proceeds

(4) All proceeds of an investment interest that are subject to the security interest and that are received by the applicable investment interest owner shall immediately be subject to the security interest and shall be perfected without any physical delivery of the proceeds, registration of any financing statement or any further act.

Perfection

(5) The security interest shall be a continuously perfected security interest and shall have priority over any other lien, created by operation of law or otherwise, that may subsequently attach to the property rights and interests in the investment interest subject to the security interest, subject to the written consent of the person to whom the security interest has been granted.

Same

(6) The person to whom the security interest has been granted shall have a perfected security interest in revenues or other proceeds that are deposited in any ccount of any electricity vendor, an agent of an electricity vendor or other person who may have commingled such revenues or other proceeds with other funds.

Notice required

(7) The secured party shall be entitled to exercise the rights of an investment interest owner only after the secured party has given notice of the enforcement of its security interest to the IESO.

Definition

(8) For the purposes of this section, a security interest is perfected when it is perfected as described in the *Personal Property Security Act*.

PART VI
MISCELLANEOUS

Appointment of agent, invoicing or collection

29xx. If a prescribed circumstance applies, the Lieutenant Governor in Council may by regulation appoint a person to carry out some or all of the obligations of an electricity vendor under this Act in the place of an electricity vendor with respect to invoicing or collection.

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Not Crown agent

30xx. For greater certainty, no agent appointed under this Act is an agent of the Crown for any purpose, despite the *Crown Agency Act*.

Sequestration

31xx. (1) A court in the Province may, upon application by an investment interest owner or a secured party, order the sequestration and payment of amounts in respect of the clean energy adjustment, collections and remittances, as applicable, for the benefit of the investment interest owner or secured party by any person or entity authorized to collect amounts in respect of the clean energy adjustment, including defaults on any required remittance of amounts in respect of the clean energy adjustment, collections or remittances.

Same

(2) An order under subsection (1) does not limit any other remedies available to the applicant.

Choice of law

32xx. The law governing, as applicable, the validity, enforceability, attachment, perfection, priority and exercise of remedies with respect to the transfer of an interest or right or creation of a security interest in the regulatory asset, the investment asset, the clean energy adjustment or the undertaking of the Crown under section x shall be the laws of the Province.

Conflict

33xx. The provisions of this Act and the regulations apply despite any provision of any other Act regarding the attachment, assignment or perfection, or the effect of perfection or priority of any transfer or security interest.

No further approvals, etc.

34xx. Despite any requirement under any Act, no approvals, notices or authorizations other than those specified in this Act are required to be taken under the Financing Plan or in relation to the determination of the fair allocation amount.

Immunity

35xx. (1) No action or other proceeding for damages shall be instituted against any employee of the Province, IESO, OPG or OEB for any act done in good faith in the execution or intended execution of any duty or authority under this Act or for any alleged neglect or default in the execution in good faith of any duty or authority under this Act.

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Same

(2) Despite subsections 5 (2) and (4) of the *Proceedings Against the Crown Act*, subsection (1) does not relieve the Crown of liability in respect of a tort committed by a person mentioned in subsection (1) to which it would otherwise be subject.

References in marketing materials and offering documents

36xx. No person shall include, in marketing materials or offering documents relating to the financing of funding obligations, references to any rights, obligations, guarantees or undertakings arising under section 5xx unless the prescribed requirements, if any, are satisfied.

Non-application, Financial Administration Act, s. 28[5]

37xx. Section 28 of the *Financial Administration Act* does not apply with respect to any transaction or agreement or undertaking required, permitted, contemplated or authorized, directly or indirectly, under this Act.

Regulations

38xx. The Lieutenant Governor in Council may make regulations in respect of the following matters:

1. [6]Governing anything that is required or permitted to be prescribed or that is required or permitted to be done by, or in accordance with, the regulations or as authorized, specified or provided in the regulations.

2. Defining, for the purposes of a regulation, words and expressions used in this Act that are not defined in the Act.

x. Prescribing types of payment obligations that constitute funding obligations;

x. governing the calculation [true-up amount] and how the amount is to be applied to the clean energy adjustment;

x. governing the inclusion of information under this Act on invoices, which may include requiring notice to be provided by electricity vendors to specified persons regarding the adjustments;

x. governing the inclusion of information about the clean energy adjustment and any other matters provided for under this Act on invoices issued to specified consumers, including the form that the information must take and the form of

[5] FLS - see s. 51 of the Electricity Act, 1998

[6] FLS - see s. 78 (1) of the Climate Change Mitigation and Low-carbon Economy Act, 2016 - paras. 1 and 2.

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the invoices and any notice to be provided to the specified consumer under this Act[7];

x. prescribing the time within which any action required by this Act may be required to be done;

x. Providing for such other matters as the Lieutenant Governor in Council considers advisable to carry out the purpose of this Act.

PART VII[8]
AMENDMENTS TO OTHER ACTS

ELECTRICITY ACT, 1998

200x. (1) Subsection 6 (1) of the *Electricity Act, 1998* is amended by adding the following clauses:

(q.0.1) to exercise the powers and rights and to perform the duties and obligations assigned to it under the *Ontario Fair Hydro Plan Act, 2017* and to engage in activities to facilitate the implementation of the *Ontario Fair Hydro Plan Act, 2017*, including,

(i) entering into agreements or arrangements with any person for the purposes of the *Ontario Fair Hydro Plan Act, 2017*;

(ii) engaging in activities related to making payments to and receiving payments as contemplated under the *Ontario Fair Hydro Plan Act, 2017* and to engage in related settlement activities;

(iii) engaging in activities related to the creation, transfer and administration of the regulatory asset created under the *Ontario Fair Hydro Plan Act, 2017*, which activities may include,

(iv) incurring liabilities in relation to the regulatory asset

(v) transferring the regulatory asset for consideration;

(vi) acting as a recovery agent under the *Ontario Fair Hydro Plan Act, 2017*;

[7] FLS - see *OEBA s.79.17 and 88(1)(z.11) and (z.12)*
[8] FLS: These amendments are drawn from previous drafting contained in gov2016.146.e05 (which was drafted as amendments to the EA, 1998).

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200.1xx (1) Subsection 25.33 (1) of the Act is amended by striking out "and" at the end of clause (a) and by adding the following clauses:

(c) amounts paid to or received from a [prescribed] financial services entity or [a financing entity prescribed under] the *Ontario Fair Hydro Plan Act, 2017* and any related amounts; and

(d) amounts collected from consumers who are [specified consumers within the meaning of] the *Ontario Fair Hydro Plan Act, 2017* in respect of the clean energy adjustment and any related amounts.

(1.1) Subsection 25.33 (2) of the Act is amended by striking out "and" at the end of clause (a) and by adding the following clauses:

(c) amounts paid to or received from a [prescribed] financial services entity or [a financing entity prescribed under] the *Ontario Fair Hydro Plan Act, 2017* and any related amounts; and

(d) amounts collected from consumers who are [specified consumers within the meaning of] the *Ontario Fair Hydro Plan Act, 2017* in respect of the clean energy adjustment and any related amounts.

(2) Subsection 25.33 (3) of the Act is amended by adding the following paragraph:

4. A consumer who is,

   i. a [specified consumer within the meaning of] the *Ontario Fair Hydro Plan Act, 2017*, or

   ii. prescribed by the regulations [made under the *Ontario Energy Board Act, 1998]*.

(3) Clause 25.33 (4) (b) of the Act is amended by adding "or as may be required under a regulation made under the *Ontario Fair Hydro Plan Act, 2017* or the *Ontario Energy Board Act, 1998*" at the end.

(4) Subsection 25.33 (5) of the Act is amended by adding "or under the *Ontario Fair Hydro Plan Act, 2017*" at the end

201x. Section 53.1 of the Act is amended by adding the following subsections:

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Same, *Ontario Fair Hydro Plan Act, 2017*

53.1 (1.1) In addition to the objects mentioned in subsection (1), the objects of Ontario Power Generation Inc. include exercising the powers and rights and performing the duties and obligations assigned to it under the *Ontario Fair Hydro Plan Act, 2017* and engaging in activities to facilitate the implementation of that Act, including entering into contracts and undertakings on behalf of financing entities, subject to the right to be paid by the financing entities for those services.

Subsidiaries, etc.

(1.2) Ontario Power Generation Inc. may create or invest in one or more subsidiaries, trusts, partnerships or special purpose entities in order to more efficiently conduct its activities or achieve its objects.

Deemed assets, entity

(1.3) Despite any other provision of this Act, the *Business Corporations Act* or any other Act,

(a) the assets and liabilities of a special purpose financing entity shall not form part of the assets and liabilities of Ontario Power Generation Inc. or any of its subsidiaries; and

(b) the assets and liabilities of Ontario Power Generation Inc. or any of its subsidiaries shall not form part of the assets and liabilities of a financing entity.

Definition, financing entity

(1.4) For the purposes of this section, "financing entity" has the same meaning as in the *Fair Hydro Plan Act, 2017*.

AMENDMENTS TO ONTARIO ENERGY BOARD ACT, 1998

204x. Subsection 1 (1) of the *Ontario Energy Board Act, 1998* is amended by adding the following paragraph:

6. To facilitate the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

205x. Subsection 70 (2.1) of the Act is amended by adding the following paragraph:

4. The licensee is required to comply with the *Ontario Fair Hydro Plan Act, 2017*.

206x. Section 78.1 of the Act is amended by adding the following subsection:

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Same, limitation re Ontario Power Generation Inc.

(3) The determination of a payment to Ontario Power Generation Inc. under this section shall not include any consideration of amounts related to activities of Ontario Power Generation Inc. carried out in relation to the *Ontario Fair Hydro Plan Act, 2017*.

Same

(3.1) The amounts referred to in subsection (3) include, without limitation, the following:

1. Amounts related to the appointment of Ontario Power Generation Inc. as the Financial Services Manager under the *Ontario Fair Hydro Plan Act, 2017*.

2. Amounts related to the charging of fees for performing duties as the Financial Services Manager.

3. Amounts related to exercising the powers and performing the duties of the Financial Services Manager.

4. Amounts related to the consolidation of the assets and liabilities for accounting purposes of any special purpose financing entities established under and for the purposes of that Act.

Short Title - this proposal for legislation would, if approved by the Legislature, have a short title to be determined by Government.

Timing – this proposal for legislation would, if approved by the Legislature, come into force on a date to be established by Government.

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From:	Whitfield, Tobias P. (MOF)
To:	Mike Manning; Gadi Mayman; Anna Strathy; Ronald Kwan; John Kim; Malle Hanslep (MOF); Ken Kandeepan; Michael Waterston (MOF)
Subject:	Fw: Ontario Fair Hydro Plan
Date:	Wednesday, April 26, 2017 4:23:18 PM
Attachments:	Fair Hydro Plan Act (April 26 2017) Consultation v4.docx

Please see attached the latest draft of the legislation. My understanding is that there is only room to make small tweaks based on the timeline right now.

Please note that Energy has not removed the exemption from section 28 in this draft. I am not sure if there has been any further discussion on that subject, but I think that if we want to push back on this issue it needs to be communicated as soon as possible.

Also, there is new language around the guarantee, but it does not contemplate the current plan to have both Ministers sign the guarantee. I have let Energy Legal know that this would make sense to change.

Best
Toby

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Sent: Wednesday, April 26, 2017 3:19 PM
To: Whitfield, Tobias P. (MOF)
Subject: FW: Ontario Fair Hydro Plan

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April 26, 2017

Hi, Toby. I am pleased to attach the most recent version of the draft legislation pertaining to the electricity rate reductions and intergenerational cost transfer.

Thanks for your help on all of this, and note that this version does not include amendments to EA ss.89 and 90 (PILS amendments). Those discussions are ongoing between MOF policy, OPG/Tory's and ENERGY is awaiting those discussions to close before finalizing the legislation on these matters.

Best regards,

James

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Version 4

This confidential draft document is provided for discussion purposes only. It should not be construed as representing the position adopted by the Government of Ontario on any of the topics included or not included in this document. The notes included in this document are intended only to help facilitate a discussion of the topics to which they relate. Any potential legislation is subject to the approval of the Ontario Legislature.

A proposal to create Legislation.

An Act to provide for the fair allocation of costs of electricity over time, if enacted

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A proposal to create Legislation.

An Act to provide for the fair allocation of costs of electricity over time, if enacted

EXPLANATORY NOTE TO BE ADDED BY LEGISLATIVE COUNSEL TO ANY FINAL BILL PRIOR TO INTRODUCTION.

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Preamble

The Government of Ontario is committed to fostering the development of a clean, modern and reliable electricity system with a diverse supply mix. The Government is also committed to removing barriers to and promoting opportunities for renewable and clean energy projects.[1] These commitments can only be achieved if costs are shared fairly among consumers, today and in the future.

Electricity rates have risen for two key reasons. First, decades of under-investment in the electricity system resulted in the need to invest more than $50 billion in generation, transmission and distribution assets to ensure the system is clean and reliable. Second, the decision to eliminate Ontario's use of coal and produce clean, renewable power has created additional costs.

The actions taken to achieve a clean, modern and reliable electricity system have resulted in significant costs to consumers today. The burden of financing these system improvements and funding key programs has unfairly fallen almost entirely on the shoulders of today's consumers.

The Government of Ontario is committed to ensuring that the costs of financing these investments and the associated charges to consumers are allocated fairly among present and future generations of consumers.

Recognizing that the electricity infrastructure that has been built and the policy decisions that have been made will create benefits for years to come, costs should be allocated fairly over time, so that consumers in the future pay their fair share for the benefits that they receive from the investments already made.

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PART I
GENERAL

Interpretation
Definitions

1xx. (1) In this Act,

"Board" means the Ontario Energy Board; ("French")

"clean energy adjustment" means the amount determined under section 10xx; ("French")

"clean energy benefits" means the value of the benefits determined to be derived by or accruing to the specified consumers as a result of the clean energy initiative, including as a result of clean energy costs; ("French")

"clean energy costs" means the value of the costs allocated to specified consumers as a result of the clean energy initiative, including as a result of past, present and expected costs incurred in respect of,

(a) the estimated amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the *Electricity Act, 1998* or any provision that is the successor to that provision, which relate to contracts for,

(i) renewable energy generation or capacity,

(ii) conservation and demand management,

(iii) energy storage,

(iv) energy efficiency,

(v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the *Ontario Energy Board Act, 1998* and excluding such other contracts as may be prescribed, or

(vi) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*, and

(b) such other estimated costs as may be prescribed; ("French")

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"clean energy initiative" means the policies of the Government of Ontario related to,

(a) fostering the growth of and investment in clean and renewable energy sources and technologies,

(b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies, and

(c) promoting conservation and demand management; ("French")

"electricity vendor"[2] means,

(a) a licensed distributor,

(b) a licensed retailer,

(c) the IESO in circumstances where the IESO directly invoices a specified consumer, or

(d) such other person as may be prescribed; ("French")

"fair allocation amount" means the amount determined in under section 15xx;

"financing entity" means an entity established or caused to be established under subsection 17xx (3); ("French")

"Financial Services Manager" means the Financial Services Manager appointed under section 13xx; ("French")

"Financing Plan" means the plan prepared under section 16xx, as amended from time to time in accordance with this Act; ("French")

"funding obligation" means,

(a) a payment obligation incurred in connection with the transfer of a regulatory asset or the refinancing of an existing funding obligation, or

(b) a payment obligation that meets such other criteria as may be prescribed; ("French")

[2] FLS - this is similar to the definition of "electricity vendor" in the Ontario Rebate for Electricity Consumers Act, 2016

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"IESO" means the Independent Electricity System Operator continued under Part II of the *Electricity Act, 1998*; ("SIERE")

"IESO funding shortfall" means the amount determined under section 20xx; ("French")

"investment asset" means the rights and interests described in section 22xx; ("French")

"investment interest owner" means a financing entity that has acquired and holds an investment interest; ("French")

"investment interest" means,

(a) an ownership interest in the investment asset, and

(b) in circumstances where the ownership interest is transferred, the rights and benefits specified in the agreement under which the interest is transferred; ("French")

"invoice amount" means, in respect of an invoice period, the sum of the amounts set out in subsection (2.1) in relation to the provision of electricity in Ontario to a specified consumer; ("French")

"invoice period" means the period in respect of which an invoice amount applies, as specified on an invoice issued by an electricity vendor; ("French")

"licensed distributor" means a person licensed under Part V of the *Ontario Energy Board Act, 1998* to own or operate a distribution system; ("French")

"licensed retailer" means a person who is licensed under Part V of the *Ontario Energy Board Act, 1998* to retail electricity; ("French")

"Minister" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of this Act under the *Executive Council Act*; ("ministre")

"Ontario Power Generation Inc." means the corporation incorporated as Ontario Power Generation Inc. under the *Business Corporations Act* on December 1, 1998; ("Ontario Power Generation Inc.")

"prescribed" means prescribed by the regulations; ("prescrit")

"reference period" means,

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(a) the period beginning on May 1, 2017 and ending on October 31, 2017, and

(b) during the period beginning on November 1, 2017 and ending on April 30, 2047,

(i) every six-month period following the period mentioned in clause (a); or

(ii) any period shorter than six months, as may be prescribed; ("French")

"refinancing" means, subject to the regulations, a redemption, repayment or repurchase of a funding obligation; ("French")

"regulation" means a regulation made under this Act; ("règlement")

"regulatory asset" means the right and interest established under section 21xx; ("French")

"specified consumer" means,

(a) a person who has an account with an electricity vendor for the supply of electricity in Ontario and meets the criteria set out in subsection (2); or

(b) such other person as may be prescribed; ("French")

"sub-meter customer" means a person who is supplied electricity by a specified consumer, if an invoice for the electricity is issued to the person by the specified consumer, by an agent of the specified consumer or by a unit sub-meter provider providing unit sub-metering for the specified consumer; ("French")

"transfer" means [TBD]; ("French")

"unit sub-metering" has the same meaning as in the *Energy Consumer Protection Act, 2010*; ("activités liées aux compteurs divisionnaires d'unité")

"unit sub-meter provider" has the same meaning as in the *Energy Consumer Protection Act, 2010*; ("fournisseur de compteurs divisionnaires d'unité")

Specified consumers

(2) For the purposes of clause (a) of the definition of "specified consumer" in subsection (1), the person must meet any one of the following criteria:

1. The person has a demand for electricity of 50 kilowatts or less, or such other amount as may be prescribed.

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2. The person annually uses not more than 250,000 kilowatt hours of electricity, or such other amount as may be prescribed.

3. The person carries on a business that is a farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act, 1993* and either holds a valid registration number assigned under that Act or the has had the obligation to file a farming business registration form waived pursuant to an order made under subsection 22 (6) of that Act.

4. The person's account with the electricity vendor relates to,

    i. a dwelling,

    ii. a property within the meaning of the *Condominium Act, 1998*,

    iii. a residential complex within the meaning of subsection 2 (1) of the *Residential Tenancies Act, 2006*, without regard to section 5 of that Act, or

    iv. a property that includes one or more housing units and that is owned or leased by a co-operative within the meaning of the *Co-operative Corporations Act*.

5. The person satisfies such criteria as may be prescribed.

Invoice amount

(2.1) Subject to the regulations, the invoice amount for a specified consumer in respect of an invoice period includes the following amounts:

1. In circumstances where the electricity is provided by a licensed distributor or a licensed retailer, the following amounts in respect of the invoice period:

    i. The commodity price of the electricity used.

    ii. The rates and charges set out in the applicable rate order issued by the Board under subsection 78 (3) of the *Ontario Energy Board Act, 1998* and in effect on April 30, 2017.

    iii. Any adjustment on the invoice required under section 25.33 of the *Electricity Act, 1998*.

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iv. The amount of any harmonized sales tax payable by the consumer under Part IX of the *Excise Tax Act* (Canada) in respect of the amounts mentioned in subparagraphs i, ii and iii;

v. Any other amounts as may be prescribed.

2. In circumstances where the electricity is provided by the IESO or other prescribed entity, such amounts as may be prescribed in respect of the invoice period. ("French")

Same, exclusions

(2.2) Subject to the regulations, an invoice amount does not include any of the following amounts:

1. The balance of any amounts carried forward from previous invoices in respect of previous invoice periods.

2. Penalties or interest.

3. Charges that do not relate to the use of electricity.

4. Any of the following charges that may be set out in an order issued by the Board under subsection 78 (3) of the *Ontario Energy Board Act, 1998*:

   i. A fixed monthly service charge payable by a generation facility within the meaning of section 56 of the *Ontario Energy Board Act, 1998* and classified as "microFIT".

   ii. A charge labelled as a "specific service charge" or "retail service charge".

   iii. A rate rider [of the prescribed type or class].

5. Any other prescribed amounts.

Effect of invalidity, etc.[3]

2xx. (1) For greater certainty, all of the provisions of this Act remain in full force and effect, even if one or more provisions are held to be invalid, the intention of the Legislature being to give separate and independent effect to the extent of its powers to every provision contained in this Act.

[3] FLS: this is from the *Climate Change Mitigation and Low-carbon Economy Act, 2016*

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Same, funding obligation

(2) The fact that any provision of this Act is held to be invalid or ceases to be in effect for any reason does not affect the validity or enforceability of a funding obligation incurred under this Act before the day that the provision is held to be invalid or ceases to be in effect, or any rights or obligations associated with the funding obligation.

Purpose

3xx. (1) The purposes of this Act are,[4]

(a) to ensure that clean energy costs are fairly allocated among present and future specified consumers and reflect the fair allocation; and

(b) to recognize that clean energy benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in the Province.

Crown bound

4xx. This Act binds the Crown.

Protection and assurances

Prohibition

5xx. (1) The Crown shall not do anything that would,

(a) hinder, delay, impair or prejudice the charging, collection or remittance of amounts in respect of the clean energy adjustment;

(b) except as expressly permitted by this Act, reduce the clean energy adjustment determined under this Act or lower the priority of the clean energy adjustment over other debts; or

(c) adversely affect an investment asset or a funding obligation.

Clarification with respect to regulations

(2) For greater certainty, the things prohibited under subsection (1) include the making or approving of a regulation under this Act.

Agreements for compensation

(3) The Minister may, with the approval of the Lieutenant Governor in Council, enter into agreements on behalf of the Province of Ontario with any person in respect of this Act, including agreements regarding the performance of IESO or electricity vendors under this Act or similar transactions.

[4] FLS: Please see the *Electricity Act, 1998* for much of the wording proposed in this section.

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Guarantee, indemnification

(4) The Lieutenant Governor in Council may by order,

(a) authorize the Minister of Finance, on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and

(ii) to determine terms and conditions and the amount on which the guarantee or indemnity will be given;

(b) impose terms and conditions, as it considers advisable, on which the Minister of Finance may, on behalf of the Province, agree to guarantee or indemnify as described in subclause (a) (ii); and

(c) specify a maximum liability for the guarantee or indemnity.

PART II
FAIR ADJUSTMENT OF ELECTRICITY RATES

Definitions

6xx. In this Part,

"effective date" means the date determined under section 6.5xx; ("French")

"RPP rate" means the rate determined by the Board under clause 79.16 (1) (b) of the *Ontario Energy Board Act, 1998*, which rate is commonly referred to as the Regulated Price Plan"; ("French")

"specified RPP consumer" means a specified consumer who meets the following criteria:

1. The consumer is a member of the class of consumers prescribed by the regulations made under the *Ontario Energy Board Act, 1998* for the purposes of subsection 79.16 (1) of that Act.

2. The consumer is subject to the RPP rate. ("French")

Specified RPP consumer, first fair adjustment

6.1xx (1) The rate for electricity payable by a specified RPP consumer for the period beginning on the effective date and ending on April 30, 2018 is the rate required for a specified RPP consumer who meets the prescribed criteria to receive a monthly invoice

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amount that is 25 per cent lower than the monthly invoice amount for that consumer under the comparison rate described in subsection (2).

Comparison rate

(2) The comparison rate is the rate that would be effective May 1, 2017, determined by the Board solely using the method prescribed by the regulations made under clause 79.16 (1) (b) of the *Ontario Energy Board Act, 1998*.

Same

(3) For the purposes of subsection (2), the applicable method is the method on the day this section comes into force.

Specified consumers (non-RPP), first fair adjustment

6.2xx The rate for electricity payable by a specified consumer who is not a specified RPP consumer for the period beginning on the effective date and ending on April 30, 2018 is the rate that would be necessary in order for [the monthly global adjustment rate] in respect of a specified consumer who is not a specified RPP consumer (RPP) and who meets the prescribed criteria to be reduced by the same amount as the difference between the comparison rate referred to in subsection 6.1xx (2) and the rate determined under subsection 6.1xx (1).

Determination by Board

6.3xx The Board shall determine the rates mentioned in sections 6.1xx and 6.2xx no later than seven business days after the day this section receives Royal Assent.

Implementation of rates

6.4xx Each electricity vendor, [specified consumer who provides electricity to a sub-meter customer and unit sub-meter provider who provides unit sub-metering for a specified consumer] shall, no later than seven business days after the day on which the Board determines the rates under section 6.3xx, adapt is billing practices and invoices to reflect the new rates.

Effective date

6.5xx The rates determined under section 6.3xx are effective on the earlier of the following days:

1. The first day of the month immediately following the last day of the seven-day period referred to in section 6.4xx.

2. July 1, 2017.

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Transition

6.6xx (1) This section applies if an electricity vendor, specified consumer or unit sub-meter provider is unable to comply with section 6.4xx for one of the following reasons:

1. There are fewer than seven days between the day of the Board's determination of rates under section 6.3xx and the effective date.

2. Technical or operational reasons.

Same

(2) In the circumstances described in subsection (1), the electricity vendor, specified consumer or unit sub-meter provider shall,

(a) adapt its invoices as soon as possible and, in any event, no later than August 1, 2017; and

(b) ensure that any specified consumer or sub-meter customer invoiced at a rate higher than the applicable rate determined by the Board receives the difference between the rate shown on their invoice and the applicable rate as a lump sum credit on the first invoice issued after the invoices have been adapted or by such other means as may be prescribed by the regulations.

Subsequent fair adjustments

7xx. The Lieutenant Governor in Council may make regulations prescribing the methodology to be applied by the Board to determine rates for electricity payable by specified consumers and sub-meter customers during the period beginning on May 1, 2018 and ending on April 30, 2022.

Sub-meter customers

7.1xx A specified consumer who provides electricity to a sub-meter customer and any unit sub-meter provider who provides unit sub-metering for the specified consumer shall ensure that the rate payable by each sub-meter customer is the applicable rate determined under this Part.

PART III
CLEAN ENERGY ADJUSTMENT

Specified consumers to pay

8xx. (1) Upon receipt of an invoice that includes an amount in respect of the clean energy adjustment, a specified consumer shall pay the amount to the electricity vendor, as agent of the investment interest owners, in accordance with such terms of payment as may be specified in the invoice, which may include terms relating to late payment fees and interest charges.

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Same

(2) For greater certainty, subsection (1) applies regardless of,

(a) whether the clean energy adjustment was determined in a manner that was inconsistent with this Act; and

(b) whether the amount payable in respect of the clean energy adjustment relates to funding obligations that were incurred in a manner that was not in material conformity with the Financing Plan.

Indebtedness of specified consumer

(4) An unpaid amount that is required to be paid by a specified consumer under this section constitutes indebtedness of the specified consumer to each investment interest owner to the extent of each owner's respective interest in the investment asset.

Same

(5) The indebtedness mentioned in subsection (4) is a single and separate debt obligation owed by the specified consumer and may be enforced independently from any other payment obligation or indebtedness owing by the specified consumer.

Recovery from sub-meter consumers

(6) A specified consumer who provides electricity to a sub-meter customer may recover amounts in respect of the clean energy adjustment payable under this section from each sub-meter customer on a pro rata basis.

Irrevocability of amount

9xx. (1) An amount in respect of the clean energy adjustment shown on an invoice issued to a specified consumer under this Act is determinative of the amount of the consumer's indebtedness resulting from the clean energy adjustment and is irrevocable upon invoicing the consumer and may not be set off or by passed.

Exception

(2) Subsection (1) does not apply to the extent that there is a clerical, typographical or calculation-related error by the electricity vendor.

Determination of clean energy adjustment
Financial Services Manager to determine

10xx. (1) The Financial Services Manager shall determine the clean energy adjustment payable by all specified consumers in respect of each month in a reference period by adding the estimated finance amount in respect of the reference period to the true up amount in respect of the reference period.

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Estimated finance amount, true up amount

(2) The estimated finance amount and the true up amount shall be determined in accordance with the regulations.

Regulations re true up amount

(3) The regulations under subsection (2) shall have regard to the following principles:

1. The true up amount should serve to ensure that the collection of the clean energy adjustment is sufficient to pay the finance amount when it is due.

2. The method for determining the true up amount should take into account historical and reasonably foreseeable,

    i. differences between the estimated and actual finance amount for the immediately preceding reference period,

    ii. differences between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs, and

    ii. variations in billings due to variations in electricity consumption.

Financial Services Manager to notify Board

(4) The Financial Services Manager shall, in accordance with the regulations, notify the Board of the clean energy adjustment and such other information related to the determination of the clean energy adjustment as may be prescribed.

Board to determine rates

(5) The Board shall, in accordance with the regulations, determine the rate at which specified consumers are invoiced to recover the clean energy adjustment in respect of the reference period.

IESO to receive amounts

11xx. (2) The IESO shall, as an agent of the investment interest owners, receive amounts in respect of the clean energy adjustment paid to it from electricity vendors in accordance with the regulations and the market rules made under section 32 of the *Electricity Act, 1998*.

Account

(3) All of the following amounts received by the IESO shall, until paid to or for the benefit of the investment interest owner in accordance with subsection (5), be deposited promptly into an account established for the purposes of receiving those amounts:

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1. Amounts described in subsection 11xx (2).

2. Payments made by specified consumers directly to the IESO as electricity vendor under subsection 8xx (1).

Same, held in trust

(4) All amounts received by the IESO in respect of the clean energy adjustment shall, until paid to or for the benefit of the investment interest owner, be received and held in trust by the IESO for the investment interest owners or a secured party to whom a security interest in an investment interest is granted under this Act.

IESO to remit

(5) The IESO shall remit amounts received by it in respect of the clean energy adjustment to or for the benefit of the investment interest owners in accordance with the regulations.

Electricity vendor to invoice specified consumers

12xx. (1) Each electricity vendor shall issue an invoice to each of its specified consumers for the amount payable by the consumer in respect of the clean energy adjustment, as determined by applying the rate set by the Board under subsection 10xx (2) and in accordance with the regulations.

Electricity vendor to report

(1.1) Each electricity vendor shall, in accordance with the regulations, promptly report to the IESO the total amount invoiced to its specified consumers in respect of the clean energy adjustment, the amount collected and such further information as may be prescribed.

Electricity vendor to collect

(2) Each electricity vendor shall, as agent of the investment interest owners, collect amounts in respect of the clean energy adjustment from specified consumers in accordance with the regulations.

Pro rating of payments

(3) If an electricity vendor receives a payment made by or on behalf of a specified consumer in respect of amounts payable under one or more invoices and the amount paid is less than the total amount payable, the electricity vendor shall allocate the payment on a pro rata basis to the clean energy adjustment and other amounts payable under the relevant invoices in respect of electricity charges in respect of the same period.

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Held in trust

(4) Payments received by an electricity vendor from or on behalf of specified consumers shall, until paid to or for the benefit of the investment interest owner in accordance with subsection (5), be received by and held by each electricity vendor in trust for the benefit of the investment interest owners.

Remittance to IESO

(5) Each electricity vendor shall remit amounts described in subsection (5) to the IESO for the benefit of the investment interest owners in accordance with the regulations.

PART IV
IMPLEMENTATION

FINANCIAL SERVICES MANAGER

Appointment

13xx. (1) Subject to subsection (2), Ontario Power Generation Inc. is appointed as the Financial Services Manager for the purposes of this Act.

Replacement

(2) The Minister may terminate an appointment of a Financial Services Manager and may, in accordance with the regulations, appoint a new person or entity as the Financial Services Manager.

Duties and powers

14xx. (1) The Financial Services Manager shall perform the duties assigned to it under this Act and may administer the investment asset on behalf of the investment interest owners.

Same

(2) The administration of the investment asset may include the following:

1. Providing information, in accordance with the regulations, to the Board in respect of funding obligations and the determination of the clean energy adjustment in accordance with section 10xx.

2. Providing information to the IESO in respect of obligations under Part III.

3. Such other matters as may be prescribed.

Review of costs

(3) The Board shall review the administrative costs of the Financial Services Manager in accordance with the regulations.

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FAIR ALLOCATION AMOUNT

Financial Services Manager to calculate fair allocation amount

15xx. (1) The Financial Services Manager shall calculate a fair allocation amount in respect of each reference period, having regard to the need to align that amount with the finance amount payable during the reference period, for the purpose of fairly measuring and allocating the estimated clean energy costs and estimated clean energy benefits among the specified consumers in respect of the reference period.

Timing of calculation

(1.1) The Financial Services Manager shall calculate a fair allocation amount in respect of each reference period before any funding obligation is incurred [by a financing entity during the reference period].

Amount

(1.2) The fair allocation amount in respect of a reference period is the sum of the following amounts:

1. The amount, if any, by which, if this Act had not been enacted, the estimated clean energy costs and estimated clean energy benefits allocated to specified consumers in respect of the reference period would have exceeded the estimated amount of the adjustments provided for under section 25.33 of the *Electricity Act, 1998* and the regulations made under that provision that would have been borne by the specified consumers in respect of clean energy costs for the reference period.

2. A portion of the value of any fair adjustment that has been made under Part II in respect of any previous reference period.

Principles

(2) In calculating the estimated clean energy costs and estimated clean energy benefits to be allocated to specified consumers in respect of a reference period, the Financial Services Manager shall [comply with the regulations and] have regard to the following principles:

1. Clean energy costs allocated to specified consumers in respect of a reference period should be allocated in proportion to the clean energy benefits attributed to the specified consumers in respect of the reference period.

2. The clean energy benefits allocated to the specified consumers in respect of a reference period should be determined in accordance with the regulations.

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3. The fair allocation calculation should include reasonable assumptions regarding the following:

    i. The time value of money or the rate of inflation, for the purpose of equating nominal amounts over time.

    ii. The expected number of specified consumers in respect of each reference period.

    iii. The expected electricity consumption rates in respect of each reference period.

Method

(3) The Financial Services Manager shall calculate a fair allocation amount in accordance with such methods as the Financial Services Manager considers appropriate, having regard to the requirements of this Act.

Notification to Minister

(4) The Financial Services Manager shall notify the Minister of the methods used to calculate the fair allocation amount and any changes to those methods.

Effective date

(6) The fair allocation calculation or an amendment to the fair allocation calculation takes effect on the day that is 30 days after the fair allocation calculation or the amendment, as the case may be, is provided to the Minister in writing.

Publication

(7) The Minister shall ensure that the fair allocation calculation and any amendments to it are made available to the public in a manner that the Minister considers appropriate.

FINANCING PLAN

Financial Services Manager to prepare Financing Plan

16xx. (1) The Financial Services Manager shall prepare a written plan entitled the Financing Plan to be used by the Financial Services Manager to evaluate whether potential funding obligations should be incurred for the purposes of acquiring an investment interest in accordance with this Act.

Plan to be provided to Minister

(1.1) The Financial Services Manager shall provide the Financing Plan to the Minister.

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Principles

(2) In preparing the Financing Plan, the Financial Services Manager shall have regard to the following principles:

1. Any incurrence of a funding obligation should reasonably align with the estimated finance amount, as determined in accordance with the regulations, that would, subject to any refinancing, become due and payable during a reference period with the fair allocation amount determined in respect of the reference period under this Part as of the time of the incurrence, in each case after reducing the fair allocation calculation by the amount of any fair adjustment in respect of the reference period.

2. Incurrences should be implemented in a manner that, in the opinion of the Financial Services Manager, is reasonable, cost effective and that reflects prevailing market terms and conditions.

3. Reasonable assumptions should be made regarding such matters as may be prescribed.

Limitation, first five year period

(4) In respect of each reference period from May 1, 2017 to April 30, 2022, no funding obligation shall be incurred that would become payable during the reference period and result in amounts payable in respect of the clean energy adjustment in respect of the reference period unless,

(a) no fair adjustment has been made under Part II in respect of the reference period; or

(b) if a fair adjustment has been made under Part II in respect of the reference period, the funding obligations incurred would not be payable during the reference period in an amount that exceeds the [difference between the fair allocation amount in respect of the reference period and the amount of the fair adjustment in respect of the reference period].

Other reports

(3.1) The Financial Services Manager shall submit to the Minister such reports and information as the Minister may require from time to time and shall, if required by the Minister to do so, examine, report and advise on any question relating to the Financing Plan.

Confidentiality

(5) The following are deemed to be records subject to clauses 18 (1) (c) and (d) of the *Freedom of Information and Protection of Privacy Act*:

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1. The Financing Plan.

2. Reports referred to in subsection (3.1).

3. Any other document that would reveal information contained in the Financing Plan or the reports.

Amendments to plan

(6) The Financial Services Manager may amend the Financing Plan at any time.

Same

(7) In the event that the Financing Plan is amended, any reference in this section to the Financing Plan is deemed to be a reference to the plan as amended.

Implementation of Financing Plan

17xx. (1) The Financial Services Manager shall incur funding obligations in material conformity with the applicable Financing Plan.

Same

(2) For greater certainty, subsection 17xx (5) applies despite the failure of the Financial Services Manager to comply with subsection (1).

Financing entities

(3) In accordance with the Financing Plan, the Financial Services Manager may establish or cause to be established one or more financing entities that may incur funding obligations.

Prohibition

(3.1) The Financial Services Manager shall not provide for funding obligations to be incurred with any recourse to any assets of an electricity vendor, the Board, Ontario Power Generation Inc., the Province or the Lieutenant Governor in Council, except to the extent that any of these persons or entities may be liable to perform obligations or duties arising under this Act or under the express terms of a funding obligation or other agreement.

Effect of amendment to fair allocation amount

(4) Each funding obligation incurred and each transfer made by a financing entity is deemed to be consistent with the Financing Plan and [the fair allocation amount].

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PART V
THE REGULATORY ASSET

IESO funding shortfall

20xx. (1) The IESO funding shortfall for each month shall be determined in accordance with the regulations.

Electricity vendors to provide information

(2) Electricity vendors shall provide to IESO such information as IESO may reasonably request for the purposes of determining the IESO shortfall under subsection (1) and such further information as may be prescribed.

Same

(3) IESO may rely on information provided by electricity vendors for the purposes of the determination under subsection (1).

Variance account to be established, maintained

20.1xx (1) The IESO shall establish and maintain a variance account for the purposes of this section.

Recording in variance account

(2) The IESO shall record the following in the variance account:

1. The amount of the IESO funding shortfall for each month.

2. All payments received by the IESO resulting from the exercise of the right of recovery under section 21xx and any transfer under section 22xx.

3. Such other adjustments as may be prescribed.

Recording determinative

(3) Subject to any finding of [manifest error], a recording by the IESO in the variance account of the balance is, as of the time of the recording, determinative of the balance at the time.

Rights of investment interest owner

(4) No change made by IESO to the balance in the variance account shall, if the previous balance was relied upon by an investment interest owner in the context of a transfer under section 22x, affect the rights of the investment interest owner acquired under the transfer.

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Regulatory asset established

21xx. (1) The IESO has the right, exercisable in accordance with this Act and the regulations, to recover the balance recorded in the variance account from specified consumers.

Limitation

(2) Despite subsection (1), the IESO shall not be entitled to collect all or part of the balance recorded in the variance account from specified consumers before May 1, 2022.

Board to set rates

(3) The Board shall, from time to time, determine and set rates payable by specified consumers to allow for IESO to recover the balance recorded in the variance account.

Same, limitations

(4) The Board's powers under subsection (3) shall be exercised in accordance with the regulations.

Transfer of regulatory asset

22xx. (1) The IESO may from time to time transfer all or a portion of the regulatory asset to any financing entity.

Same

(2) Upon receipt by IESO of payment in consideration of a transfer of all or a portion of the regulatory asset, the transfer shall be valid and enforceable against the IESO and the IESO shall retain no further right, title or interest in, or any obligations in respect of, the regulatory asset or in the investment asset created by the transfer.

Same

(3) Upon transfer, the financing entity acquires an investment interest and becomes an investment asset owner.

Validity of transfer

23xx. (1) A transfer of a regulatory asset under this Act is a valid and enforceable sale and absolute transfer to the investment interest owner of the regulatory asset.

Same

(2) Without limiting subsection (1), any transfer that by its terms is intended to constitute a sale or absolute transfer shall be treated for all purposes as an absolute transfer of IESO's right to recover the IESO funding shortfall, and not merely as a security interest, and upon the absolute transfer the transferor shall retain no right, title or interest in the regulatory asset, including all rights to recover the IESO funding shortfall.

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Deemed perfection, etc.

(3) At the time a transfer of a regulatory asset is made, the transfer shall be deemed to have been and shall be perfected, vested, valid and binding as against the transferor and all other persons who have claims of any kind against the transferor.

Priority of transfer

(4) Subsection (3) applies regardless of whether the persons who have claims have received notice of the transfer and the property rights and interests acquired by the transferee shall have priority over any liens in favour of those persons.

PART VI
THE INVESTMENT ASSET

Effect of transfer

24xx. (1) The first transfer of the regulatory asset or a portion of it creates the investment asset.

Same

(2) Upon any transfer of all or a portion of the regulatory asset to a financing entity, the investment asset resulting from the transfer is immediately vested in the financing entity, free and clear of any adverse claim, and the financing entity becomes an investment interest owner and acquires an investment interest**.**

Investment asset established

25xx. (1) The investment asset constitutes a current and irrevocable property right and interest consisting, collectively, of the following rights and interests of investment interest owners:

1. The right to impose, invoice, collect, receive and recover amounts in respect of the clean energy adjustment from specified consumers, including the right to determine the clean energy adjustment in accordance with this Act.

2. The right to receive, collect and recover amounts in respect of the clean energy adjustment that are imposed, invoiced and recoverable under this Act, including any amounts in respect of the clean energy adjustment that are held by electricity vendors or other prescribed parties.

3. All rights and entitlements under such accounts as may be prescribed by regulation and all amounts on deposit in such accounts.

4. The right to enforce the duties and obligations under this Act of each electricity vendor to impose, attribute, charge and invoice for amounts in respect of the clean energy adjustment.

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5. The right to enforce the duties and obligations under this Act of each electricity vendor to collect, receive and remit amounts received by it in respect of the clean energy adjustment, including all collections and the proceeds of any enforcement action undertaken by an electricity vendor to recover payment of amounts in respect of the clean energy adjustment.

6. All rights of any kind related to any of the other property rights or interests that comprise the investment interest.

7. All revenue, collections, claims, payments, money and proceeds of or derived from the rights described in paragraphs 1 to 6, regardless of whether it is invoiced, collected and maintained together with or commingled with other revenue, collections, claims, payments, money and proceeds.

Not affected by failure to impose etc. clean energy adjustment

(1.1) An investment interest is not affected by any failure to impose, attribute, invoice, accrue or collect amounts in respect of the clean energy adjustment.

No set off, etc.

(2) The investment asset shall not be set off,

(a) by a consumer, an electricity vendor, an agent of the investment interest owner or an owner of distribution system assets in the Province;

(b) in connection with any default of a person mentioned in clause (a); or

(c) by any affiliate or successor of a person mentioned in clause (a).

Exercise of rights

(3) The rights of the investment asset owner to collect and enforce its rights and interests in, to and in respect of the investment asset against a specified consumer shall be exercised in accordance with Part III of this Act.

Collective action required

(4) If the investment interest owner owns a right or interest in the investment asset that comprises less than the entire property right and interest constituted by the investment asset, the right or interest shall only be enforced by the investment interest owner collectively and in coordination with all other investment interest owners, and any agreement among that collective in furtherance of the collective action shall be valid and binding on the investment interest owner as a collective in accordance with its terms.

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Transfer of investment interest

26xx. An investment interest owner may transfer all or a portion of its rights and interests in an investment interest to any other investment interest owner, including by way of a transfer of a divided or an undivided interest, in accordance with the Financing Plan.

Validity of transfer

27xx. (1) A transfer of an investment interest under this Act is a valid and enforceable sale and absolute transfer of the investment interest and confers upon the investment asset owner a valid property right and interest in, to and under the applicable investment interest in accordance with the terms of the transfer.

Same

(2) Without limiting subsection (1), a transfer that by its terms is intended to constitute a sale or absolute transfer shall be treated for all purposes as an absolute transfer of an investment interest owner's right, title and interest in, to and under an investment interest, and not merely as a security interest, and upon such absolute transfer the transferor shall retain no right, title or interest in the investment interest, subject to the transfer, including all rights to the investment interest arising after the transfer.

Deemed perfection, etc.

(3) At the time a transfer of an investment interest is made, the transfer shall be deemed to have been and shall be perfected, vested, valid and binding as against the transferor and all other persons who have claims of any kind against the transferor.

Priority of transfer, assignment, etc.

(4) Subsection (3) applies regardless of whether the persons who have claims have received notice of the transfer and the property rights and interests acquired by the investment interest owner shall have priority over any liens in favour of such other persons.

Investment interest owner may grant security interest

28xx. (1) An investment interest owner may grant a security interest over all or a specified portion of its right, title and interest in, to and under the investment interest to or in favour of any person to secure a funding obligation.

Validity

(2) A security interest granted under this Act shall be valid and enforceable in accordance with its terms.

Perfection and priority of security interests

(3) All provisions of the *Personal Property Security Act* shall apply to the investment asset and each investment interest on the basis that it is intangible personal property,

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except as otherwise provided for in this section, and any granting of a security interest by the investment interest owner to secure a funding obligation shall, subject to the terms of the funding obligation, give rise to a security interest in respect of which that Act applies and may be perfected by filing a financing statement under that Act on that basis.

Proceeds

(4) All proceeds of an investment interest that are subject to the security interest and that are received by the applicable investment interest owner shall immediately be subject to the security interest and shall be perfected without any physical delivery of the proceeds, registration of any financing statement or any further act.

Perfection

(5) The security interest shall be a continuously perfected security interest and shall have priority over any other lien, created by operation of law or otherwise, that may subsequently attach to the property rights and interests in the investment interest subject to the security interest, subject to the written consent of the person to whom the security interest has been granted.

Same

(6) The person to whom the security interest has been granted shall have a perfected security interest in revenues or other proceeds that are deposited in any ccount of any electricity vendor, an agent of an electricity vendor or other person who may have commingled such revenues or other proceeds with other funds.

Notice required

(7) The secured party shall be entitled to exercise the rights of an investment interest owner only after the secured party has given notice of the enforcement of its security interest to the IESO.

Definition

(8) For the purposes of this section, a security interest is perfected when it is perfected as described in the *Personal Property Security Act*.

PART VI
MISCELLANEOUS

Appointment of agent, invoicing or collection

29xx. If a prescribed circumstance applies, the Lieutenant Governor in Council may by regulation appoint a person to carry out some or all of the obligations of an electricity vendor under this Act in the place of an electricity vendor with respect to invoicing or collection.

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Not Crown agent

30xx. For greater certainty, no agent appointed under this Act is an agent of the Crown for any purpose, despite the *Crown Agency Act*.

Sequestration

31xx. (1) A court in the Province may, upon application by an investment interest owner or a secured party, order the sequestration and payment of amounts in respect of the clean energy adjustment, collections and remittances, as applicable, for the benefit of the investment interest owner or secured party by any person or entity authorized to collect amounts in respect of the clean energy adjustment, including defaults on any required remittance of amounts in respect of the clean energy adjustment, collections or remittances.

Same

(2) An order under subsection (1) does not limit any other remedies available to the applicant.

Choice of law

32xx. The law governing, as applicable, the validity, enforceability, attachment, perfection, priority and exercise of remedies with respect to the transfer of an interest or right or creation of a security interest in the regulatory asset, the investment asset, the clean energy adjustment or the undertaking of the Crown under section x shall be the laws of the Province.

Conflict

33xx. The provisions of this Act and the regulations apply despite any provision of any other Act regarding the attachment, assignment or perfection, or the effect of perfection or priority of any transfer or security interest.

No further approvals, etc.

34xx. Despite any requirement under any Act, no approvals, notices or authorizations other than those specified in this Act are required to be taken under the Financing Plan or in relation to the determination of the fair allocation amount.

Immunity

35xx. (1) No action or other proceeding for damages shall be instituted against any employee of the Province, IESO, OPG or OEB for any act done in good faith in the execution or intended execution of any duty or authority under this Act or for any alleged neglect or default in the execution in good faith of any duty or authority under this Act.

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Same

(2) Despite subsections 5 (2) and (4) of the *Proceedings Against the Crown Act*, subsection (1) does not relieve the Crown of liability in respect of a tort committed by a person mentioned in subsection (1) to which it would otherwise be subject.

References in marketing materials and offering documents

36xx. No person shall include, in marketing materials or offering documents relating to the financing of funding obligations, references to any rights, obligations, guarantees or undertakings arising under section 5xx unless the prescribed requirements, if any, are satisfied.

Non-application, Financial Administration Act, s. 28[5]

37xx. Section 28 of the *Financial Administration Act* does not apply with respect to any transaction or agreement or undertaking required, permitted, contemplated or authorized, directly or indirectly, under this Act.

Regulations

38xx. The Lieutenant Governor in Council may make regulations in respect of the following matters:

1. [6]Governing anything that is required or permitted to be prescribed or that is required or permitted to be done by, or in accordance with, the regulations or as authorized, specified or provided in the regulations.

2. Defining, for the purposes of a regulation, words and expressions used in this Act that are not defined in the Act.

x. Prescribing types of payment obligations that constitute funding obligations;

x. governing the calculation [true-up amount] and how the amount is to be applied to the clean energy adjustment;

x. governing the inclusion of information under this Act on invoices, which may include requiring notice to be provided by electricity vendors to specified persons regarding the adjustments;

x. governing the inclusion of information about the clean energy adjustment and any other matters provided for under this Act on invoices issued to specified consumers, including the form that the information must take and the form of

[5] FLS - see s. 51 of the Electricity Act, 1998

[6] FLS - see s. 78 (1) of the Climate Change Mitigation and Low-carbon Economy Act, 2016 - paras. 1 and 2.

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the invoices and any notice to be provided to the specified consumer under this Act[7];

x. prescribing the time within which any action required by this Act may be required to be done;

x. Providing for such other matters as the Lieutenant Governor in Council considers advisable to carry out the purpose of this Act.

PART VII[8]
AMENDMENTS TO OTHER ACTS

ELECTRICITY ACT, 1998

200x. (1) Subsection 6 (1) of the *Electricity Act, 1998* is amended by adding the following clauses:

(q.0.1) to exercise the powers and rights and to perform the duties and obligations assigned to it under the *Ontario Fair Hydro Plan Act, 2017* and to engage in activities to facilitate the implementation of the *Ontario Fair Hydro Plan Act, 2017*, including,

(i) entering into agreements or arrangements with any person for the purposes of the *Ontario Fair Hydro Plan Act, 2017*;

(ii) engaging in activities related to making payments to and receiving payments as contemplated under the *Ontario Fair Hydro Plan Act, 2017* and to engage in related settlement activities;

(iii) engaging in activities related to the creation, transfer and administration of the regulatory asset created under the *Ontario Fair Hydro Plan Act, 2017*, which activities may include,

(iv) incurring liabilities in relation to the regulatory asset

(v) transferring the regulatory asset for consideration;

(vi) acting as a recovery agent under the *Ontario Fair Hydro Plan Act, 2017*;

[7] FLS - see *OEBA s.79.17 and 88(1)(z.11) and (z.12)*
[8] FLS: These amendments are drawn from previous drafting contained in gov2016.146.e05 (which was drafted as amendments to the EA, 1998).

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200.1xx (1) Subsection 25.33 (1) of the Act is amended by striking out "and" at the end of clause (a) and by adding the following clauses:

(c) amounts paid to or received from a [prescribed] financial services entity or [a financing entity prescribed under] the *Ontario Fair Hydro Plan Act, 2017* and any related amounts; and

(d) amounts collected from consumers who are [specified consumers within the meaning of] the *Ontario Fair Hydro Plan Act, 2017* in respect of the clean energy adjustment and any related amounts.

(1.1) Subsection 25.33 (2) of the Act is amended by striking out "and" at the end of clause (a) and by adding the following clauses:

(c) amounts paid to or received from a [prescribed] financial services entity or [a financing entity prescribed under] the *Ontario Fair Hydro Plan Act, 2017* and any related amounts; and

(d) amounts collected from consumers who are [specified consumers within the meaning of] the *Ontario Fair Hydro Plan Act, 2017* in respect of the clean energy adjustment and any related amounts.

(2) Subsection 25.33 (3) of the Act is amended by adding the following paragraph:

4. A consumer who is,

   i. a [specified consumer within the meaning of] the *Ontario Fair Hydro Plan Act, 2017*, or

   ii. prescribed by the regulations [made under the *Ontario Energy Board Act, 1998]*.

(3) Clause 25.33 (4) (b) of the Act is amended by adding "or as may be required under a regulation made under the *Ontario Fair Hydro Plan Act, 2017* or the *Ontario Energy Board Act, 1998*" at the end.

(4) Subsection 25.33 (5) of the Act is amended by adding "or under the *Ontario Fair Hydro Plan Act, 2017*" at the end

201x. Section 53.1 of the Act is amended by adding the following subsections:

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Same, *Ontario Fair Hydro Plan Act, 2017*

53.1 (1.1) In addition to the objects mentioned in subsection (1), the objects of Ontario Power Generation Inc. include exercising the powers and rights and performing the duties and obligations assigned to it under the *Ontario Fair Hydro Plan Act, 2017* and engaging in activities to facilitate the implementation of that Act, including entering into contracts and undertakings on behalf of financing entities, subject to the right to be paid by the financing entities for those services.

Subsidiaries, etc.

(1.2) Ontario Power Generation Inc. may create or invest in one or more subsidiaries, trusts, partnerships or special purpose entities in order to more efficiently conduct its activities or achieve its objects.

Deemed assets, entity

(1.3) Despite any other provision of this Act, the *Business Corporations Act* or any other Act,

(a) the assets and liabilities of a special purpose financing entity shall not form part of the assets and liabilities of Ontario Power Generation Inc. or any of its subsidiaries; and

(b) the assets and liabilities of Ontario Power Generation Inc. or any of its subsidiaries shall not form part of the assets and liabilities of a financing entity.

Definition, financing entity

(1.4) For the purposes of this section, "financing entity" has the same meaning as in the *Fair Hydro Plan Act, 2017*.

AMENDMENTS TO ONTARIO ENERGY BOARD ACT, 1998

204x. Subsection 1 (1) of the *Ontario Energy Board Act, 1998* is amended by adding the following paragraph:

6. To facilitate the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

205x. Subsection 70 (2.1) of the Act is amended by adding the following paragraph:

4. The licensee is required to comply with the *Ontario Fair Hydro Plan Act, 2017*.

206x. Section 78.1 of the Act is amended by adding the following subsection:

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Same, limitation re Ontario Power Generation Inc.

(3) The determination of a payment to Ontario Power Generation Inc. under this section shall not include any consideration of amounts related to activities of Ontario Power Generation Inc. carried out in relation to the *Ontario Fair Hydro Plan Act, 2017*.

Same

(3.1) The amounts referred to in subsection (3) include, without limitation, the following:

1. Amounts related to the appointment of Ontario Power Generation Inc. as the Financial Services Manager under the *Ontario Fair Hydro Plan Act, 2017*.

2. Amounts related to the charging of fees for performing duties as the Financial Services Manager.

3. Amounts related to exercising the powers and performing the duties of the Financial Services Manager.

4. Amounts related to the consolidation of the assets and liabilities for accounting purposes of any special purpose financing entities established under and for the purposes of that Act.

Short Title - this proposal for legislation would, if approved by the Legislature, have a short title to be determined by Government.

Timing – this proposal for legislation would, if approved by the Legislature, come into force on a date to be established by Government.

Confidential Draft

From: Gadi Mayman
To: Ronald Kwan; Ken Kandeepan; Mike Manning
Cc: Anna Strathy; Gavin He
Subject: Fw: Rate Mitigation Implementation Meeting - April 25, 2017
Date: Tuesday, April 25, 2017 11:27:56 PM
Attachments: Action Items - April 25.docx

From: Katona, Keley (ENERGY)
Sent: Tuesday, April 25, 2017 4:30 PM
To: Steen Hume (CAB); Kaili Sermat-Harding (ENERGY); Michael Reid (ENERGY); Carolyn Calwell (MCSS); Scott Nelms (ENERGY); 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com); HARTWICK Ken - FINANCE (ken.hartwick@opg.com); Rosemaire Leclair; Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca); Campbell, Bruce (bruce.campbell@ieso.ca); Kim Marshall (Kim.Marshall@ieso.ca); Scott Thompson (CAB); Helen Angus (MOHLTC); Steven Davidson (MTCS); 'Martine Band'; 'CROZZOLI Carlo -CBUSDEV&STRT'; Gadi Mayman; LEE John -TREASURY
Cc: Serge Imbrogno (ENERGY); Andrew Teliszewsky (ENERGY); Matt Whittington (ENERGY); Baker, Carys (ENERGY); Kyle MacIntyre (MOF); David McLean (MOF); Robert Foster (MOF); jordan.penic@ieso.ca; 'sarah.branco@ontarioenergyboard.ca'; Turnevicius, Lorraine; catriona.king@opg.com; Francesca Bungaro-Yemec (ENERGY); Martin Schlaepfer (MOF)
Subject: RE: Rate Mitigation Implementation Meeting - April 25, 2017

Please find attached action items from today's meeting.

From: Katona, Keley (ENERGY)
Sent: April-24-17 5:02 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Reid, Michael (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI); Nelms, Scott (MOF); ''jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken - FINANCE (ken.hartwick@opg.com)'; 'Rosemaire Leclair'; 'Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca)'; 'Campbell, Bruce (bruce.campbell@ieso.ca)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); 'Martine Band'; 'CROZZOLI Carlo -CBUSDEV&STRT'; Mayman, Gadi (OFA); 'LEE John -TREASURY'
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); MacIntyre, Kyle (TBS); McLean, David (MOF); Foster, Robert (CAB); 'jordan.penic@ieso.ca'; 'sarah.branco@ontarioenergyboard.ca'; 'Turnevicius, Lorraine'; 'catriona.king@opg.com'; Bungaro-Yemec, Francesca (ENERGY); Schlaepfer, Martin (ENERGY)
Subject: Rate Mitigation Implementation Meeting - April 25, 2017

Good afternoon,

Please find attached the material for discussion tomorrow morning.

Thanks,

Keley

Action Items – April 25, 2017

1) Global Adjustment
    - LSB / Blakes turning around comments received over the weekend; new draft of the legislation will be circulated later today or early tomorrow
    - Comments on next draft of legislation will be due Wednesday to keep on track with Friday pens down on legislation
    - E&Y opinion on track
    - OPG undertaking modelling but initial borrowing amount will come from formula in legislation
    - Ministry working with Navigant on report (interim report expected in a couple of weeks followed by a final report)
    - CoS to discuss inflation provision with PO to confirm comfort with including it in regulation vs legislation
    - IESO working with KPMG on opinion (draft tracking for later this week)
    - IESO to discuss Board assurances with Ministry later this week
    - OEB continues to work through a few issues with LSB (e.g. role in review of admin costs, timing of revised RPP, why there needs to be an OEB objective)
    - MOF and ENERGY Ministers will be signatories to springing guarantee, performance guarantee and protection to boards

2) Other OFHP Items
    - RRRP, OESP, FN
        - New turn of social legislation expected today for comment by Wednesday to meet Friday pens down timeline
        - Ministry sorting through issue with Dubreuilville to ensure the legislation is permissive enough to allow them to be eligible
        - Ministry meeting with COO tomorrow on FN rate implementation
        - Ministry to meet with MCSS re: taking over OESP administration
    - Affordability Fund
        - Hydro One to prepare letters that will go out to social service agencies
    - ICI
        - Ministry continues to work with CME / OCC on targeted outreach

3) Other Items
    - IGS continues to work with MOF / TBS on equity injection to ensure we have appropriate approvals for appropriation room this fiscal year, needs to be included in Estimates so approvals required on Thursday
    - OFA working with TD on content to be included in TB submission on financial viability
    - MO to work with MOF / TBS MOs to request their Ministers for debate on May 15th and 16th

From: Gadi Mayman
To: Ronald Kwan; Ken Kandeepan; Mike Manning
Cc: Anna Strathy; Gavin He
Subject: Fw: Rate Mitigation Implementation Meeting - April 25, 2017
Date: Tuesday, April 25, 2017 11:27:56 PM
Attachments: Action Items - April 25.docx

From: Katona, Keley (ENERGY)
Sent: Tuesday, April 25, 2017 4:30 PM
To: Steen Hume (CAB); Kaili Sermat-Harding (ENERGY); Michael Reid (ENERGY); Carolyn Calwell (MCSS); Scott Nelms (ENERGY); 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com); HARTWICK Ken - FINANCE (ken.hartwick@opg.com); Rosemaire Leclair; Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca); Campbell, Bruce (bruce.campbell@ieso.ca); Kim Marshall (Kim.Marshall@ieso.ca); Scott Thompson (CAB); Helen Angus (MOHLTC); Steven Davidson (MTCS); 'Martine Band'; 'CROZZOLI Carlo -CBUSDEV&STRT'; Gadi Mayman; LEE John -TREASURY
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Subject: RE: Rate Mitigation Implementation Meeting - April 25, 2017

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To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Reid, Michael (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI); Nelms, Scott (MOF); ''jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken - FINANCE (ken.hartwick@opg.com)'; 'Rosemaire Leclair'; 'Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca)'; 'Campbell, Bruce (bruce.campbell@ieso.ca)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); 'Martine Band'; 'CROZZOLI Carlo -CBUSDEV&STRT'; Mayman, Gadi (OFA); 'LEE John -TREASURY'
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); MacIntyre, Kyle (TBS); McLean, David (MOF); Foster, Robert (CAB); 'jordan.penic@ieso.ca'; 'sarah.branco@ontarioenergyboard.ca'; 'Turnevicius, Lorraine'; 'catriona.king@opg.com'; Bungaro-Yemec, Francesca (ENERGY); Schlaepfer, Martin (ENERGY)
Subject: Rate Mitigation Implementation Meeting - April 25, 2017

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Keley

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        - Ministry to meet with MCSS re: taking over OESP administration
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    - MO to work with MOF / TBS MOs to request their Ministers for debate on May 15th and 16th

From:	Gadi Mayman
To:	Ronald Kwan; Mike Manning
Cc:	Gavin He; Matthew Breadner; Anna Strathy
Subject:	Fw: Rate Mitigation Implementation Meeting - August 31, 2017
Date:	Wednesday, August 30, 2017 8:42:04 PM
Attachments:	2017-07-11 Consolidated - OFHP Matrix - Week of August 28.docx Agenda_Weekly Rate Mitig Implmentation Group_Aug 28.docx Fees Rider 28 August 2017.docx 2017 Outstanding Business Issues - Week of Aug 21 - updates.docx

I don't know if anyone from the OFA was planning to attend, but, if so, here are the materials.

Gadi

From: Schlaepfer, Martin (ENERGY)
Sent: Wednesday, August 30, 2017 8:20 PM
To: Steen Hume (CAB); Kaili Sermat-Harding (ENERGY); Ken Nakahara (ENERGY); Carolyn Calwell (MCSS); Scott Nelms (ENERGY); ''jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken - FINANCE (ken.hartwick@opg.com)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Scott Thompson (CAB); Helen Angus (MOHLTC); Steven Davidson (MTCS); 'CROZZOLI Carlo -CBUSDEV&STRT'; Gadi Mayman; 'LEE John -TREASURY'; Karen Hughes (MGS); Veinot, Cindy (TBS); Michael Boll
Cc: Serge Imbrogno (ENERGY); Andrew Teliszewsky (ENERGY); Matt Whittington (ENERGY); Baker, Carys (ENERGY); Kyle MacIntyre (MOF); David McLean (MOF); Robert Foster (MOF); 'jordan.penic@ieso.ca'; 'Turnevicius, Lorraine'; 'catriona.king@opg.com'; Francesca Bungaro-Yemec (ENERGY); Feather, Adam (ENERGY); Hilary Cox (ENE); Edwards, Matthew (ENERGY); Patrick Laughton (MOF); David Barrett; Keley Katona (ENERGY)
Subject: Rate Mitigation Implementation Meeting - August 31, 2017

Hi everyone,

Please find attached the material for discussion tomorrow morning.

Thanks,

Martin

Implementation of Ontario's Fair Hydro Plan
Week of August 28, 2017

Item	Key Deliverables / Considerations	Timing / Next Steps
1) Refinancing the Global Adjustment (ESP/IGS/LSB)		
• ENERGY, LSB, IESO, OPG, OEB, TBS and MOF	<u>Recent Action Items</u> • Ongoing Business Items o Supporting Agreement (i.e., performance / payment, term sheet) – OPG/TBS (OPCD), MOF, OFA and ENERGY met on August 10, 2017 to discuss proposed approach to Provincial Guarantee. Additional accounting review on proposed approach is required – OPG proposing to prepare an option for Government to pay outstanding obligation should OPG/Trust no longer be able meet financing obligations – IESO and OPG to continue discussions regarding the letter of credit to backstop smaller LDCs without ratings or using a reserve account – need to determine quantum – IGS/OFA to prepare summary deck for week of September 4, 2017 – Note: Initial focus of OPG financing will be on Canadian market o Management Fees Regulation o Interest Collection During the Inflationary Cap Period (OPG, IESO and Energy to work through approach) o Ministry/OPG to look into mechanism (regulatory line) to pay interest and expenses through GA after the 4 year moratorium o OPG Equity Injection Process o Subordinate Debt Loan Agreement o Payment in Lieu of Taxes Exemption	• July 1 – 25% takes effect • Summer – Prepare Minister's Fair Allocation Amount (TBD) • Summer – LRC/Cabinet Approval Management Fee regulation (TBD) • Summer – LRC/Cabinet Approval Interest Collection During the Inflationary Cap Period regulation (TBD) • Week of September 11 – Minister's Fair Allocation Amount letter, following preliminary discussions with OPG • September 27 – TB/Cabinet Approval and s.28 Approval Supporting Agreement (TBD) • Late November 2017 – OPG Financing (TBD)

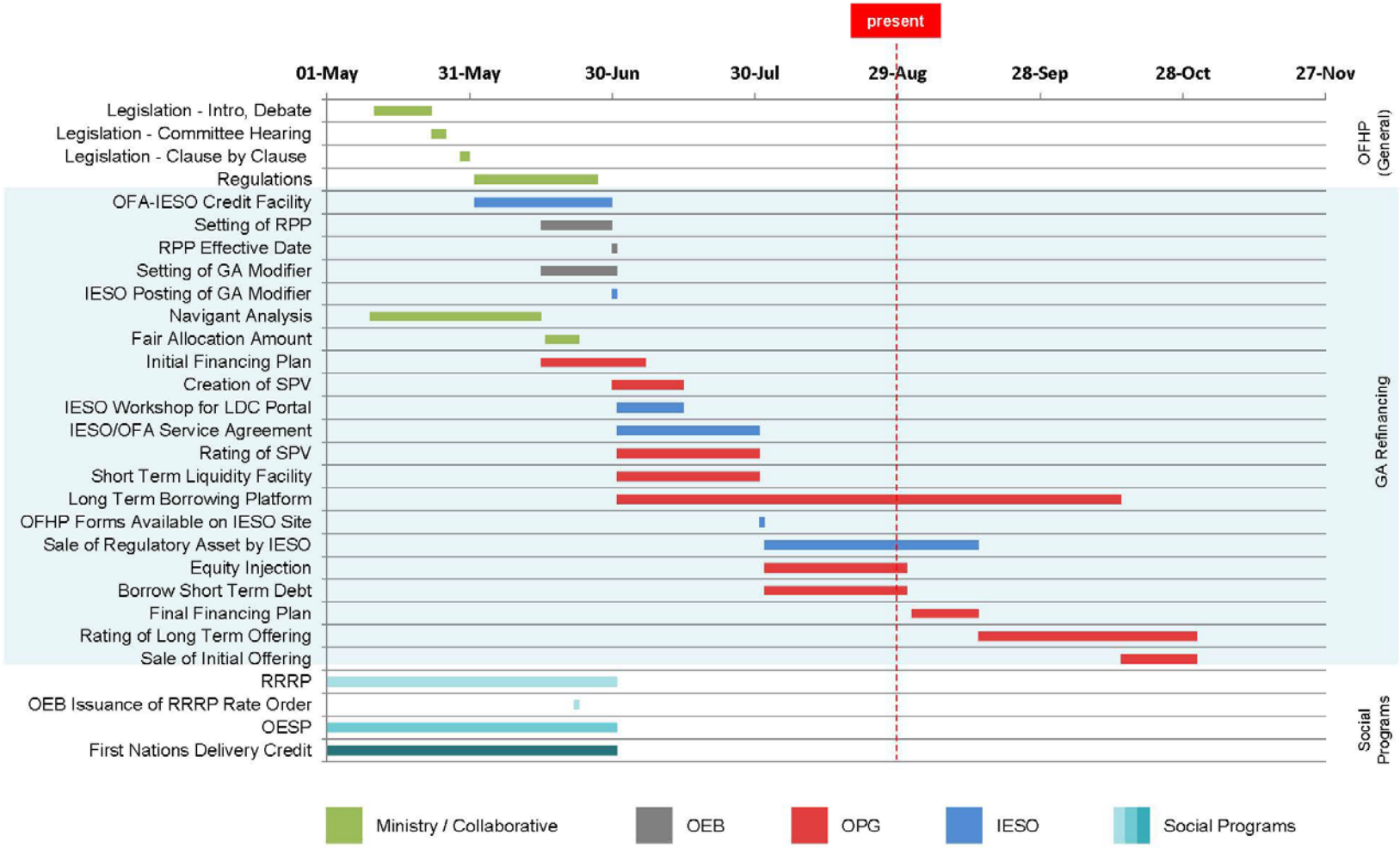
Item	Key Deliverables / Considerations	Timing / Next Steps
	– MOF/Tax Policy working on comfort letter re: PILs for OPG – IGS to provide best timing estimates for PILs, Equity Injection, Subordinated Debt Loan Agreement (between OPG and Trust) • OPG continuing work with rating agencies. OPG working to finalize this working by end of September • OPG to go to its Board with OFHP financing plan following direction from August 16, 2017 meeting • Agencies (OPG/IESO/OEB) to provide weekly critical paths/detailed workplans as required • ENERGY working with Navigant to prepare a report on long lived assets and associated assessment of value	
2) Broadening Rural or Remote Rate Protection (RRRP) (SNAP)		
• ENERGY, LSB and LDCs	<u>Recent Action Items</u> • All LDCs have indicated they have implemented the program	• Will hold a wrap-up working group teleconference in August.
3) Expanding Ontario Electricity Support Program (OESP) (SNAP)		
• ENERGY, LSB, MCSS and OEB	<u>Recent Action Items</u> • July 26 TB approval for MCSS to expand FTEs and create team dedicated to OESP enrolment, using funds approved on March 1, 2017 under FHP • OEB and MCSS executed MOU (as per recent OEBA amendments) to share information that will support targeted outreach for social assistance clients potentially eligible but not enrolled in OESP • Targeted outreach and automatic SA client enrolment by MCSS to start late September; MCSS to continue developing software solution for automation over next several months	• Week of August 7 – follow-up with CRA on proposed wet signature solution

Item	Key Deliverables / Considerations	Timing / Next Steps
	• Significant progress on wet signature issue – SNAP continues to work with, MOF, OEB and CRA on solution • SNAP to work with TBS to ensure funds flow from fiscal plan when OESP moves to the tax base	
4) Providing a First Nations On-Reserve Delivery Credit (SNAP)		
• ENERGY and LSB	<u>Recent Action Items</u> • All LDCs have indicated they have implemented the program. • Ministry working on post card for FNDC	• Will hold a wrap-up working group teleconference in August.
5) Establishing an Affordability Fund (CRED)		
• ENERGY, IGS, LSB, Blakes, CSD, OPCD, TBS, MOF and H1 (KPMG and Osler)	<u>Recent Action Items</u> • On June 19, 2017, Computershare, the original trustee of the Affordability Fund Trust, was replaced with a Board of Trustees which includes representation from two social agencies and three LDCs (Ottawa Carleton UW / Neighbour to Neighbour Centre / Thunder Bay Hydro / Hydro One / Alectra). The Ministry of Energy is also represented on the Board of Trustees in a non-voting capacity • Hydro One, in its administrative capacity, is offering back office support and helping coordinate stakeholder engagement on program design for the Board of Trustees (have engaged Accenture to assist) • Stakeholder engagement is underway; preliminary outreach with several LDCs conducted in July and a WebEx and in-person meeting seeking feedback from LDCs on program design held August 1 (~70 participants) • Trustees continue to work through program design concepts and details in order to launch the program as soon as possible • Trustees have agreed to Hydro One's role as administrator	**September 2017:** Target for program launch **Q2 2017-2018:** • Report back to TB/MBC with final program details and a performance management framework including outcome measures and targets **Late 2017/early 2018:** • ENERGY can apply for additional funds through 2018-19 PRRT based on performance and need. Trust term can be extended with amended/new TPA if agreed by Trust

Item	Key Deliverables / Considerations	Timing / Next Steps
	• Trustees call held August 11, 2017 (recap of LDC feedback and discussion on program design) • Trustees to brief Ministry on August 28	
6) Engagement with Officers of the Legislature		
• ENERGY, MOF/OFA, Auditor General (AG)	Recent Action Items • ENERGY and other ministries (MOF and TBS) have received additional/broader scope request from AG. Responses to be coordinated across ministries • Third-party hired to undertake electronic search of records • TBS advises that AG is tracking for an opinion on Public Accounts (PA) on August 18, which would result in an earliest release by the government of the PA on August 28 (Note: The statutory deadline in September 27) • IESO indicates that Deloitte has provided KPMG a second opinion on the accounting treatment that is supportive, which was provided to the AG • AG attended special meeting of IESO Board on OFHP	• Summer – Responding to AG Request (Ongoing)
7) Bill Presentment (SNAP/LSB)		
• ENERGY	Recent Action Items • Ongoing Ministry work re bill presentment	• Fall 2017 – Bill redesign
8) Expanding ICI (ESP/COMs)		
• ENERGY, LSB, IESO and LDCs	Recent Action Items • Ongoing OCC outreach campaign to promote ICI • Ongoing outreach with LDCs being undertaken by IESO • CME proposal (TBD)	• Quarterly Report Backs re ICI to TBS / MBC
9) Energy Sector Efficiencies (i.e., Ontario Energy Board and IESO) (SNAP / ESP)		

Item	Key Deliverables / Considerations	Timing / Next Steps
• ENERGY, LSB, OEB and IESO	**OEB:** • Directive / Letter (TBD) <u>Considerations</u> • Signal efficiencies intent in OEB business plan letter • Work with OEB/LDCs on LTEP document and proposed directive to OEB **IESO:** • Directive / Letter (TBD) <u>Considerations</u> • IESO's stakeholder engagement re Market Renewal is ongoing.	• Continue this work as part of LTEP

Ontario Fair Hydro Plan Implementation



* Note: Preliminary timeline with tentative dates that are subject to change.

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WEEKLY RATE MITIGATION IMPLEMENTATION GROUP
August 31, 2017

Agenda

1) GA Refinancing
    - General Update (OPG / IESO)
    - Supporting Agreement (OFA/OPG)
    - Business Item (OPG/IGS)
    - Fees (ENERGY)

2) Other OFHP Initiatives
    - RRRP, OESP and FN (SNAP)
    - Affordability Fund (CRED)

Notes:

FEES RIDER – subs. 19 (3) of the Act – August 28, 2017

1. (1) For the purposes of subsection 19 (3) of the Act, the Financial Services Manager may establish and charge fees to financing entities in relation to the following matters:

1. The services provided by the Financial Services Manager to financing entities, which may include services related to planning, financing, negotiation and execution of agreements, front office services and administrative services.

2. The costs of doing anything that the Financial Services Manager is required or permitted to do under the Act.

(2) The fees mentioned in subsection (1) may provide for a fixed fee and a variable fee based on performance.

2.(1) The fixed fee shall be equal to the reasonable cost of services provided to all financing entities plus a reasonable rate of return.

(2) The variable fee shall be calculated as follows:

$$(A \times (B - C)) \times 5\%$$

Where,

A = the principal amount of all tranches of incremental annual funding obligations,

B = the forecasted weighted interest rate of incremental annual funding obligations, and

C = the actual weighted interest rate of incremental annual funding obligations.

(3) For the purposes of subsection (2), incremental annual funding obligation means the aggregate of all funding obligations issued by all financing entities in a calendar year, including senior debt and subordinated debt.

(4) The variable fee payable for any calendar year shall not be

1. more than 1% of (5% × the incremental annual funding obligations), or

2. less than -1% of (5% × the incremental annual funding obligations).

(5) If the variable fee is a negative amount, such amount shall be deducted from the fixed fee payable in the following calendar year in twelve equal monthly instalments.

3.(1) When the Financial Services Manger submits its proposed fees to the Board, the Financial Services Manager shall provide the following:

1. The methodology that the Financial Services Manager has used to calculate its proposed fixed and variable fees.

2. The methodology that the Financial Services Manager has used to benchmark the each component of the proposed fee.

3. The period of time during which the Financial Services Manager is proposing to charge its proposed fee.

5. The identity of the financing entities that are required to pay the proposed fees.

6. Such other information as the Board may require.

(2) The Board is not bound by any methodology or benchmark provided to it by the Financial Services Manager under subsection (1).

(3) The Board may approve the proposed fees or proposed amendments or may refer the proposal back to the Financial Services Manager for further consideration with the Board's recommendations.

(4) Fees established by the Financial Services Manager and approved by the Board shall be included in the definition of "expenses" for the purposes of determining finance amounts under the Act.

4.(1) The Financial Services Manager may from time to time, but not more than once in any 12 month period, submit proposed amendments to its fees to the Board.

(2) If the Financial Services Manager submits proposed amendments, the proposed amendments shall be submitted no later than 120 days before the Financial Services Manager intends for the fees to be charged.

(3) Subsections (1) and (2) do not apply in the first 12 months after this regulation comes into force.

Note: Draft language provided for the purpose of instructions to Ontario Legislative Counsel. Final content of regulation is subject to drafting by OLC.

5.(1) Section 3 applies with such modifications as the context may require to any application by the Financial Services Manager for approval to amend its fees.

6.(1) Where there is more than one financing entity, the total amount payable by a financing entity in respect of fees shall be proportional to the services that it receives from the Financial Services Manager.

7.(1) Upon approving the first fee submitted by the Financial Services Manager, the Board may make it retroactive to a date prior to the date of the Board's approval and not earlier than July 1, 2017.

(2) The Financial Services Manager shall establish a deferral account in connection with subsection 19(3) of the Act that records costs incurred by the Financial Services Manager in providing services referred to in section 1 during the period from July 1, 2017 to the day before the date of the Board's first order under subsection 19(3) of the Act.

Outstanding Business Issues – Ontario Fair Hydro Plan

Issue	Overview	Supporting Documentation	Next Steps
Guarantees	• Province to provide contingent supports to enable structure	• Draft Term Sheet • Performance Guarantee • Service Guarantee	• OPG/MOF/ENE to discuss respective comments on the term sheet • ENE/MOF tracking to TB in September for approval **Timing:** Sept 26 TB/MBC
Equity Injection	• Province to purchase shares of OPG on a monthly basis	• Master Subscription Agreement • Service Level Agreement • Notice of Subscription • Amendment to Articles	• OFA / Energy to determine required monthly process and sign-off mechanism **Timing**: Late Sept/Early Oct
PILs Exemption	• Province to mitigate cost to ratepayers by minimizing PILs payable by OPG financing vehicle	• Tax Regulation	• MOF legal to draft comfort letter and regulation **Timing:** Regulation by fall
Subordinated Debt Loan Agreement	• OPG will lend the equity injection from the Province to the Trust by way of subordinated debt	• Draft Term Sheet • Debt Loan Arrangement	• OFA to provide comments • OPG to draft Debt Loan Arrangement **Timing**: Late Sept
OEB Rate & Fees	• OPG is allowed to charge a management fee for its services made up of 1)base fee and 2) performance fee	• Draft Base Fee framework • Draft Performance Fee framework • Regulation	• OPG, ENE and OFA to determine role of OEB in determining fees OPG charges **Timing**: Regulation by the fall

From:	Gadi Mayman
To:	Ronald Kwan; Ken Kandeepan; Mike Manning
Cc:	Anna Strathy; Gavin He
Subject:	Fw: Rate Mitigation Implementation Meeting - June 8, 2017
Date:	Thursday, June 08, 2017 8:08:55 PM
Attachments:	Action Items_June 8.docx

From: Schlaepfer, Martin (ENERGY)
Sent: Thursday, June 8, 2017 7:01 PM
To: Steen Hume (CAB); Kaili Sermat-Harding (ENERGY); Michael Reid (ENERGY); Carolyn Calwell (MCSS); Scott Nelms (ENERGY); ''jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken - FINANCE (ken.hartwick@opg.com)'; 'Rosemaire Leclair'; 'Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Scott Thompson (CAB); Helen Angus (MOHLTC); Steven Davidson (MTCS); 'Martine Band'; 'CROZZOLI Carlo - CBUSDEV&STRT'; Gadi Mayman; 'LEE John -TREASURY'; Karen Hughes (MGS); Veinot, Cindy (TBS)
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Subject: RE: Rate Mitigation Implementation Meeting - June 8, 2017

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Martin

From: Schlaepfer, Martin (ENERGY)
Sent: June 7, 2017 8:02 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Reid, Michael (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI); Nelms, Scott (MOF); ''jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Rosemaire Leclair'; 'Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); 'Martine Band'; 'CROZZOLI Carlo -CBUSDEV&STRT'; Mayman, Gadi (OFA); 'LEE John -TREASURY'; Hughes, Karen (TBS); Veinot, Cindy (TBS)
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); MacIntyre, Kyle (TBS); McLean, David (MOF); Foster, Robert (CAB); 'jordan.penic@ieso.ca'; 'sarah.branco@ontarioenergyboard.ca'; 'Turnevicius, Lorraine'; 'catriona.king@opg.com'; Bungaro-Yemec, Francesca (ENERGY); Feather, Adam (ENERGY); Cox, Hilary (ENERGY); Kitchen, Matthew (ENERGY); Laughton, Patrick (TBS); David Barrett
Subject: RE: Rate Mitigation Implementation Meeting - June 8, 2017
Good evening,
Please find attached the material for discussion tomorrow morning.
Thanks,
Martin

Action Items – June 8

1) GA Refinancing
    - Ministry tracking 8 regs for next week
    - Ministry moved OESP reg to June 27
        - Ministry continues to work with MCSS on OESP automatic enrolment, which is tracking for Sept at the earliest
    - Ministry continues to work on general reg and requires input from OPG, IESO and OEB to ensure they have what they need
    - TBS would like a road map to facilitate the presentation at TB
    - OPG to provide language to Ministry for regulation drafting
    - OPG to draft a deck for Minister's OFHP implementation briefing with input from IGSs
    - IESO expecting AG coming to their Board on June 14
    - IESO is working with KPMG to review the interest cost coming back to IESO from OPG during moratorium period
    - OEB drafting supplementary report to go out with revised pricing on June 22
        - OEB to consider announcing pricing earlier in the day rather than afternoon
    - OEB refining answer and key messages to how HydroOne rate application impacts OFHP and will share with Ministry
    - Ministry/OFA to provide comments back to OPG on Provincial Support Agreement Term Sheet by next week
    - MOF, not TBS, to provide S. 28 approval
    - OPG/IESO to confirm timing of when they need Board indemnities (potentially required before IESO Board meeting on the 14th of June)
    - MOF/TBS to look into whether appropriation from TB is required to facilitate the S.28 approval
    - Ministry reviewing CEB/DRC comparison document and will provide comments next week.

2) Other OFHP Initiatives
    - RRRP, OESP and FN:
        - Ministry working with Chiefs on First Nations Delivery credit with Chiefs expecting to table and pass a resolution next week on who receives credit
    - Affordability Fund:
        - Formal written invitation being sent to final trustee who has agreed verbally

From: Gadi Mayman
To: Ronald Kwan; Ken Kandeepan; Mike Manning
Cc: Anna Strathy; Gavin He
Subject: Fw: Rate Mitigation Implementation Meeting - June 1, 2017
Date: Thursday, June 01, 2017 8:38:53 PM
Attachments: Action Items_June 1.docx

Original Message
From: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Sent: Thursday, June 1, 2017 7:55 PM
To: Steen Hume (CAB); Kaili Sermat-Harding (ENERGY); Michael Reid (ENERGY); Carolyn Calwell (MCSS); Scott Nelms (ENERGY); "jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Rosemaire Leclair'; 'Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca)'; 'Campbell, Bruce (bruce.campbell@ieso.ca)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Scott Thompson (CAB); Helen Angus (MOHLTC); Steven Davidson (MTCS); 'Martine Band'; 'CROZZOLI Carlo -CBUSDEV&STRT'; Gadi Mayman; 'LEE John -TREASURY'; Karen Hughes (MGS); Veinot, Cindy (TBS)
Cc: Serge Imbrogno (ENERGY); Andrew Teliszewsky (ENERGY); Matt Whittington (ENERGY); Baker, Carys (ENERGY); Kyle MacIntyre (MOF); David McLean (MOF); Robert Foster (MOF); 'jordan.penic@ieso.ca'; 'sarah.branco@ontarioenergyboard.ca'; 'Turnevicius, Lorraine'; 'catriona.king@opg.com'; Francesca Bungaro-Yemec (ENERGY); Feather, Adam (ENERGY); Hilary Cox (ENE); Erin Thompson (ENERGY)
Subject: RE: Rate Mitigation Implementation Meeting - June 1, 2017

Please find attached the action items from today's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: May 31, 2017 7:03 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Reid, Michael (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI); Nelms, Scott (MOF); "jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Rosemaire Leclair'; 'Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca)'; 'Campbell, Bruce (bruce.campbell@ieso.ca)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); 'Martine Band'; 'CROZZOLI Carlo -CBUSDEV&STRT'; Mayman, Gadi (OFA); 'LEE John -TREASURY'; Hughes, Karen (TBS); Veinot, Cindy (TBS)
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); MacIntyre, Kyle (TBS); McLean, David (MOF); Foster, Robert (CAB); 'jordan.penic@ieso.ca'; 'sarah.branco@ontarioenergyboard.ca'; 'Turnevicius, Lorraine'; 'catriona.king@opg.com'; Bungaro-Yemec, Francesca (ENERGY); Feather, Adam (ENERGY); Cox, Hilary (ENERGY); Thompson, Erin (ENERGY)
Subject: Rate Mitigation Implementation Meeting - June 1, 2017

Good evening,

Please find attached the material for discussion tomorrow morning.

Thanks,
Martin

Action Items – June 1

1) GA Refinancing
    - Energy to share draft regulations with TBS and others once received from leg council (aiming for early next week)

    - TBS to follow-up with Energy on TB Report Back expectations and timelines

    - IGS to follow-up with MOF/Tax Policy on indirect taxes implication

    - Agencies (OPG/IESO/OEB) to develop and circulate more detailed work plans, as required. OEB provided a detailed work plan that outlined timeline and work deliverables to be finalized by June 22

    - OFA circulated a document comparing of Clean Energy Adjustment to the Debt Retirement Charge (DRC), which when finalized would be shared with AG
        - Energy to review and provide comments early next week

    - IESO provided AG with all requested documents yesterday. OEB has AG request due June 2. OFA is also working on AG request. AG is meeting with IESO Board on June 14, KPMG will attend
        - TBS to follow-up on whether AG met with large audit firms and outcome
        - Energy to include standing item on future agendas regarding AG matters

2) Other OFHP Initiatives
    - RRRP, OESP and FN:
        - No substantive update

    - Affordability Fund:
        - Advisory Committee working to confirm remaining social service agency representative required for the Board of Trustees

From: Gadi Mayman
To: Ronald Kwan; Ken Kandeepan; Mike Manning
Cc: Anna Strathy; Gavin He
Subject: Fw: Rate Mitigation Implementation Meeting - June 1, 2017
Date: Wednesday, May 31, 2017 7:22:44 PM
Attachments: Agenda_Weekly Rate Mitig Implmentation Group_June 1.docx
2017 05 31 Outstanding Business Issues Ontario Fair Hydro Plan - v03.docx
Consolidated - OFHP Matrix - Week of May 29 Clean.docx

Original Message
From: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Sent: Wednesday, May 31, 2017 7:03 PM
To: Steen Hume (CAB); Kaili Sermat-Harding (ENERGY); Michael Reid (ENERGY); Carolyn Calwell (MCSS); Scott Nelms (ENERGY); "jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Rosemaire Leclair'; 'Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca)'; 'Campbell, Bruce (bruce.campbell@ieso.ca)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Scott Thompson (CAB); Helen Angus (MOHLTC); Steven Davidson (MTCS); 'Martine Band'; 'CROZZOLI Carlo -CBUSDEV&STRT'; Gadi Mayman; 'LEE John -TREASURY'; Karen Hughes (MGS); Veinot, Cindy (TBS)
Cc: Serge Imbrogno (ENERGY); Andrew Teliszewsky (ENERGY); Matt Whittington (ENERGY); Baker, Carys (ENERGY); Kyle MacIntyre (MOF); David McLean (MOF); Robert Foster (MOF); 'jordan.penic@ieso.ca'; 'sarah.branco@ontarioenergyboard.ca'; 'Turnevicius, Lorraine'; 'catriona.king@opg.com'; Francesca Bungaro-Yemec (ENERGY); Feather, Adam (ENERGY); Hilary Cox (ENE); Erin Thompson (ENERGY)
Subject: Rate Mitigation Implementation Meeting - June 1, 2017

Good evening,

Please find attached the material for discussion tomorrow morning.

Thanks,
Martin

WEEKLY RATE MITIGATION IMPLEMENTATION GROUP
June 1, 2017

Agenda

1) GA Refinancing
    - Committee Debrief (LSB)
    - Regulation Drafting (Energy / All)
    - Critical Paths (OPG / IESO / OEB)
    - Comparison of Clean Energy Adjustment to Debt Retirement Charge (OFA)
    - Draft Provincial Guarantees for Dealers (OPG/OFA)
    - Business Item (OPG/IGS)

2) Other OFHP Initiatives
    - RRRP, OESP and FN (SNAP)
    - Affordability Fund (CRED)

Notes:

Outstanding Business Issues – Ontario Fair Hydro Plan

Briefing Note

PURPOSE

Provide an overview of a few of the key remaining outstanding business issues that OPG and the Province are working through

BUSINESS ISSUES

1. **Provincial Support Agreement Term Sheet (Performance and Payment Guarantees)**
   - As part of the OFHP, the IESO will create and sell a regulatory asset to the OPG financing entity
   - In order to provide assurances to those with claims against the Financing Entity (eg. Holders of debt), and support credit ratings, the Province is providing both a Service Guarantee and a Performance Guarantee to ensure that the obligations of the IESO are carried out including obligations related to collecting and remitting clean energy adjustments.
   - **Next Steps:**
     - OPG and OFA have discussed a draft term sheet and the OFA, MOF and Blakes will work together to provide comments
     - Timing: Guarantees are required to support rating agency review which is expected by the end of July.

2. **Payments in Lieu of Taxes (PILs) Exemption**
   - Provincial staff, with OPG's concurrence, recommends minimizing, to the extent possible, the PILs payable by the OPG financing vehicle, as those costs will be recovered from ratepayers.
   - The Province is considering regulation changes to exempt from PILs the income arising to the OPG financing vehicle / OPG as a consequence of the Fair Hydro Plan.
   - As part of the OFHP, the financing entity will raise debt and acquire "investment assets" from the IESO. Given the unique nature of the investment assets, there are no specific rules which govern the manner which investment assets should be treated for tax purposes, and further analysis is required to ensure the cost of the investment assets are appropriately recognized as a deduction or offset in computing the income of the financing entity.
   - **Next Steps:**
     - The MOF, OFA and OPG are working together to determine required regulation changes.
     - Torys prepared a memo on the item
     - Timing: MOF will be setting up a call with tax policy, OPG and Torys to discuss a memo Torys prepared on the item in the next few days

3. **Fair Hydro Plan - Master Subscription Agreement Term Sheet (Equity Injection Process)**
    - OPG will require equity injections on a monthly basis, to match the timing of the purchase of the IESO regulatory asset, as applicable, in order to maintain its capital structure, and will require flexibility in order to issue shares as needed by the Province.
    - The Ministry of Energy received appropriation for a fiscally-neutral operating asset expenditure of $1.1B through PRRT to support equity injections for the 2017-18 period, and will continue to provide multi-year forecasts each year through PRRT.
    - **Next Steps:**
        - The Ministry of Energy, OFA and OPG are working through the short term mechanics of this process, which will ultimately feed into a Master Subscription Agreement. A draft term sheet is underway.
        - Timing: OPG will require the ability to issue equity in July, so mechanics and agreements should be finalized in June.

4. **Management Fees**
    - OPG will be providing all required services to the Trust as part of the OFHP, including planning, strategy, financing, deal execution etc.
    - The legislation allows OPG to establish and charge a management fee for those services in accordance with the regulations, which are currently in development.
    - OPG and OEB are currently working together on a management fee structure that balances the interests of minimizing costs and satisfying accounting consolidation requirements.
    - There are two components to the model proposed by OPG:
        - Base fee: the structure will allow OPG to earn a commercial fee, an accounting consolidation requirement, with periodic OEB review of the commercial basis of that fee. OEB and OPG are in discussions in order to develop a model that satisfies the accounting requirements and is consistent with OEB's processes.
        - Performance management fee: OPG has the ability to gain or lose depending on the actual financing cost relative to a benchmark, which would be shared equally between ratepayers and OPG. Gain/loss is capped at 1% of annual incremental issuance amount.
    - **Next Steps:**
        - OPG and OEB will bring forward a recommended framework for developing management fees.
        - Timing: TBD

5. **Subordinated Debt Loan Agreement**
    - OPG will lend the equity injection from the Province to the Fair Hydro Trust by way of subordinated debt

- Based on monthly funding requirements of the GA asset, the Trust will use short term financing and take out bonds once short term funding reaches certain levels
- OPG and OFA are working on a Debt Loan Arrangement that would establish the interest rates on the subordinated debt
- **Next Steps:**
    - OPG and OFA will bring forward a recommended framework for determining interest rates
    - Timing: TBD

6. IESO – Increased OFA Credit Facilities

- THE OPG financing entity is not expected to be immediately operational, so the IESO will need to have transitional financing in place to manage the difference in the payments to generators and other service providers vs payments from loads / LDCs.
- There may also be on-going monthly cash flow timing differences that the IESO will need a credit facility for.
- In addition, the OPG financing entity has the right to purchase the regulatory asset from IESO but is not required to purchase it.
- IESO is working with the OFA to increase the credit facilities in the event that the OPG financing entity does not purchase the regulatory asset
- **Next Steps:**
    - OFA is drafting a new agreement for a $2 billion credit facility for the OFA to lend funds to IESO for FHP purposes. Concurrently, the OFA is seeking the Minister's approval for an LRC submission to approve an OIC for an additional $2 billion in borrowing capacity, as well as a Directive from the Minister of Finance, which are both necessary for the OFA to lend funds to IESO under the requested new Credit Facility.
    - Timing: The OIC is scheduled for the June 27, 2017 LRC meeting. The Directive and Credit Facility Agreement are currently being drafted, to be in place by July 1st, 2017

7. OPG Indemnity

- OPG (and IESO) are asking for the Province to indemnify the IESO, OPG (the entities) and their respective directors, officers and employee in order to allow them to carry out their roles in implementing the Ontario Fair Hydro Plan and primarily the Global Adjustment refinancing.
- Indemnification will need to ensure separation between the Province and OPG is maintained
- **Next Steps:**

- Staff in Ministry of Finance and Treasury Board Secretariat have received initial documents and are currently reviewing.
- Depending on the structure of the indemnity requested, an OIC may be required to provide authority to the Minister of Finance
- Timing: If an OIC is required this would be included in the June 27th, 2017 submission

Implementation of Ontario's Fair Hydro Plan
Week of May 29, 2017

Item	Key Deliverables / Considerations	Timing / Next Steps
1) Refinancing the Global Adjustment (ESP/IGS/LSB)		
• ENERGY, LSB, IESO, OPG, OEB, TBS and MOF	<u>Recent Action Items</u> **Legislation and Regulations Drafting / House Prep:** • Leg Counsel finalizing legislation • LSB working on: o Committee motions – Ministry working on motions. Ministry to finalize motions by noon May 29 to deliver to Clerks by 6 pm. o Regulations – 2 parts (mid and late June). Note: OPG has sketched out what it may require in regulation. Regulation tracking for direct to Cabinet on June 14th (TBC) o Indemnities for OPG and IESO Board members to be in place around Royal Assent o Ministry to work with OPG/OEB/IESO on regulations • Ministry to follow up with stakeholder on rate cap • Blakes and LSB to work with MAG on any constitutional law issues – ongoing • MO to work with MOF/TBS MOs to request their Ministers for house debate (Week May 15, 2017) • Agencies (OPG/IESO/OEB) to provide critical paths for the next meeting • OFA to have comparison of Clean Energy Adjustment to DRC (ready by end of week) • TBS to connect with OFA to determine if it ready to share with IESO **TBS, LRC and Cabinet:** • Ministry working on approval documents for Minister signature	• Approval dates: o TB – May 9 2017; and o LRC/Cabinet – May 10, 2017 • Legislation / House dates: o Legislation introduction – May 11, 2017 o Opposition Briefing (TBD) o Debate – Week of May 15, 2017 o Committee/Public Hearings – Week of May 23, 2017 o Committee/Clause by Clause – Week of May 29, 2017 • Regulations – June 2017 • Summer 2017 implementation (June/July). OPG preference for July 1 to align with quarter-end

Item	Key Deliverables / Considerations	Timing / Next Steps
	for end of week: o LRC / Cabinet Submission on OFH Legislation o TB/MBC Report Back – GA refinancing, Social programs and ICI. Note: TB looking for variability risk analysis for Social programs o TBS to draft a chart with report backs o TBS to look at more streamlined approval process (Cabinet sitting as TB, LRC) o Ministry to share drafts by end of week • Ministry working with Navigant to prepare a report on long lived assets and associated assessment of value. Interim report expected mid-May, followed by final report in June • OPG and IESO's independent accounting work is complete: • OPG memo and E&Y accounting opinion has been delivered to Ministry • IESO has finalized KPMG's work • Agencies are each working a one page summary that could be released publically • OFA to work on analysis of comparison of clean energy adjustments to Debt Retirement Charge • Indemnities for Boards are tracking forward to be in place when legislation comes into force • Guarantees for dealers are still being explored and to be done in conjunction with rating process **OPG:** • OPG to continue to work with lead banks / rating agencies / OFA on financing • OPG to confirm accounting if OFA were to act as lead order on borrowing • OPG to determine who will finance / hold the asset until it goes to the market (OPG expected to go to market September/October) – IESO/OPG to work together on outstanding issues regarding OPG cash flows • OPG to confirm proposed tax status of the Special Purpose Vehicle (SPV)	

Item	Key Deliverables / Considerations	Timing / Next Steps
	• OPG to set up SPV after regulations in June, which requires rating agencies review expected by the end of July. Documents will include commentary on credit worthiness. Potential engagement of Moody's/S&P/DBRS • OPG to draft terms of guarantee to dealers (which will be presented to dealers) • Ministry to work with OPG to ensure alignment with OPG internal report for its Board • MOF, Energy and OPG work on equity injection mechanics, approvals and valuation approach • OPG undertaking modelling, but initial borrowing amount will come from formula in legislation. • Ministry draft assurances / indemnification for Board member and Shareholder Resolution re articles of incorporation/borrowing (Timing TBD) • OPG to meet with OAG next Thursday (TBC) • OPG on track with Board meeting on May 12 to approve recommendation • OPG guarantees won't be negotiated until a later stage and guarantee for market disruption is still in play **IESO:** • IESO to discuss LDC issues with OEB • IESO to work through technical aspects with IT (i.e., operationalizing the back-office functions) • IESO memo and KPMG accounting opinion has been delivered to Ministry • Ministry draft assurances / indemnification for Board member • IESO is producing a document to respond to AG questions – to be shared with TBS for review • IESO letter went to OFA to request $2.5B total credit **OEB:** • OEB continues to work through drafting issues with LSB (e.g., role in review of admin costs, timing of revised RPP, why there needs to be an OEB objective) • OEB's cannot reset prices until regulation is public, but work	

Item	Key Deliverables / Considerations	Timing / Next Steps
	will happen in the background to ensure a common understanding of regulations <u>Considerations</u> • Ongoing financing, accounting and legal risk assessments. • OPG needs to have regulations finalized to move forward on ratings process • OEB needs regulations to move forward with pricing, which is on track for June 22	
2) Broadening Rural or Remote Rate Protection (RRRP) (SNAP)		
• ENERGY, LSB and LDCs	<u>Recent Action Items</u> • SNAP convened LDC WG May 18th to discuss bill presentment and SNAP to continue to monitor rate hearings for RRRP LDCs • SNAP working with CSD / TBS on allocation for each program (RRRP, OESP, FN Rate and OREC) without executive control on each • Ministry to develop briefing note on why LDCs with RRRP continue to track to OEB for rate increases • Ministry working with LDCs to finalize program design <u>Considerations</u> • Staff working on regulations with LSB • Staff intending to share drafts of the regulations once created with OEB and IESO policy/legal staff •	• Approval dates: o Cabinet June 14th • Legislation / House dates: ~~o~~ Legislation introduction – o Committee/Clause by Clause – Week of May 29, 2017 • Regulations – June 2017 • Implementation of expanded program and reduction in RRRP charge is targeted for July 1 2017
3) Expanding Ontario Electricity Support Program (OESP) (SNAP)		
• ENERGY, LSB, MCSS and OEB	<u>Recent Action Items</u> • SNAP to continue to work through OESP automatic qualification with MCSS / OEB • SNAP to continue to work with, MOF, OEB and CRA on OESP wet signature • OEB removed OESP from bill as of May 1.	• Approval dates: o TB – May 9 2017; and o LRC/Cabinet – May 10, 2017

Item	Key Deliverables / Considerations	Timing / Next Steps
	• SNAP to work with TBS to ensure funds flow from fiscal plan as soon as legislation passes • Ministry to meet with MCSS regarding taking over OESP administration • Ministry received final legislation, which includes information sharing provision with MCSS <u>Considerations</u> • Ministry is working with OEB on how the OESP enhancement will be announced as part of a communications exercise. • Positive progress with OEB on implementation: o OEB has been engaged on implementation timelines for 50% + new eligibility – OEB working with LDCs to ensure systems are upgraded to reflect new credit amounts; o Ongoing work with MCSS to auto-enroll those receiving / applying to social programs. Work plan for implementation being developed with OEB support. • As part of legislation / regulatory amendment work, investigating steps required to use OESP variance (approx. $100 million) to reduce current OESP charge to zero and continue funding existing program until tax changes in place. • Technical/governance structures needed to flow taxpayer money to programs. Need to work with IESO/OEB/MOF.	• Legislation / House dates: o Legislation introduction – May 11, 2017 o Opposition Briefing (TBD) o Debate – Week of May 15, 2017 o Committee/Public Hearings – Week of May 23, 2017 o Committee/Clause by Clause – Week of May 29, 2017 • Regulations – June 2017 • Enhanced benefits and removal of OESP charge will take effect in May 2017
4) Providing a First Nations On-Reserve Delivery Credit (SNAP)		
• ENERGY and LSB	• Legislation • Regulation (TBD) <u>Recent Action Items</u> • SNAP convened LDC working group on March 24th • SNAP to move forward with including COO in FN rate implementation / work through implementation issues. SNAP working to meet with COO to have preliminary discussion of the FNDC	• Approval dates: o TB – May 9 2017; and o LRC/Cabinet – May 10, 2017 • Legislation / House dates: o Legislation introduction – May 11, 2017 o Opposition Briefing (TBD)

Item	Key Deliverables / Considerations	Timing / Next Steps
	• Ministry finalizing process for eligibility and working with COO to communicate FNDC • Letter being drafted by Regional Chief Day tracking for week of May 29. • Ministry met with COO on April 26, 2017 and May23rd regarding FN Rate implementation <u>Considerations</u> • Eligibility will be for First Nation on Reserve consumers who are receiving HST exemption to be automatically qualified for the Delivery credit. • Staff working with COO on a communication strategy • LDCs have been made aware of the eligibility requirement and indicate they can do this quickly/easily. • Work with LDCs on implementation details that need to be ~~l~~egislation required to have program funded by taxpayers. • Technical/governance structures needed to flow taxpayer money to programs. Need to work with IESO/OEB/MOF. •	o Debate – Week of May 15, 2017 o Committee/Public Hearings – Week of May 23, 2017 o Committee/Clause by Clause – Week of May 29, 2017 • Regulations – June 2017 • Introduction of FNDC program targeting July 1 2017
5) Establishing an Affordability Fund (CRED)		
• ENERGY, IGS, LSB, Blakes, CSD, OPCD, TBS, MOF and H1 (KPMG and Osler)	• TBC/MBC Submission • Declaration of Trust ("Trust Deed") • Transfer Payment Agreement (TPA) • Administrative Services Agreement (H1-Trust) <u>Recent Action Items</u> • Affordability Fund advisory committee reached consensus on three LDCs + two social agencies to be represented on Trust Board (Ottawa Carleton UW / Advocacy Centre for Tenants Ontario (ACTO) / Thunder Bay Hydro / Hydro One / Alectra) • ACTO declined the invitation to participate on the Board of Trustees due to other demands/priorities. The advisory committee is contacting the Neighbour to Neighbour Centre to invite a representative to participate on the Board. . Response pending. • In its administrative capacity, Hydro One is preparing	**April to May 2017:** • Advisory Committee recommends Board of Trustees by May 31, 2017; Computershare appoints full Board of Trustees **June 2017:** • Trustees expected to engage with distributors, IESO, OEB, others, to define funding criteria and processes **June 2017:** • Report back to TB/MBC with final program details and a performance management

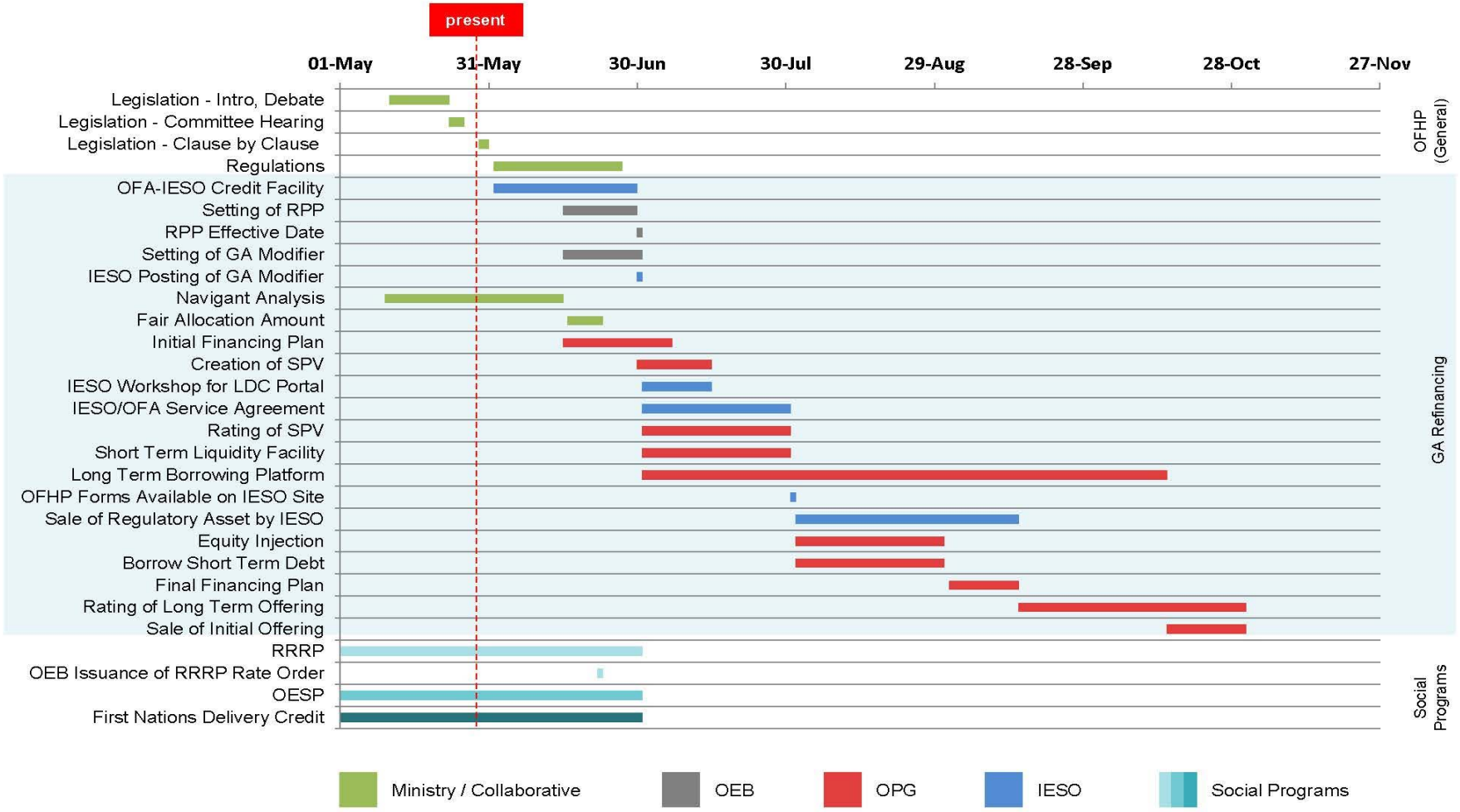
Item	Key Deliverables / Considerations	Timing / Next Steps
	documentation to replace Computershare, as the original trustee, with the Board of Trustees. Hydro One is also developing back office support and preparing recommendations for the first meeting of the Board of Trustees. <u>Considerations</u> • Legislative changes not required.	framework including outcome measures and targets **Summer 2017:** • LDCs begin to apply to the Trust for funds **Late 2017/early 2018:** • ENERGY can apply for additional funds through 2018-19 PRRT based on performance and need. Trust term can be extended with amended/new TPA if agreed by Trust
6) Expanding ICI (ESP)		
• ENERGY, LSB, IESO and LDCs	<u>Recent Action Items</u> • Ministry promoting value of ICI (i.e., at upcoming OCC Annual General meeting) – OCC educational outreach work underway. • Ministry discussing with CME ongoing <u>Considerations</u> • Ongoing outreach with LDCs being undertaken by IESO.	• Report back to TB/MBC on May 9, 2017 • Effective April 2017
7) Energy Sector Efficiencies (i.e., Ontario Energy Board and IESO) (SNAP / ESP)		
• ENERGY, LSB, OEB and IESO	**OEB:** • Directive / Letter (TBD) <u>Considerations</u> • Signal efficiencies intent in OEB business plan letter • Work with OEB/LDCs on LTEP document and proposed directive to OEB	• Continue this work as part of LTEP

Item	Key Deliverables / Considerations	Timing / Next Steps
	IESO: • Directive / Letter (TBD) <u>Considerations</u> • IESO's stakeholder engagement re Market Renewal is ongoing.	
8) Additional Initiatives for Small Business and Industrials (i.e., Class B) (ESP)		
• ENERGY, MEDG, MOF, MOECC, MOL and Small Business	• Identify additional opportunities to assist Class B electricity consumers and small and medium sized manufacturers' <u>Recent Action Items</u> • ESP to work with other ministries regarding other measures that can be considered for SMEs <u>Considerations</u> • TBD	• Report back to TBC/MBC and Cabinet in spring 2017 (per Cabinet Minute)
9) Initiatives for Tenants (SNAP)		
• ENERGY and MOH	• Explore ways to provide direct assistance to tenants that are not sub-metered and do not directly benefit under the existing and proposed rate mitigation programs <u>Considerations</u> • MHO leading any legislative/regulatory changes needed to have tenants benefit from program. Consider whether benefits are limited to 8% and GA (rather than OESP which is harder to provide to tenants who do not pay their bills).	• Report back to TBC/MBC and Cabinet in fall 2017 (Per Cabinet Minute)

Item	Key Deliverables / Considerations	Timing / Next Steps
	• ENERGY working with MCSS to streamline/automate enrollment for ODSP/OW consumers into OESP.	
10) Stakeholder/Agency Outreach (Communications)		
• ENERGY	• Minister's letters to: o Ratepayers; o LDCs; o Business (e.g., OCC, CME, Concerned Manufactures, etc); and o Agencies (i.e., IESO, OPG, OEB and H1)	• Early-mid March
11) Engagement with Officers of the Legislature		
• ENERGY, MOF/OFA, Financial Accountability Officer (FAO)	• Provided FAO staff with a technical briefing on the OFHP • ENERGY provided feedback to FAO regarding its report on GA Refinancing • IESO to offer FAO separate meeting with KPMG (FAO declined)	• March 9, 2017: Preliminary discussion • March 14, 2017: Letter received requesting additional information by March 24, 2017 • March 31, 2017: Ministry submitted responsive materials • May 24, 2017: FAO report to be provided to MO on Tuesday morning and be released on Wednesday at 9AM
• ENERGY, MOF/OFA, Auditor General (AG)	• Provide the AG with a technical briefing on the OFHP <u>Recent Action Items</u> • Provide AG technical briefing presentation used in media lock-up on OFHP in advance of the technical briefing	• IESO is producing a document to respond to AG questions – to be shared with TBS for review

Item	Key Deliverables / Considerations	Timing / Next Steps
	• OEB has been asked by AG for all correspondence between all parties by June 2 • OFA has received similar request • ENERGY has received AG request for contracts and ToR for accounting advice (request to be re-directed to agencies)	
12) Bill Presentment (SNAP/LSB)		
• ENERGY	• Ministry to begin work on bill presentment <u>Recent Action Items</u> • Bill inserts will be ready for July 1 with bill redesign to occur in the Fall	• Initial discussion on March 31, 2017

Ontario Fair Hydro Plan Implementation



* Note: Preliminary timeline with tentative dates that are subject to change.

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From:	Gadi Mayman
To:	Ronald Kwan; Mike Manning; Ken Kandeepan; Carlos Yep
Cc:	Anna Strathy
Subject:	Fw: Rate Mitigation Implementation Meeting - July 27, 2017
Date:	Friday, July 28, 2017 3:22:35 PM
Attachments:	Action Items_July 27.docx

From: Schlaepfer, Martin (ENERGY)
Sent: Friday, July 28, 2017 3:06 PM
To: Steen Hume (CAB); Kaili Sermat-Harding (ENERGY); Michael Reid (ENERGY); Carolyn Calwell (MCSS); Scott Nelms (ENERGY); ''jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken - FINANCE (ken.hartwick@opg.com)'; 'Rosemaire Leclair'; 'Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Scott Thompson (CAB); Helen Angus (MOHLTC); Steven Davidson (MTCS); 'Martine Band'; 'CROZZOLI Carlo - CBUSDEV&STRT'; Gadi Mayman; 'LEE John -TREASURY'; Karen Hughes (MGS); Veinot, Cindy (TBS)
Cc: Serge Imbrogno (ENERGY); Andrew Teliszewsky (ENERGY); Matt Whittington (ENERGY); Baker, Carys (ENERGY); Kyle MacIntyre (MOF); David McLean (MOF); Robert Foster (MOF); 'jordan.penic@ieso.ca'; 'sarah.branco@ontarioenergyboard.ca'; 'Turnevicius, Lorraine'; 'catriona.king@opg.com'; Francesca Bungaro-Yemec (ENERGY); Feather, Adam (ENERGY); Hilary Cox (ENE); Edwards, Matthew (ENERGY); Patrick Laughton (MOF); David Barrett
Subject: RE: Rate Mitigation Implementation Meeting - July 27, 2017

Hi everyone,
Attached are the Action Items from yesterday's meeting.
Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: July 26, 2017 9:22 AM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Reid, Michael (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI); Nelms, Scott (MOF); ''jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Rosemaire Leclair'; 'Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); 'Martine Band'; 'CROZZOLI Carlo -CBUSDEV&STRT'; Mayman, Gadi (OFA); 'LEE John -TREASURY'; Hughes, Karen (TBS); Veinot, Cindy (TBS)
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); MacIntyre, Kyle (TBS); McLean, David (MOF); Foster, Robert (CAB); 'jordan.penic@ieso.ca'; 'sarah.branco@ontarioenergyboard.ca'; 'Turnevicius, Lorraine'; 'catriona.king@opg.com'; Bungaro-Yemec, Francesca (ENERGY); Feather, Adam (ENERGY); Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Laughton, Patrick (TBS); David Barrett
Subject: Rate Mitigation Implementation Meeting - July 27, 2017
Hi everyone,
Please find attached the material for discussion tomorrow morning.
Thanks,
Martin

Action Items – July 27, 2017

1) GA Refinancing
    - o General Update (OPG / IESO)
        - OPG continues to work with the rating agencies. OPG working to finalize this work by end of September
        - OPG, IESO and ENERGY to work through an approach to address interest payments during the moratorium period
        - ENERGY working through the details related to the Minister's Fair Allocation Amount
    - o Draft Provincial Guarantees for Dealers (OFA/OPG)
        - OPG to set up meeting with OFA and IGS to discuss dealers questions on the guarantee
        - OPG would like to settle on an approach to the guarantee by early August to begin the rating process, pending final approval at a later date
            - ENERGY and OFA to bring this forward a proposed approach to CO/PO on August 16, with a TB meeting / approval to follow
    - o Business Item (OPG/IGS)
        - MOF/Tax Policy is working on confort letter regarding PILs for OPG
        - ENERGY legal and OFA legal continues to work on process for the equity injection

2) AG Update
    - TBS advises that AG is tracking for an opinion on Public Accounts (PA) on August 18, which would result in an earliest release by the government of the PA on August 28 (Note: The statutory dealine in September 27)
    - IESO indicates that Deloitte has provided KPMG a second opinion on the accounting treatment that is supportive, which was provided to the AG

3) Other OFHP Initiatives
    - o RRRP, OESP and FN (SNAP)
        - Ministry working on post card for FN delivery credit
    - o Affordability Fund (CRED)
        - Stakeholder engagement is underway; preliminary outreach with several LDCs conducted in July and a WebEx meeting to allow for broader outreach to utilities is scheduled for August 1

- Trustees continue to work through program design concepts and details in order to launch the program as soon as possible
- Trustees have agreed to Hydro One’s role as administrator

From:	Gadi Mayman
To:	Ken Kandeepan; Mike Manning; Ronald Kwan
Cc:	Anna Strathy; Gavin He
Subject:	Fw: Rate Mitigation Implementation Meeting - May 25, 2017
Date:	Wednesday, May 24, 2017 7:56:43 PM
Attachments:	Agenda_Weekly Rate Mitig Implmentation Group_May 25.docx OFHP Work Plan.pptx Fair Hydro Act Motions Consultation (May 24 2017) v3.docx Regulations 17 May 2017.docx

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From: Schlaepfer, Martin (ENERGY)
Sent: Wednesday, May 24, 2017 11:02 PM
To: Steen Hume (CAB); Kaili Sermat-Harding (ENERGY); Michael Reid (ENERGY); Carolyn Calwell (MCSS); Scott Nelms (ENERGY); Tim Christie (ENERGY); ''jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Rosemaire Leclair'; 'Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca)'; 'Campbell, Bruce (bruce.campbell@ieso.ca)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Scott Thompson (CAB); Helen Angus (MOHLTC); Steven Davidson (MTCS); 'Martine Band'; 'CROZZOLI Carlo -CBUSDEV&STRT'; Gadi Mayman; 'LEE John -TREASURY'
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Subject: Rate Mitigation Implementation Meeting - May 25, 2017

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Martin

WEEKLY RATE MITIGATION IMPLEMENTATION GROUP
May 25, 2017

Agenda

1) GA Refinancing
    - Committee process/motions (LSB)
    - Regulation drafting (LSB)
    - Workplan (ENERGY)
    - Updates (OPG/IESO/OEB)
        - Critical Paths
    - Comparison of Clean Energy Adjustment to Debt Retirement Charge (OFA)
    - Guarantees for dealers (OPG/OFA)

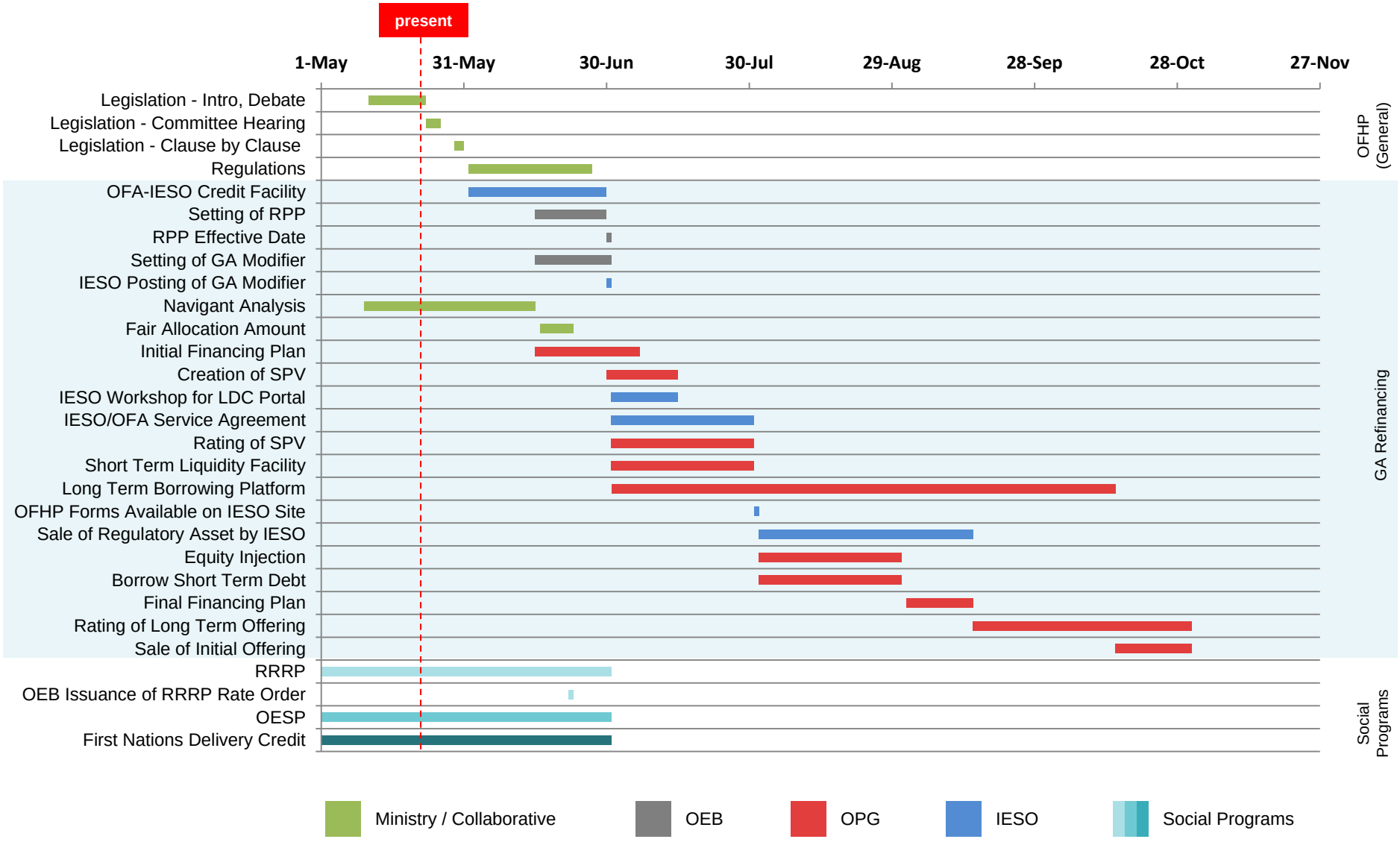
2) Other OFHP Initiatives
    - RRRP, OESP and FN (SNAP)
    - Affordability Fund (CRED)

Notes:

Ontario Fair Hydro Plan – Implementation Timeline

May 19, 2017

Ontario Fair Hydro Plan Implementation



* Note: Preliminary timeline with tentative dates that are subject to change.

Version 3

This confidential draft document is provided for discussion purposes only. It should not be construed as representing the position adopted by the Government of Ontario on any of the topics included or not included in this document. The notes included in this document are intended only to help facilitate a discussion of the topics to which they relate. Any potential legislation is subject to the approval of the Ontario Legislature.

Proposed Bill 132 Draft Motions

Proposed Draft Government Motions

Proposed Draft Bill 132 Motions

Motion 1

Schedule 1 to the Bill, subsection 1 (1)

The following definition is added:

"readjustment amount" means, in respect of a reference period, the amount payable by specified consumers in respect of that reference period as a result of a determination of the Board under Part II to reduce electricity rates [so that the sum of the amount charged to specified consumers and the finance amount is less than] the fair allocation amount in respect of the reference period; ("French")

Proposed Draft Bill 132 Motions

Motion 2

Schedule 1 to the Bill, section 7

Section 7 would be struck out and the following substituted:

Regulated rate consumers, first adjustments

7. (1) Despite clause 79.16 (1) (b) of the *Ontario Energy Board Act, 1998*, the electricity rates payable by regulated rate consumers for the period beginning on July 1, 2017 and ending on April 30, 2018 are the rates determined by the Board under this section and in accordance with the regulations.

Determination by Board

(2) The rates mentioned in subsection (1) shall be the rates that would result in a hypothetical regulated rate consumer who meets the prescribed criteria being invoiced a total amount, consisting of such types of amounts as may be prescribed, that is 25 per cent less than the total amount, consisting of such types of amounts as may be prescribed, that the consumer would have been invoiced under the comparison rates described in subsection (3).

Comparison rates

(3) The comparison rates are the rates that would have been effective May 1, 2017 if they had been determined by the Board for the consumer mentioned in subsection (2) using the method prescribed by the regulations made under clause 79.16 (1) (b) of the *Ontario Energy Board Act, 1998*, without taking into account any forecasted impact of any other provisions of this Act.

Proposed Draft Bill 132 Motions

Motion 3

Schedule 1 to the Bill, section 8

Section 8 would be struck out and the following substituted:

Other specified consumers, first adjustments

8. For the period beginning on July 1, 2017 and ending on April 30, 2018, the adjustments made under section 25.33 of the *Electricity Act*, *1998* shall, with respect to specified consumers who are not regulated rate consumers, be further adjusted by electricity vendors in accordance with the determinations made by the Board in accordance with the regulations.

Proposed Draft Bill 132 Motions

Motion 4

Schedule 1 to the Bill, section 11

Section 11 would be struck out and the following substituted:

Subsequent adjustments

11. (1) Despite clause 79.16 (1) (b) of the *Ontario Energy Board Act, 1998* and subject to subsection (2), the Lieutenant Governor in Council may prescribe methodologies to be applied by the Board after April 30, 2018 for the purpose of determining,

(a) electricity rates for regulated rate consumers; or

(b) further adjustments to be applied by electricity vendors, in accordance with the regulations and in accordance with the Board's determinations, to the adjustments made under section 25.33 of the *Electricity Act, 1998* in respect of specified consumers who are not regulated rate consumers.

Regulations

(2) The Lieutenant Governor in Council shall have regard to the following in making the regulations:

1. The purposes of this Act.

2. The clean energy costs borne by specified consumers over time.

3. Such other matters as may be prescribed.

Same

(3) The regulations may prescribe,

(a) different methodologies for different prescribed classes of specified consumers and in respect of different periods of time; and

(b) different adjustments to be applied in respect of prescribed classes of specified consumers who are not regulated rate consumers and in respect of different periods of time.

Proposed Draft Bill 132 Motions

Motion 5

Schedule 1 to the Bill, subsections 12 (2) and (3)

Subsection 12 (2) would be struck out and the following substituted:

Same

(2) If an invoice for the electricity is issued to the person by the specified consumer or a unit sub-meter provider providing unit sub-metering for the specified consumer, the amounts or rates payable for the electricity by the person who is liable to pay the invoice shall be determined in accordance with the regulations.

Same

(3) The regulations may prescribe different amounts or rates for different prescribed classes of specified consumers.

Proposed Draft Bill 132 Motions

Motion 6

Schedule 1 to the Bill, subsection 13 (2)

Subsection 13 (2) would be struck out and the following substituted:

Same

(2) For greater certainty, subsection (1) applies regardless of whether any estimate, projection or other input used in calculating the clean energy adjustment was erroneous or out of date at the time of the calculation and regardless of whether any of those estimates, projections or other inputs is subsequently amended, updated or corrected.

Confidential – Draft for discussion purposes only

Proposed Draft Bill 132 Motions

Motion 7

Schedule 1 to the Bill, section 18

Section 18 would be struck out and the following substituted:

Appointment

18. Ontario Power Generation Inc. is appointed as the Financial Services Manager for the purposes of this Act, unless it is unable or unwilling to do so, in which case the Minister may appoint a different Financial Services Manager in accordance with the regulations.

Confidential – Draft for discussion purposes only

Proposed Draft Bill 132 Motions

Motion 8

Schedule 1 to the Bill, section 20

Section 20 would be struck out and the following substituted:

Minister to calculate fair allocation amount

20. (1) Before the first funding obligation is incurred, the Minister shall calculate a fair allocation amount in respect of each reference period as follows:

1. Determine, in accordance with the following steps and the regulations and by applying such method as the Minister considers appropriate, the estimated clean energy costs to be allocated to specified consumers in respect of the reference period:

    i. Determine the clean energy costs incurred or expected to be incurred in respect of the reference period.

    ii. Determine the clean energy benefits and allocate that value across the prescribed period and each reference period.

    iii. Allocate clean energy costs in respect of reference periods in proportion to such relative attributions of clean energy benefits determined in subparagraph ii.

2. Subject to subsection (2), determine, in accordance with the regulations and by applying such method as the Minister considers appropriate, the estimated finance amount in respect of the reference period.

3. Determine, in accordance with the regulations and by applying such method as the Minister considers appropriate, the estimated clean energy costs that would have been payable, in the absence of this Act, by specified consumers in respect of the reference period.

4. Determine the amount, if any, by which the sum of the determinations under paragraphs 1 and 2 exceeds the determination under paragraph 3.

5. Calculate the sum of the amount determined under paragraph 4 and such other amounts as may be prescribed in respect of the reference period.

Part II adjustments

(2) If the Board has made a determination under section 9 or 11 in respect of the reference period or in respect of a prior reference period and, as a result of the determination, the prescribed circumstances arise, the Minister shall take the prescribed steps to make the prescribed adjustments to the determination made under paragraph 2 of subsection (1).

Minister's considerations

(3) In calculating a fair allocation amount, the Minister shall have regard to the purposes of this Act and such other matters as may be prescribed.

Minister to report to Financial Services Manager

(4) The Minister shall provide a report setting out the fair allocation amount in respect of each reference period to the Financial Services Manager.

Recalculation

(5) The calculation of a fair allocation amount under this Part may be changed by such person as may be prescribed, subject to the following requirements:

1. The prescribed person shall comply with such requirements as may be prescribed.

2. Subsections (1), (2) and (3) apply to the new calculation, with necessary modifications, as if that person were the Minister.

Same

(5) No change under subsection (5) shall affect any clean energy adjustment that arises as a result of a funding obligation that has been incurred before the change.

Information

(6) The Minister, the IESO, the Financial Services Manager, the Board and electricity vendors shall provide such information as may be prescribed in accordance with the regulations for the purposes of facilitating a change under subsection (5).

Proposed Draft Bill 132 Motions

Motion 9

Schedule 1 to the Bill, subsection 21 (1)

Subsection 21 (1) would be amended by striking out “for the purposes of acquiring and financing an investment asset” and substituting “for the purposes of a financing entity acquiring and financing an investment interest”.

Proposed Draft Bill 132 Motions

Motion 10

Schedule 1 to the Bill, paragraph 1 of subsection 21 (3)

Paragraph 1 of subsection 21 (3) would be amended by striking out “to reflect determinations of the Board under Part II in respect of the reference period” at the end and substituting “by the amount of any readjustment amount in respect of the reference period”.

Proposed Draft Bill 132 Motions

Motion 11

Schedule 1 to the Bill, subsection 21 (4)

Subsection 21 (4) would be amended by striking out clauses (a) and (b) and substituting the following:

(a) the amounts are payable in respect of a reference period in respect of which the Board has not made any determinations under Part II that resulted in a readjustment amount; or

(b) if the Board has made a determination under Part II in respect of the reference period that resulted in a readjustment amount, the amounts payable in respect of the clean energy adjustment in respect of the reference period do not exceed the fair allocation amount in respect of the reference period after subtracting the readjustment amount.

Proposed Draft Bill 132 Motions

Motion 12

Schedule 1 to the Bill, subsection 21 (6)

Subsection 21 (6) would be amended by adding “but no such amendment shall affect any clean energy adjustment that has already been determined under section 15 or any funding obligations that have already been incurred before the amendment” at the end.

Proposed Draft Bill 132 Motions

Motion 13

Schedule 1 to the Bill, subsection 22 (3)

Subsection 22 (3) would be amended by striking out “The Financial Services Manager shall not” at the beginning and substituting “Neither the Financial Services Manager nor a financing entity shall”.

Proposed Draft Bill 132 Motions

Motion 14

Schedule 1 to the Bill, section 40.1

The following section would be added:

Compliance and restraining orders
Application to court

40.1 (1) On the application of an investment interest owner, the Superior Court of Justice may make an order described in subsection (2) if it is satisfied that an electricity vendor, the IESO or the Financial Services Manager has failed to comply with or contravened this Act or the regulations or that one of those entities will fail to comply with or will contravene this Act or the regulations.

Order

(2) The Superior Court of Justice may, by order,

(a) direct the electricity vendor, the IESO or the Financial Services Manager to comply with this Act or the regulations;

(b) restrain the electricity vendor, the IESO or the Financial Services Manager from contravening this Act or the regulations; or

(c) require compensation to be provided by the electricity vendor, the IESO or the Financial Services Manager to the investment interest owner.

Same

(3) An application under subsection (1) may be made by an investment asset owner in addition to exercising any other right of the investment interest owner.

Proposed Draft Bill 132 Motions

Motion 15

Schedule 1 to the Bill, paragraph 7 of subsection 41 (1)

Paragraph 7 of subsection 41 (1) would be amended by striking out “a breach under section 29” and substituting “the failure of any person or entity to give effect to the rights and interests provided for under section 29”.

Confidential – Draft for discussion purposes only

May 17, 2017

Regulations – Master List	
Social Programs	
• OESP O. Reg. 314/15 – amendments	June 14
• RRRP expansion to R2	June 14
• Distribution Rate Protection	June 14
• First Nation Rate Distribution	June 14
• Bill Presentment – require bill insert quarterly; prescribed messages; First Nations Delivery credit	June 14
GA Refinancing	
• Part II Reg.	June 14
• General Regulation	June 27
• O. Reg. 429/04 (GAM) – amendments	June 27
• O. Reg. 280/14 (IESO Eligible Borrowing) – amendments	June 27
Other – Bill Presentment	
• O. Reg. 364/16 – repeal in part to remove 8% on bill and on envelope messaging; exempt Hydro One	June 14
• O. Reg. 442/01 – remove RRRP messaging for Hydro One	June 14
• O. Reg. 275/04 – remove DRC message; exempt Hydro One	June 14

From: Gadi Mayman
To: Ken Kandeepan; Mike Manning; Ronald Kwan
Cc: Anna Strathy; Gavin He
Subject: Fw: Rate Mitigation Implementation Meeting - May 18, 2017
Date: Thursday, May 18, 2017 8:16:02 PM
Attachments: Action Items_May 18.docx

I wasn't at the meeting today. I'll forward Scott Nelms' report when he sends it.

Gadi

From: Schlaepfer, Martin (ENERGY)
Sent: Thursday, May 18, 2017 6:53 PM
To: Steen Hume (CAB); Kaili Sermat-Harding (ENERGY); Michael Reid (ENERGY); Carolyn Calwell (MCSS); Scott Nelms (ENERGY); Tim Christie (ENERGY); ''jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Rosemaire Leclair'; 'Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca)'; 'Campbell, Bruce (bruce.campbell@ieso.ca)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Scott Thompson (CAB); Helen Angus (MOHLTC); Steven Davidson (MTCS); 'Martine Band'; 'CROZZOLI Carlo -CBUSDEV&STRT'; Gadi Mayman; 'LEE John -TREASURY'
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Action Items – May 18

1) GA Refinancing
    - Ministry working on motions which need to be filled a week from today. Draft motions to be shared early next week.
    - Ministry also working on regulations for mid and end of June timelines
    - OPG to set up SPV after regulations in June, which requires rating agencies review expected by the end of July
        - Documents will include commentary on credit worthiness
        - Potential engagement of Moody's/S&P/DBRS
    - Agencies (OPG/IESO/OEB) to provide critical paths for the next meeting
    - OPG to go to the market in Sept/Oct
    - IESO letter went to OFA to request $2.5B total credit
    - IESO expecting purchase and sale agreement by end of June
    - IESO memo and KPMG accounting opinion has been delivered to Ministry
    - OPG memo and E&Y accounting opinion has been delivered to Ministry
    - IESO is producing a document to respond to AG questions – to be shared with TBS for review
    - IESO to offer FAO separate meeting with KPMG (FAO declined)
    - FAO report to be provided to MO on Tuesday morning and be released on Wednesday at 9AM
    - OFA to work on analysis of comparison of clean energy adjustments to Debt Retirement Charge
    - Indemnities for Boards are tracking forward to be in place when legislation comes into force
    - Guarantees for dealers are still being explored and to be done in conjunction with rating process
        - Time is required to appropriately brief decision makers
        - OPG to provide draft version of Term Sheet to Ministry of Energy

2) Other OFHP Initiatives
    - RRRP, OESP and FN:
        - Ministry working on regulation details
        - OESP regulations will be the focus of the post-July 1 work stream
        - Products for both June 14
        - Ministry working with 5 Chiefs to determine the qualification of FN rebate based on existing processes
        - Ministry working to minimize number of individuals who qualify for credits but don't receive them on July 1
        - OEB calculation needs to be completed 15 business days from Royal Assent
    - Affordability Fund:
        - Waiting for social service agencies to respond
    - ICI:
        - No update

3) A Plan for Monitoring / Oversight
    - Ministry to develop implementation road map to track and ensure alignment of different work streams

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2) Other OFHP Initiatives
    - RRRP, OESP and FN:
        - Ministry working on regulation details
        - OESP regulations will be the focus of the post-July 1 work stream
        - Products for both June 14
        - Ministry working with 5 Chiefs to determine the qualification of FN rebate based on existing processes
        - Ministry working to minimize number of individuals who qualify for credits but don't receive them on July 1
        - OEB calculation needs to be completed 15 business days from Royal Assent
    - Affordability Fund:
        - Waiting for social service agencies to respond
    - ICI:
        - No update

3) A Plan for Monitoring / Oversight
    - Ministry to develop implementation road map to track and ensure alignment of different work streams

From:	Gadi Mayman
To:	Ken Kandeepan; Mike Manning; Ronald Kwan
Cc:	Anna Strathy; Gavin He
Subject:	Fw: Rate Mitigation Implementation Meeting - May 25, 2017
Date:	Wednesday, May 24, 2017 7:56:43 PM
Attachments:	Agenda_Weekly Rate Mitig Implmentation Group_May 25.docx OFHP Work Plan.pptx Fair Hydro Act Motions Consultation (May 24 2017) v3.docx Regulations 17 May 2017.docx

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From: Schlaepfer, Martin (ENERGY)
Sent: Wednesday, May 24, 2017 11:02 PM
To: Steen Hume (CAB); Kaili Sermat-Harding (ENERGY); Michael Reid (ENERGY); Carolyn Calwell (MCSS); Scott Nelms (ENERGY); Tim Christie (ENERGY); ''jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Rosemaire Leclair'; 'Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca)'; 'Campbell, Bruce (bruce.campbell@ieso.ca)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Scott Thompson (CAB); Helen Angus (MOHLTC); Steven Davidson (MTCS); 'Martine Band'; 'CROZZOLI Carlo -CBUSDEV&STRT'; Gadi Mayman; 'LEE John -TREASURY'
Cc: Serge Imbrogno (ENERGY); Andrew Teliszewsky (ENERGY); Matt Whittington (ENERGY); Baker, Carys (ENERGY); Kyle MacIntyre (MOF); David McLean (MOF); Robert Foster (MOF); 'jordan.penic@ieso.ca'; 'sarah.branco@ontarioenergyboard.ca'; 'Turnevicius, Lorraine'; 'catriona.king@opg.com'; Francesca Bungaro-Yemec (ENERGY); Feather, Adam (ENERGY); Hilary Cox (ENE); Erin Thompson (ENERGY)
Subject: Rate Mitigation Implementation Meeting - May 25, 2017

Good evening,

Please find attached the material for discussion tomorrow morning.

Thanks,

Martin

WEEKLY RATE MITIGATION IMPLEMENTATION GROUP
May 25, 2017

Agenda

1) GA Refinancing
    - Committee process/motions (LSB)
    - Regulation drafting (LSB)
    - Workplan (ENERGY)
    - Updates (OPG/IESO/OEB)
        - Critical Paths
    - Comparison of Clean Energy Adjustment to Debt Retirement Charge (OFA)
    - Guarantees for dealers (OPG/OFA)

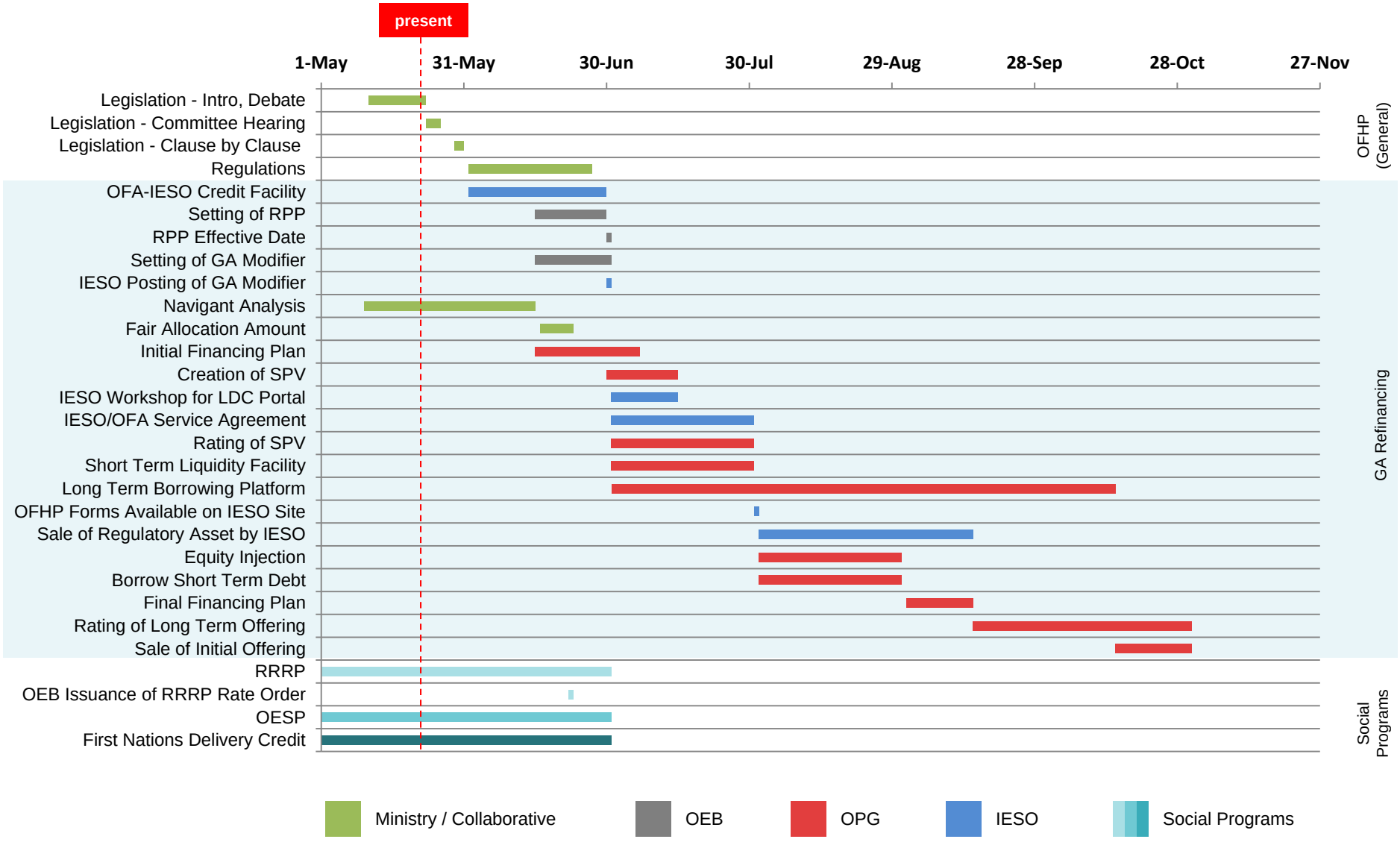
2) Other OFHP Initiatives
    - RRRP, OESP and FN (SNAP)
    - Affordability Fund (CRED)

Notes:

Ontario Fair Hydro Plan – Implementation Timeline

May 19, 2017

Ontario Fair Hydro Plan Implementation



* Note: Preliminary timeline with tentative dates that are subject to change.

Version 3

This confidential draft document is provided for discussion purposes only. It should not be construed as representing the position adopted by the Government of Ontario on any of the topics included or not included in this document. The notes included in this document are intended only to help facilitate a discussion of the topics to which they relate. Any potential legislation is subject to the approval of the Ontario Legislature.

Proposed Bill 132 Draft Motions

Proposed Draft Government Motions

Proposed Draft Bill 132 Motions

Motion 1

Schedule 1 to the Bill, subsection 1 (1)

The following definition is added:

"readjustment amount" means, in respect of a reference period, the amount payable by specified consumers in respect of that reference period as a result of a determination of the Board under Part II to reduce electricity rates [so that the sum of the amount charged to specified consumers and the finance amount is less than] the fair allocation amount in respect of the reference period; ("French")

Proposed Draft Bill 132 Motions

Motion 2

Schedule 1 to the Bill, section 7

Section 7 would be struck out and the following substituted:

Regulated rate consumers, first adjustments

7. (1) Despite clause 79.16 (1) (b) of the *Ontario Energy Board Act, 1998*, the electricity rates payable by regulated rate consumers for the period beginning on July 1, 2017 and ending on April 30, 2018 are the rates determined by the Board under this section and in accordance with the regulations.

Determination by Board

(2) The rates mentioned in subsection (1) shall be the rates that would result in a hypothetical regulated rate consumer who meets the prescribed criteria being invoiced a total amount, consisting of such types of amounts as may be prescribed, that is 25 per cent less than the total amount, consisting of such types of amounts as may be prescribed, that the consumer would have been invoiced under the comparison rates described in subsection (3).

Comparison rates

(3) The comparison rates are the rates that would have been effective May 1, 2017 if they had been determined by the Board for the consumer mentioned in subsection (2) using the method prescribed by the regulations made under clause 79.16 (1) (b) of the *Ontario Energy Board Act, 1998*, without taking into account any forecasted impact of any other provisions of this Act.

Proposed Draft Bill 132 Motions

Motion 3

Schedule 1 to the Bill, section 8

Section 8 would be struck out and the following substituted:

Other specified consumers, first adjustments

8. For the period beginning on July 1, 2017 and ending on April 30, 2018, the adjustments made under section 25.33 of the *Electricity Act*, *1998* shall, with respect to specified consumers who are not regulated rate consumers, be further adjusted by electricity vendors in accordance with the determinations made by the Board in accordance with the regulations.

Proposed Draft Bill 132 Motions

Motion 4

Schedule 1 to the Bill, section 11

Section 11 would be struck out and the following substituted:

Subsequent adjustments

11. (1) Despite clause 79.16 (1) (b) of the *Ontario Energy Board Act, 1998* and subject to subsection (2), the Lieutenant Governor in Council may prescribe methodologies to be applied by the Board after April 30, 2018 for the purpose of determining,

(a) electricity rates for regulated rate consumers; or

(b) further adjustments to be applied by electricity vendors, in accordance with the regulations and in accordance with the Board's determinations, to the adjustments made under section 25.33 of the *Electricity Act, 1998* in respect of specified consumers who are not regulated rate consumers.

Regulations

(2) The Lieutenant Governor in Council shall have regard to the following in making the regulations:

1. The purposes of this Act.

2. The clean energy costs borne by specified consumers over time.

3. Such other matters as may be prescribed.

Same

(3) The regulations may prescribe,

(a) different methodologies for different prescribed classes of specified consumers and in respect of different periods of time; and

(b) different adjustments to be applied in respect of prescribed classes of specified consumers who are not regulated rate consumers and in respect of different periods of time.

Proposed Draft Bill 132 Motions

Motion 5

Schedule 1 to the Bill, subsections 12 (2) and (3)

Subsection 12 (2) would be struck out and the following substituted:

Same

(2) If an invoice for the electricity is issued to the person by the specified consumer or a unit sub-meter provider providing unit sub-metering for the specified consumer, the amounts or rates payable for the electricity by the person who is liable to pay the invoice shall be determined in accordance with the regulations.

Same

(3) The regulations may prescribe different amounts or rates for different prescribed classes of specified consumers.

Proposed Draft Bill 132 Motions

Motion 6

Schedule 1 to the Bill, subsection 13 (2)

Subsection 13 (2) would be struck out and the following substituted:

Same

(2) For greater certainty, subsection (1) applies regardless of whether any estimate, projection or other input used in calculating the clean energy adjustment was erroneous or out of date at the time of the calculation and regardless of whether any of those estimates, projections or other inputs is subsequently amended, updated or corrected.

Confidential – Draft for discussion purposes only

Proposed Draft Bill 132 Motions

Motion 7

Schedule 1 to the Bill, section 18

Section 18 would be struck out and the following substituted:

Appointment

18. Ontario Power Generation Inc. is appointed as the Financial Services Manager for the purposes of this Act, unless it is unable or unwilling to do so, in which case the Minister may appoint a different Financial Services Manager in accordance with the regulations.

Confidential – Draft for discussion purposes only

Proposed Draft Bill 132 Motions

Motion 8

Schedule 1 to the Bill, section 20

Section 20 would be struck out and the following substituted:

Minister to calculate fair allocation amount

20. (1) Before the first funding obligation is incurred, the Minister shall calculate a fair allocation amount in respect of each reference period as follows:

1. Determine, in accordance with the following steps and the regulations and by applying such method as the Minister considers appropriate, the estimated clean energy costs to be allocated to specified consumers in respect of the reference period:

    i. Determine the clean energy costs incurred or expected to be incurred in respect of the reference period.

    ii. Determine the clean energy benefits and allocate that value across the prescribed period and each reference period.

    iii. Allocate clean energy costs in respect of reference periods in proportion to such relative attributions of clean energy benefits determined in subparagraph ii.

2. Subject to subsection (2), determine, in accordance with the regulations and by applying such method as the Minister considers appropriate, the estimated finance amount in respect of the reference period.

3. Determine, in accordance with the regulations and by applying such method as the Minister considers appropriate, the estimated clean energy costs that would have been payable, in the absence of this Act, by specified consumers in respect of the reference period.

4. Determine the amount, if any, by which the sum of the determinations under paragraphs 1 and 2 exceeds the determination under paragraph 3.

5. Calculate the sum of the amount determined under paragraph 4 and such other amounts as may be prescribed in respect of the reference period.

Part II adjustments

(2) If the Board has made a determination under section 9 or 11 in respect of the reference period or in respect of a prior reference period and, as a result of the determination, the prescribed circumstances arise, the Minister shall take the prescribed steps to make the prescribed adjustments to the determination made under paragraph 2 of subsection (1).

Minister's considerations

(3) In calculating a fair allocation amount, the Minister shall have regard to the purposes of this Act and such other matters as may be prescribed.

Minister to report to Financial Services Manager

(4) The Minister shall provide a report setting out the fair allocation amount in respect of each reference period to the Financial Services Manager.

Recalculation

(5) The calculation of a fair allocation amount under this Part may be changed by such person as may be prescribed, subject to the following requirements:

1. The prescribed person shall comply with such requirements as may be prescribed.

2. Subsections (1), (2) and (3) apply to the new calculation, with necessary modifications, as if that person were the Minister.

Same

(5) No change under subsection (5) shall affect any clean energy adjustment that arises as a result of a funding obligation that has been incurred before the change.

Information

(6) The Minister, the IESO, the Financial Services Manager, the Board and electricity vendors shall provide such information as may be prescribed in accordance with the regulations for the purposes of facilitating a change under subsection (5).

Proposed Draft Bill 132 Motions

Motion 9

Schedule 1 to the Bill, subsection 21 (1)

Subsection 21 (1) would be amended by striking out “for the purposes of acquiring and financing an investment asset” and substituting “for the purposes of a financing entity acquiring and financing an investment interest”.

Proposed Draft Bill 132 Motions

Motion 10

Schedule 1 to the Bill, paragraph 1 of subsection 21 (3)

Paragraph 1 of subsection 21 (3) would be amended by striking out “to reflect determinations of the Board under Part II in respect of the reference period” at the end and substituting “by the amount of any readjustment amount in respect of the reference period”.

Proposed Draft Bill 132 Motions

Motion 11

Schedule 1 to the Bill, subsection 21 (4)

Subsection 21 (4) would be amended by striking out clauses (a) and (b) and substituting the following:

(a) the amounts are payable in respect of a reference period in respect of which the Board has not made any determinations under Part II that resulted in a readjustment amount; or

(b) if the Board has made a determination under Part II in respect of the reference period that resulted in a readjustment amount, the amounts payable in respect of the clean energy adjustment in respect of the reference period do not exceed the fair allocation amount in respect of the reference period after subtracting the readjustment amount.

Proposed Draft Bill 132 Motions

Motion 12

Schedule 1 to the Bill, subsection 21 (6)

Subsection 21 (6) would be amended by adding “but no such amendment shall affect any clean energy adjustment that has already been determined under section 15 or any funding obligations that have already been incurred before the amendment” at the end.

Proposed Draft Bill 132 Motions

Motion 13

Schedule 1 to the Bill, subsection 22 (3)

Subsection 22 (3) would be amended by striking out “The Financial Services Manager shall not” at the beginning and substituting “Neither the Financial Services Manager nor a financing entity shall”.

Proposed Draft Bill 132 Motions

Motion 14

Schedule 1 to the Bill, section 40.1

The following section would be added:

Compliance and restraining orders
Application to court

40.1 (1) On the application of an investment interest owner, the Superior Court of Justice may make an order described in subsection (2) if it is satisfied that an electricity vendor, the IESO or the Financial Services Manager has failed to comply with or contravened this Act or the regulations or that one of those entities will fail to comply with or will contravene this Act or the regulations.

Order

(2) The Superior Court of Justice may, by order,

(a) direct the electricity vendor, the IESO or the Financial Services Manager to comply with this Act or the regulations;

(b) restrain the electricity vendor, the IESO or the Financial Services Manager from contravening this Act or the regulations; or

(c) require compensation to be provided by the electricity vendor, the IESO or the Financial Services Manager to the investment interest owner.

Same

(3) An application under subsection (1) may be made by an investment asset owner in addition to exercising any other right of the investment interest owner.

Proposed Draft Bill 132 Motions

Motion 15

Schedule 1 to the Bill, paragraph 7 of subsection 41 (1)

Paragraph 7 of subsection 41 (1) would be amended by striking out “a breach under section 29” and substituting “the failure of any person or entity to give effect to the rights and interests provided for under section 29”.

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May 17, 2017

Regulations – Master List	
Social Programs	
• OESP O. Reg. 314/15 – amendments	June 14
• RRRP expansion to R2	June 14
• Distribution Rate Protection	June 14
• First Nation Rate Distribution	June 14
• Bill Presentment – require bill insert quarterly; prescribed messages; First Nations Delivery credit	June 14
GA Refinancing	
• Part II Reg.	June 14
• General Regulation	June 27
• O. Reg. 429/04 (GAM) – amendments	June 27
• O. Reg. 280/14 (IESO Eligible Borrowing) – amendments	June 27
Other – Bill Presentment	
• O. Reg. 364/16 – repeal in part to remove 8% on bill and on envelope messaging; exempt Hydro One	June 14
• O. Reg. 442/01 – remove RRRP messaging for Hydro One	June 14
• O. Reg. 275/04 – remove DRC message; exempt Hydro One	June 14

From:	Gadi Mayman
To:	Mike Manning; James Devine; Carlos Yep; Ken Kandeepan
Cc:	Anna Strathy
Subject:	Fw: Revised Version of Provincial Support Arrangements
Date:	Tuesday, June 20, 2017 11:54:20 AM
Attachments:	23148306-v6-Term Sheet - Provincial Support Agreement - May 12.DOCX 23148306-vpdf-Term Sheet - Provincial Support Agreement - May 12.PDF

Thanks for the debrief yesterday. Serge called me this morning and asked that we keep a close eye on this.

Thanks again,
Gadi

From: Hanslep, Malle (MOF)
Sent: Tuesday, June 20, 2017 11:50 AM
To: Gadi Mayman
Cc: Tobias P. Whitfield (MOF)
Subject: FW: Revised Version of Provincial Support Arrangements

Hi Gadi,

FYI.

I will be having a call with Carolyn Calwell at 12:30 today to discuss the status of this. Toby sent the revised version to OFA staff this morning for their comments.

Malle

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: June 19, 2017 8:32 PM
To: Hanslep, Malle (MOF); McKinlay, Tom (ENERGY); Whitfield, Tobias P. (MOF); Calwell, Carolyn (ENERGY/MEDEI/MRI); Nelms, Scott (MOF)
Subject: Revised Version of Provincial Support Arrangements

Hi. As a follow-up to our meeting earlier today, here is a revised version of the draft term sheet. The blackline shows changes from the June 14th version. Please let me know if you have any questions or concerns with the comments – including the deletion of the 'privilege' reference. Scott has the OFA's green light to share the draft term sheet with OPG. Please send along any final thoughts as soon as you can. The plan will be for Scott to send it out tomorrow morning. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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Provincial Protection and Assurances

Indicative Term Sheet[1]

Ontario Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate.*

Performance Guarantees	
Performance Guarantor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Beneficiaries:	Each Financing Entity that owns an investment interest from time to time. A Financing Entity may grant a security interest over its rights and interests under a Performance Guarantee to its creditors and contractual counterparties, including any indenture trustee acting on behalf of itself and other persons having debt or other claims against the Financing Entity that are secured under a related trust indenture.

[1] This draft term sheet is intended for discussion purposes only and does not represent a commitment of any party. Any agreement or undertaking of the Province contemplated in this term sheet may only be made either (a) with the approval of the Lieutenant Governor in Council as contemplated in subsection 5(2) of the Act or (b) under, and subject to, an order made by the Lieutenant Governor in Council as contemplated in subsection 5(3) of the Act.

Performance Guarantee:	Pursuant to a Performance Guarantee, the Performance Guarantor will guarantee the performance, or cause the performance, of the obligations of IESO as servicer under the Act and under any agreement under which the applicable Financing Entity acquires an investment interest from IESO and IESO undertakes on-going obligations in respect of such investment interest, including servicing obligations undertaken by IESO to enforce the performance by electricity vendors of their respective obligations under the Act. It is anticipated that such obligations will include matters related to the billing, collection and remittance of clean energy adjustments by IESO and electricity vendors, as the case may be, and regarding the commingling by IESO and electricity vendors of collections of clean energy adjustments with other amounts. In the event that the Performance Guarantee is held to be unenforceable against the Performance Guarantor, the Performance Guarantee will contemplate, in the alternative, a functionally equivalent direct covenant of the Performance Guarantor.
Term:	The Performance Guarantor's obligations under a Performance Guarantee in respect of a Financing Entity will continue during the term of any obligation incurred by the Financing Entity that is or is intended to be secured by the Performance Guarantee.
Approval Requirement:	The servicing obligations (including any amendments) to which the Performance Guarantee relates, together with the provisions of any Performance Guarantee itself, will be subject to the approval of the Minister of Energy and the Minister of Finance acting together.
Limits under Performance Guarantee:	Under no circumstances shall the Performance Guarantor be obligated to pay special or punitive damages, or for loss of profits.
<u>Indemnity</u>	
Indemnitor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indemnitees:	Each Financing Entity that owns an investment interest from time to time. A Financing Entity may grant a security interest over the Indemnity to specified creditors, including to an indenture trustee under a trust indenture on behalf of itself and other persons having debt or other claims against the Financing Entity secured under the trust indenture.

Indemnity of the Province:	The Indemnitor will indemnify each Indemnitee for its costs, expenses and losses reasonably incurred by the Indemnitee because of third party claims made against the Indemnitee by one or more of its specified creditors that result from any of the following (each, an "**Indemnification Event**"): (A) the Legislative Assembly of Ontario repealing (and not replacing on an equivalent basis) the Act; (B) the Legislative Assembly of Ontario amending the Act or a Regulation made thereunder in a way that materially and adversely affects the rights and interests of the Financing Entity under its investment interest; or (C) a court of competent jurisdiction in a final and non-appealable judgement determines that all or a portion of the Act is *ultra vires* in a way that materially and adversely affects the rights and interests of the Financing Entity under its investment interest.
Term:	The Indemnity will continue during the term of any obligation incurred by a Financing Entity that is or is intended to be secured by the Indemnity.
Approval Requirement:	The terms and conditions of the obligations incurred by a Financing Entity that are secured or intended to be secured by an Indemnity, together with the provisions of any Indemnity itself, will be subject to the approval of the Minister of Energy and the Minister of Finance acting together.
Limits under Indemnity:	Under no circumstances shall the Indemnitor be obligated to indemnify any Beneficiary for special or punitive damages, or for loss of profits.
<u>Undertakings regarding Certain Mismatches</u>	
Avoidance of Mismatches	If a Financing Entity proposes to incur one or more funding obligations that would require the Financing Entity to pay an aggregate amount during any reference period that would exceed the amount otherwise expected to be available to the Financing Entity during the reference period from its investment interests to pay such amounts (a "**Mismatch**"), the Financing Entity will, before incurring such funding obligations, undertake commercially reasonable efforts to arrange for commitments from highly creditworthy, market-based funding sources in accordance with the Financing Plan to enable it to satisfy its related payment obligations and thereby avoid any Mismatch.

Possible Undertaking to Fund Mismatches	If a Financing Entity is unable to arrange for commitments from one or more highly creditworthy, market-based funding sources in accordance with the Financing Plan to avoid a Mismatch on commercially reasonable terms and conditions, the Minister of Energy and the Minister of Finance acting together may undertake on behalf of the Province of Ontario to provide funding commitments to the extent necessary to provide the Financing Entity with required funding to avoid the Mismatch. Any such undertaking may only be given at or before the incurrence of the funding obligation that would otherwise result in the Mismatch and, if given, would be on such terms, including appropriate compensation to the Province of Ontario, and be subject to such conditions (for example and without limitation, funding being conditional on the occurrence of a market disruption that results in an inability to refinance the funding obligation) as the Minister of Energy and the Minister of Finance determine are reasonable and appropriate in the circumstances. The decision to provide such an undertaking will be in the sole discretion of the Minister of Energy and the Minister of Finance.
<u>Documentation</u>	
Representations, Terms and Conditions:	Subject to approval of the Minister of Energy and the Minister of Finance acting together.
FIPPA:	Acknowledgement that the Performance Guarantor and the Indemnitor will be bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Performance Guarantor or the Indemnitor, or any agent or representative of the Performance Guarantor or the Indemnitor, in connection with the transaction documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Confidentiality obligations of each Financing Entity and its assignees, representatives and agents as may be determined to be appropriate by the Minister of Energy and the Minister of Finance acting together.
Governing Law:	Province of Ontario.

Provincial Protection and Assurances

Indicative Term Sheet[1]

Ontario Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate.*

Performance Guarantees	
Performance Guarantor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Beneficiaries:	Each Financing Entity that owns an investment interest from time to time. A Financing Entity may grant a security interest over its rights and interests under a Performance Guarantee to its creditors and contractual counterparties, including any indenture trustee acting on behalf of itself and other persons having debt or other claims against the Financing Entity that are secured under a related trust indenture.
Performance Guarantee:	Pursuant to a Performance Guarantee, the Performance Guarantor will guarantee the performance, or cause the performance, of the obligations of IESO as servicer under the Act and under any agreement under which the applicable Financing Entity acquires an investment interest from IESO and IESO undertakes on-going obligations in respect of such investment interest, including servicing obligations undertaken by IESO to enforce the performance by electricity vendors of their respective obligations under the Act. It is anticipated that such obligations will include matters related to the billing, collection and remittance of clean energy adjustments by IESO and electricity vendors, as the case may be, and regarding the commingling by IESO and electricity vendors of collections of clean energy adjustments with other amounts. In the event that the Performance Guarantee is held to be

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	unenforceable against the Performance Guarantor, the Performance Guarantee will contemplate, in the alternative, a functionally equivalent direct covenant of the Performance Guarantor.
Term:	The Performance Guarantor's obligations under a Performance Guarantee in respect of a Financing Entity will continue during the term of any obligation incurred by the Financing Entity that is or is intended to be secured by the Performance Guarantee.
Approval Requirement:	The servicing obligations (including any amendments) to which the Performance Guarantee relates, together with the provisions of any Performance Guarantee itself, will be subject to the approval of the Minister of Energy and the Minister of Finance acting together.
Limits under Performance Guarantee:	Under no circumstances shall the Performance Guarantor be obligated to pay special or punitive damages, or for loss of profits.
Indemnity	
Indemnitor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indemnitees:	Each Financing Entity that owns an investment interest from time to time. A Financing Entity may grant a security interest over the Indemnity to specified creditors, including to an indenture trustee under a trust indenture on behalf of itself and other persons having debt or other claims against the Financing Entity secured under the trust indenture.
Indemnity of the Province:	The ~~Province of Ontario~~Indemnitor will indemnify each Indemnitee for its costs, expenses and losses reasonably incurred by the Indemnitee ~~(including~~ because of third party claims made against the Indemnitee by one or more of its specified creditors~~)~~ that result from any of the following (each, an "**Indemnification Event**"): (A) the Legislative Assembly of Ontario repealing (and not replacing on an equivalent basis) the Act; (B) the Legislative Assembly of Ontario amending the Act or a Regulation made thereunder in a way that materially and adversely affects the rights and interests of the Financing Entity under its investment interest; or (C) a court of competent jurisdiction in a final and non-appealable judgement determines that all or a portion of the Act is *ultra vires* in a way that materially and adversely affects the rights and

	interests of the Financing Entity under its investment interest.
Term:	The Indemnity will continue during the term of any obligation incurred by a Financing Entity that is or is intended to be secured by the Indemnity.
Approval Requirement:	The terms and conditions of the obligations incurred by a Financing Entity that are secured or intended to be secured by an Indemnity, together with the provisions of any Indemnity itself, ~~the~~ will be subject to the approval of the Minister of Energy and the Minister of Finance acting together.
Limits under Indemnity:	Under no circumstances shall the ~~Guarantor~~Indemnitor be obligated to indemnify any Beneficiary for special or punitive damages, or for loss of profits.
Undertakings regarding Certain Mismatches	
Avoidance of Mismatches	If a Financing Entity proposes to incur one or more funding obligations that would require the Financing Entity to pay an aggregate amount during any reference period that would exceed the amount otherwise expected to be available to the Financing Entity during the reference period from its investment interests to pay such amounts (a "**Mismatch**"), the Financing Entity will, before incurring such funding obligations, undertake commercially reasonable efforts to arrange for commitments from highly creditworthy, market-based funding sources in accordance with the Financing Plan to enable it to satisfy ~~all of~~ its related payment obligations and thereby avoid any Mismatch.
Possible Undertaking to Fund Mismatches	If a Financing Entity is unable to arrange for commitments from one or more highly creditworthy, market-based funding sources in accordance with the Financing Plan to avoid a Mismatch on commercially reasonable terms and conditions, the Minister of Energy and the Minister of Finance acting together may undertake on behalf of the Province of Ontario to provide funding commitments to the extent necessary to provide the Financing Entity with required funding to avoid the Mismatch. Any such undertaking may only be given at or before the incurrence of the funding obligation that would otherwise result in the Mismatch and, if given, would be on such terms ~~and conditions~~, including appropriate compensation to the Province of Ontario, and be subject to such conditions (for example and without limitation, funding being conditional on the occurrence of a market disruption that results in an inability to refinance the funding obligation) as

	the Minister of Energy and the Minister of Finance determine are reasonable and appropriate in the circumstances. The decision to provide such an undertaking will be in the sole discretion of the Minister of Energy and the Minister of Finance.
Documentation	
Representations, Terms and Conditions:	Subject to approval of the Minister of Energy and the Minister of Finance acting together.
FIPPA:	Acknowledgement that the Performance Guarantor and the Indemnitor will be bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Performance Guarantor or the Indemnitor, or any agent or representative of the Performance Guarantor or the Indemnitor, in connection with the transaction documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Confidentiality obligations of each Financing Entity and its assignees, representatives and agents as may be determined to be appropriate by the Minister of Energy and the Minister of Finance acting together.
Governing Law:	Province of Ontario.

Document comparison by Workshare Compare on Monday, June 19, 2017 8:15:09 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23148306/5
Description	TOR_2528-#23148306-v5-Term_Sheet_-_Provincial_Support_Agreement_-_May_12
Document 2 ID	PowerDocs://TOR_2528/23148306/6
Description	TOR_2528-#23148306-v6-Term_Sheet_-_Provincial_Support_Agreement_-_May_12
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	11
Deletions	13
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	24

From:	Carlos Yep
To:	Mike Manning; James Devine; Opal Kandelas; Ken Kandeepan; John Psinas; John Kim; Bruno Amara; Kaitlin.Montgomery@ontario.ca
Subject:	Fwd: Draft GA Sub debt term sheet
Date:	Tuesday, May 30, 2017 4:32:25 PM
Attachments:	Draft Subordianted Debt Term Sheet.doc ATT00001.htm

---

Begin forwarded message:

From: LIU Sheen -TREASURY <sheen.liu@opg.com>
Date: May 30, 2017 at 4:26:00 PM EDT
To: 'Carlos Yep' <Carlos.Yep@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>, RYFA Ken -TREASURY <ken.ryfa@opg.com>, PRESTON Stuart -TREASURY <stuart.preston@opg.com>, "HAHN PARKER Janet -TREASURY" <j.hahnparker@opg.com>
Subject: Draft GA Sub debt term sheet

Carlos,
Further to our discussions re establishing GA financing benchmark. Attached please find the draft term sheet of the subordinated debt (from Province equity injection). Could you please review and circulate it to the appropriate contacts/group on your side. We'd also like to set up a meeting with OFA, at your earliest convenience, to go over the document and get your feedback. Please let us know your availability.
Thanks
Sheen

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Fair Hydro Plan – Subordinated Debt Loan Arrangement
Term Sheet

- Parties: OPG, Fair Hydro Trust, OFA

- In accordance with the Master Subscription Agreement among OPG, OFA and Ministry of Energy, the Province agrees to inject 44% of total funding of GA asset by way of equity subscriptions in OPG, and OPG agrees to use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt (Equity Injection Plan) requirements as part of the Fair Hydro Plan

- OPG will lend the equity injection from the Province to Fair Hydro Trust by way of subordinated debt (one or more mezzanine level)

- Initial credit rating will be assigned to the subordinated debt of Fair Hydro Trust

- Based on monthly funding requirement of GA asset, the Trust will use short term financing, such as bank facilities, and take out bonds once accumulative short term funding reaches certain levels.

- The mechanism to implement Equity Injection Plan will be based on monthly equity injections reflecting funding requirements of GA asset

- Interest rates on the subordinated debt will be established as follows:

    - During the Trust short term financing period when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt

    - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. The process will be similar to the one established for pricing of OPG debt drawn from OEFC facilities.

From:	Gadi Mayman
To:	Mike Manning; Carlos Yep; James Devine
Cc:	Ronald Kwan; Ken Kandeepan; Anna Strathy; Hresa Gavaris
Subject:	Fwd: EXTERNAL – Comments on Provincial Protection and Assurances Term Sheet - Fair Hydro
Date:	Monday, July 10, 2017 10:15:47 AM

Would any of you be available for this meeting with OPG to discuss he guarantee?

Begin forwarded message:

> **From:** Gadi Mayman <Gadi.Mayman@ofina.on.ca>
> **Date:** July 10, 2017 at 10:12:23 AM EDT
> **To:** "Montgomery, Kaitlin (MOF)" <Kaitlin.Montgomery@ontario.ca>
> **Cc:** "Carolyn Calwell (MCSS)" <Carolyn.Calwell@ontario.ca>, "Steen Hume (CAB)" <Steen.Hume@ontario.ca>, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>, "Tom McKinlay (MAG)" <Tom.McKinlay@ontario.ca>, "ASHBOURNE, STEPHEN" <STEPHEN.ASHBOURNE@blakes.com>, "Malle Hanslep (MOF)" <Malle.Hanslep@ontario.ca>, "Tobias P. Whitfield (MOF)" <Tobias.Whitfield@ontario.ca>, "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>, "Nadine Petsche (MOF)" <Nadine.Petsche@ontario.ca>, "Karpowicz, Eva (MOF)" <Eva.Karpowicz2@ontario.ca>, "Scott Nelms (ENERGY)" <Scott.Nelms@ontario.ca>, Hresa Gavaris <Hresa.Gavaris@ofina.on.ca>, Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Subject: Re: EXTERNAL – Comments on Provincial Protection and Assurances Term Sheet - Fair Hydro**
>
> My morning on Wednesday is pretty jammed, but I'm available any time after 11:30, as I can free up my time in the afternoon. I agree that TD should be included.
>
> Regards,
> Gadi
>
> On Jul 10, 2017, at 9:58 AM, Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca> wrote:
>
> > Hi Everyone,
> > Following up on our Thursday discussion I'd like to set up a call with OPG this week – could 10am on Wednesday work? Should anyone from TD be included in this discussion as well?
> > Thanks,
> > Kaitlin
> >
> > **From:** Nelms, Scott (MOF)
> > **Sent:** July 5, 2017 5:49 PM

To: Calwell, Carolyn (ENERGY/MEDEI/MRI); Hume, Steen (ENERGY); Mayman, Gadi (OFA); Kandeepan, Ken (OFA); McKinlay, Tom (ENERGY); Montgomery, Kaitlin (MOF); ASHBOURNE, STEPHEN; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Veinot, Cindy (TBS); Petsche, Nadine (TBS)
Cc: Karpowicz, Eva (MOF)
Subject: RE: EXTERNAL – Comments on Provincial Protection and Assurances Term Sheet - Fair Hydro

Good suggestion from Gadi – we should probably touch base internally in advance of meeting with OPG. I wonder if we could try for a quick 30 min phone call either tomorrow or Friday.
I will reach out to OPG to set something up for next week.

From: Nelms, Scott (MOF)
Sent: July 5, 2017 2:44 PM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI); Steen Hume (ENERGY) (Steen.Hume@ontario.ca); Mayman, Gadi (OFA) (Gadi.Mayman@ofina.on.ca); Kandeepan, Ken (OFA); McKinlay, Tom (ENERGY); Montgomery, Kaitlin (MOF); ASHBOURNE, STEPHEN
Subject: FW: EXTERNAL – Comments on Provincial Protection and Assurances Term Sheet - Fair Hydro

Hi,
Please see the following comments from OPG / Torys on the guarantees. I wonder if we are now at a point we should suggest sitting down with OPG on this perhaps early next week.
Thanks,
Scott

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: June 30, 2017 3:12 PM
To: Nelms, Scott (MOF)
Cc: WONG Leslie -LAWDIV; RYFA Ken -TREASURY; HAHN PARKER Janet -TREASURY
Subject: FW: EXTERNAL – Comments on Provincial Protection and Assurances Term Sheet - Fair Hydro

Scott:
Further to our discussion on the outstanding issues, please find below the comments from the Dealers on the "Markup" of the Provincial Protection and Assurance term sheet.
As noted below, the next step should be to get the appropriate parties from the Province to sit down with the dealers and OPG to go over the points and agree on a basis to move forward.
We should try to do that sometime next week. Let us know what times work on the Province side and we will coordinate with the Dealers & counsels.
John

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Friday, June 30, 2017 12:24 PM

To: LEE John -TREASURY; RYFA Ken -TREASURY; WONG Leslie -LAWDIV
Cc: Ramchandani, Rima; Hill, Krista; Feldman, Michael; Emes, Aaron; Mansoori, Nina
Subject: EXTERNAL – Comments on Provincial Protection and Assurances Term Sheet - Fair Hydro

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

John/Les/Ken,

Please find below an issues list on the Province's comments on the Provincial Protection and Assurances Term Sheet (formerly the Provincial Support Agreement). This list reflects input from the dealers, Oslers and Torys. Please let us know if you have any additional comments or questions. If not, will you be reaching out to the Province to schedule a meeting next week (with the dealers, OPG, the Province and their counsels) to discuss these points? The dealers and their counsel don't see value in exchanging further drafts of the term sheet until they have had an opportunity to meet with the Province. We agree with this approach and are happy to assist in coordinating a meeting for next week. It would also be helpful to hear the Province's rationale and concerns for making some of these changes. Please let us know.

Many thanks,

Nina

1. The Servicing Guarantee:

    (a) It is written in favour of only the financing entity. However, in the MTSA, we are asking for covenants directly in favour of Indenture Trustee. The Indenture Trustee/specified creditors should have the direct benefit of the guarantee rather than relying on an indirect security interest in the servicing guarantee.

    (b) It should be clarified that the servicing obligations of the electricity vendors are covered.

    (c) If the guarantee is unenforceable, we should fall back to an indemnity, not a "functionally equivalent direct covenant" which is an uncertain concept.

    (d) We don't want an exclusion for economic loss. That may cover whatever losses the specified creditors do suffer.

2. Change of Law.

(a) This should be written as a guarantee not an indemnity.

(b) It should be directly in favour of the Indenture Trustee/specified creditors and it should cover all the "finance amount" and not just funding obligations.

(c) We do not want the guarantee to be provided by another entity which is in turn guaranteed by Ontario. It should come directly from Ontario.

(d) There should be no "materiality" threshold for a claim. If obligations are not paid in full, then there should be a claim.

(e) The choice to assume or accelerate should be at the option of the holders, not the guarantor.

(f) If accelerated, then the 1% premium should be payable. This is a voluntary termination by the Province.

3. Undertaking Regarding Mismatches (market disruption)

(a) At best this structure defers the discussion of protection for a market disruption. At worst, it is impractical that take-out financing needs to be arranged in advance of each warehouse financing. We should rely on a definition of market disruption.

4. Approvals.

(a) Province to clarify what is contemplated under the heading "Approval Requirement". Is Province proposing to approve any obligation incurred by the Financing Entity?

(b) Approval under Section 28 of the *Financial Administration Act* to be attained (in case the OFHPA is declared void in its entirety).

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

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From:	Carlos Yep
To:	Mike Manning; James Devine; Malle Hanslep
Subject:	Fwd: Equity Injection Term Sheet
Date:	Monday, May 29, 2017 5:32:37 PM
Attachments:	Term Sheet_Master Subscription_draftMay26.docx ATT00001.htm

---

Begin forwarded message:

From: "Montgomery, Kaitlin (MOF)" <Kaitlin.Montgomery@ontario.ca>
Date: May 29, 2017 at 1:55:51 PM EDT
To: "Kim, John (OFA)" <John.Kim@ofina.on.ca>, "Yep, Carlos (OFA)" <Carlos.Yep@ofina.on.ca>
Cc: "Leung, Thomas (MOF)" <Thomas.Leung@ontario.ca>
Subject: Equity Injection Term Sheet

Hey John, Carlos,
Attached is a term sheet from OPG that would form the basis of the Equity Injection Agreement. I think this would be an agreement between ENE/OPG and OFA. While it currently says 5 business days in this document Clara flagged that the IESO may be looking for it to be settled in as quickly as 1 day. Given how quick this needs to happen I've included a line about ENE delegating authority to the OFA to manage this monthly process. I think ENE would want to be kept in the loop but I don't think they would need to sign off each month. That being said I haven't run this up the chain at ENE yet or discussed with ENE controllership.
Id defer to you guys for short term mechanics for the most part as you have the experience on the borrowing side. If you could take a look and mark-up where desired then maybe we can chat?
Let me know if you have any questions.
Kaitlin

Fair Hydro Plan –Master Subscription Agreement
Term Sheet

- Parties: OPG, OFA, Ministry of Energy
- The Province agrees to inject 44% of total funding of GA asset by way of equity subscription in OPG, which amount OPG in turn will invest in the Fair Hydro Trust as subordinated debt (**Equity Injection Plan**)
- Minister of Energy/Province approves Equity Injection Plan, and initial equity injection amount for 2017/18 fiscal year, and delegates to appropriate ministry staff authority to implement Equity Injection Plan (**Delegated Authority**)
- Long term, OPG equity requirements will form part of the business planning process in place between OPG and Ministry of Energy, ie, annually OPG to include forecasts of its equity requirements for the upcoming 3 years in its business plan submission -- NOTE: this portion of the business plan is not subject to concurrence by the shareholder
- Ministry of Energy will seek appropriation on an annual basis through PRRT for the amounts requested by OPG for its equity requirements-- NOTE: amount of annual appropriation to cover OPG multi year forecasts
- The Ministry of Energy will delegate authority to the Ontario Financing Authority to manage the monthly settlement process
- OPG agrees use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt requirements as part of the Fair Hydro Plan
- OPG will amend its Articles to create an additional class of shares – Class A Shares – which will be non-voting and redeemable at OPG's option
- OPG will issue Class A Shares to the Province monthly at a value per share equal to book value, as determined from OPG's last approved quarterly financial statements -- Value of first Class A shares issued to Province will be based on book value of OPG common shares – ie, existing shareholder's equity
- OPG will have the right to repay equity to the Province, through exercise of its right to redeem the Class A Shares, as principal repayment of the subordinated debt is made commencing in 2027
- Redemption value of the Class A Shares to be based on book value on the redemption date, ie, the equity value per Class A share at the end of the prior financial quarter as set out in OPG's approved financial statements

Formatted: Indent: Left: 0.5", No bullets or numbering

Monthly Process/Mechanics of Share Subscriptions:

a) OPG notifies OFA and Ministry of Energy of required equity injection and number of shares

Timing: [same day as notice from Fair Hydro Trust]

Documents/steps:

(i) share subscription form,
(ii) supporting documentation/invoice from Fair Hydro Trust, confirming amount of GA asset purchase for the month

b) OFA and OPG settle equity injection amounts

Timing: [five] business days from notice to OFA to payment/settlement with OPG [NOTE: timing to be confirmed based on IESO/Trust process requirements]

Documents/steps:

(i) completed/signed share subscription form from OFA~~/Province~~ to OPG

(ii) funds transfer from OFA to OPG account)

(iii) OPG receipt, together with secretary's certificate confirming issue of shares/update of share register sent to both OFA and ENE

Commented [KC1]: OFA: any details we can add based on your experience on the loan side? Who signs off at the OFA? Should we just make it the same process and delegate authority from ENE so OfA can execute?

Longer term Process/Approvals:

1. Equity Requirements Estimates:
   a. Business Plan Submissions
   b. OPG Board Approvals
      - [Bi-annual] Board of Directors' resolutions authorizing equity requirement for period
      - [Bi-annual Shareholder's resolutions authorizing equity requirement for period][NOTE: TBD if needed]

   c. Ministry of Energy appropriations
      ~~[describe annual process]~~Ministry of Energy will seek appropriation through PRRT process, including 3-year estimates that OPG provides through its business plan submission

Share Redemption Process

- TBD -- process to be determined at a later date and appended as Appendix to Master Subscription Agreement

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Date: May 29, 2017 at 1:55:51 PM EDT
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Cc: "Leung, Thomas (MOF)" <Thomas.Leung@ontario.ca>
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Kaitlin

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   c. Ministry of Energy appropriations
      ~~[describe annual process]~~Ministry of Energy will seek appropriation through PRRT process, including 3-year estimates that OPG provides through its business plan submission

Share Redemption Process

- TBD -- process to be determined at a later date and appended as Appendix to Master Subscription Agreement

From: Mike Manning
To: James Devine; Carlos Yep
Subject: Fwd: Fair Hydro Plan
Date: Monday, July 10, 2017 11:08:36 AM

Sent from my iPad

Begin forwarded message:

> **From:** Gadi Mayman <Gadi.Mayman@ofina.on.ca>
> **Date:** July 10, 2017 at 10:19:18 AM EDT
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>, Mike Manning <Mike.Manning@ofina.on.ca>
> **Cc:** Anna Strathy <Anna.Strathy@ofina.on.ca>, Hresa Gavaris <Hresa.Gavaris@ofina.on.ca>
> **Subject: Fair Hydro Plan**
>
> Hi, I'd like to have a 15 minute meeting this afternoon to fill you, and whomever else you feel should hear this, in about my meeting this morning about the Fair Hydro Plan.
>
> Thanks,
> Gadi

From:	Gadi Mayman
To:	Ken Kandeepan; Ronald Kwan
Cc:	Mike Manning; Anna Strathy; Gavin He
Subject:	Fwd: IESO_OFA FEP 2017 Credit Letter
Date:	Friday, May 12, 2017 11:06:35 PM
Attachments:	IESO_OFA FHP 2017 Credit Letter.docx ATT00001.htm

---

Begin forwarded message:

From: Georgia Ritchie-Wust <georgia.ritchie-wust@ieso.ca>
Date: May 12, 2017 at 2:07:32 PM EDT
To: "gadi.mayman@ofina.on.ca" <gadi.mayman@ofina.on.ca>, "mike.manning@ofina.on.ca" <mike.manning@ofina.on.ca>, "Salman.Qadir@ofina.on.ca" <Salman.Qadir@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>, Kim Marshall <Kim.Marshall@ieso.ca>
Subject: IESO_OFA FEP 2017 Credit Letter

Hi,

At the request of Anthony Martinello, I'm forwarding a copy of the signed letter from Kim Marshall re the above-mentioned subject matter.

If you have any questions please feel free to contact Anthony Martinello directly at anthony.martinello@ieso.ca

Thanks,

Georgia Ritchie-Wust | Executive Assistant to Kim Marshall, VP, Corporate Services & CFO
Independent Electricity System Operator (IESO) | T: (905) 855-6379 | T: (416) 969-6012 | F: (905) 855-6459
Postal Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

Corporate Services collaborates with you to deliver solutions and expertise that enable the IESO to achieve its goals.

Conservation: www.saveONenergy.ca[saveonenergy.ca] | Twitter: saveONenergyOnt[twitter.com] | LinkedIn: saveONenergy[linkedin.com]

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*"We are what we repeatedly do. **Excellence**, therefore, is not an act but a **habit**".*
.....(Aristotle)

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Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 12, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the proposed Fair Hydro Plan (FHP) to reduce electricity prices for eligible consumers in the province. Proposed legislation was introduced this month for the FHP. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that in order to support the IESO's role in FHP implementation it will need greater credit liquidity than currently exists.

An existing credit facility between the IESO and the Ontario Financing Authority (OFA) is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO proposes that a separate and additional credit facility be provided by either the OFA or Ontario Electricity Financial Corporation (OEFC) to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking.

IESO's FHP Credit Requirements and Rationale

Below we have outlined the IESO's expected credit needs including the current OFA facility as follows:

	OFA:IESO Facility	New FHP facility
Current credit facilities	$975 million	$ -
Reduction due to FHP	($500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Totals Credit Facilities	$475 million	$2,000 million

The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP. In addition, the IESO has had recent discussions with OFA staff to explain the rationale to support the overall $2,000 million FHP commitment.

We suggest the new FHP credit facility consider the following key provisions:

- 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);
- interest charge - to be Province's cost of funds for borrowing with a similar term as determined by OFA / OEFC plus 0.25 percent per annum;
- Draws - to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers; and
- Existing $975 million OFA facility : draws to permit for FHP purposes until a new separate credit agreement for FHP purposes has been made available;

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facilities and we will provide such evidence for your records.

We appreciate your continued support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From:	Gadi Mayman
To:	Ken Kandeepan; Ronald Kwan
Cc:	Mike Manning; Anna Strathy; Gavin He
Subject:	Fwd: IESO_OFA FEP 2017 Credit Letter
Date:	Friday, May 12, 2017 11:06:35 PM
Attachments:	IESO_OFA FHP 2017 Credit Letter.docx ATT00001.htm

---

Begin forwarded message:

From: Georgia Ritchie-Wust <georgia.ritchie-wust@ieso.ca>
Date: May 12, 2017 at 2:07:32 PM EDT
To: "gadi.mayman@ofina.on.ca" <gadi.mayman@ofina.on.ca>, "mike.manning@ofina.on.ca" <mike.manning@ofina.on.ca>, "Salman.Qadir@ofina.on.ca" <Salman.Qadir@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>, Kim Marshall <Kim.Marshall@ieso.ca>
Subject: IESO_OFA FEP 2017 Credit Letter

Hi,

At the request of Anthony Martinello, I'm forwarding a copy of the signed letter from Kim Marshall re the above-mentioned subject matter.

If you have any questions please feel free to contact Anthony Martinello directly at anthony.martinello@ieso.ca

Thanks,

Georgia Ritchie-Wust | Executive Assistant to Kim Marshall, VP, Corporate Services & CFO
Independent Electricity System Operator (IESO) | T: (905) 855-6379 | T: (416) 969-6012 | F: (905) 855-6459
Postal Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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Conservation: www.saveONenergy.ca[saveonenergy.ca] | Twitter: saveONenergyOnt[twitter.com] | LinkedIn: saveONenergy[linkedin.com]

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.....(Aristotle)

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Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 12, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the proposed Fair Hydro Plan (FHP) to reduce electricity prices for eligible consumers in the province. Proposed legislation was introduced this month for the FHP. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that in order to support the IESO's role in FHP implementation it will need greater credit liquidity than currently exists.

An existing credit facility between the IESO and the Ontario Financing Authority (OFA) is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO proposes that a separate and additional credit facility be provided by either the OFA or Ontario Electricity Financial Corporation (OEFC) to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking.

IESO's FHP Credit Requirements and Rationale

Below we have outlined the IESO's expected credit needs including the current OFA facility as follows:

	OFA:IESO Facility	New FHP facility
Current credit facilities	$975 million	$ -
Reduction due to FHP	($500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Totals Credit Facilities	$475 million	$2,000 million

The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP. In addition, the IESO has had recent discussions with OFA staff to explain the rationale to support the overall $2,000 million FHP commitment.

We suggest the new FHP credit facility consider the following key provisions:

- 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);
- interest charge - to be Province's cost of funds for borrowing with a similar term as determined by OFA / OEFC plus 0.25 percent per annum;
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- Existing $975 million OFA facility : draws to permit for FHP purposes until a new separate credit agreement for FHP purposes has been made available;

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facilities and we will provide such evidence for your records.

We appreciate your continued support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

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Cc:	Mike Manning; Anna Strathy; Gavin He
Subject:	Fwd: IESO_OFA FEP 2017 Credit Letter
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Attachments:	IESO_OFA FHP 2017 Credit Letter.docx ATT00001.htm

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To: "gadi.mayman@ofina.on.ca" <gadi.mayman@ofina.on.ca>, "mike.manning@ofina.on.ca" <mike.manning@ofina.on.ca>, "Salman.Qadir@ofina.on.ca" <Salman.Qadir@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>, Kim Marshall <Kim.Marshall@ieso.ca>
Subject: IESO_OFA FEP 2017 Credit Letter

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Toronto, ON M5W 4E5
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May 12, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

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Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From:	Gadi Mayman
To:	Ronald Kwan; Mike Manning; Ken Kandeepan
Cc:	Anna Strathy; Gavin He
Subject:	Fwd: Rate Mitigation Implementation Meeting - May 25, 2017
Date:	Thursday, May 25, 2017 7:54:36 PM
Attachments:	Action Items_May 25.docx ATT00001.htm

Begin forwarded message:

From: "Schlaepfer, Martin (ENERGY)" <Martin.Schlaepfer@ontario.ca>
Date: May 25, 2017 at 11:34:30 PM GMT+1
To: "Hume, Steen (ENERGY)" <Steen.Hume@ontario.ca>, "Sermat-Harding, Kaili (ENERGY)" <Kaili.Sermat-Harding@ontario.ca>, "Reid, Michael (ENERGY)" <Michael.Reid@ontario.ca>, "Calwell, Carolyn (ENERGY/MEDEI/MRI)" <Carolyn.Calwell@ontario.ca>, "Nelms, Scott (MOF)" <Scott.Nelms@ontario.ca>, "Christie, Tim (ENERGY)" <Tim.Christie@ontario.ca>, "'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)" <jeffrey.lyash@opg.com>, "'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)" <ken.hartwick@opg.com>, 'Rosemaire Leclair' <rosemarie.leclair@ontarioenergyboard.ca>, "'Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca)" <maryanne.aldred@ontarioenergyboard.ca>, "'Campbell, Bruce (bruce.campbell@ieso.ca)" <bruce.campbell@ieso.ca>, "'Kim Marshall (Kim.Marshall@ieso.ca)" <Kim.Marshall@ieso.ca>, "Thompson, Scott (MOF)" <Scott.Thompson@ontario.ca>, "Angus, Helen (TBS)" <Helen.Angus@ontario.ca>, "Davidson, Steven (CAB)" <Steven.Davidson@ontario.ca>, 'Martine Band' <Martine.Band@ontarioenergyboard.ca>, 'CROZZOLI Carlo - CBUSDEV&STRT' <carlo.crozzoli@opg.com>, "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, 'LEE John -TREASURY' <john.s.lee@opg.com>
Cc: "Imbrogno, Serge (ENERGY)" <Serge.Imbrogno@ontario.ca>, "Teliszewsky, Andrew (ENERGY)" <Andrew.Teliszewsky@ontario.ca>, "Whittington, Matt (ENERGY)" <Matt.Whittington@ontario.ca>, "Baker, Carys (ENERGY)" <Carys.Baker@ontario.ca>, "MacIntyre, Kyle (TBS)" <Kyle.MacIntyre@ontario.ca>, "McLean, David (MOF)" <David.McLean@ontario.ca>, "Foster, Robert (CAB)" <Robert.Foster@ontario.ca>, "'jordan.penic@ieso.ca'" <jordan.penic@ieso.ca>, "'sarah.branco@ontarioenergyboard.ca'" <sarah.branco@ontarioenergyboard.ca>, "'Turnevicius, Lorraine'" <lorraine.turnevicius@ieso.ca>, "'catriona.king@opg.com'" <catriona.king@opg.com>, "Bungaro-Yemec, Francesca (ENERGY)" <Francesca.Bungaro-Yemec@ontario.ca>, "Feather, Adam (ENERGY)" <Adam.Feather@ontario.ca>, "Cox, Hilary (ENERGY)" <Hilary.Cox@ontario.ca>, "Thompson, Erin (ENERGY)" <Erin.Thompson@ontario.ca>
Subject: RE: Rate Mitigation Implementation Meeting - May 25, 2017

Hi everyone,
Please find attached the action items from today's meeting. For any items that require providing materials for next week's meeting, please send them to me in advance by end of day Tuesday. I will ensure hard copies are available at the meeting.
For next week it would be helpful to receive materials for the following items:

- <!--[if !supportLists]-->• <!--[endif]-->Critical paths from OPG, IESO and OEB
- <!--[if !supportLists]-->• <!--[endif]-->OFA's comparison of the Clean Energy Adjustment with the DRC
- <!--[if !supportLists]-->• <!--[endif]-->Draft Provincial Guarantees for the dealers from OPG

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: May 24, 2017 6:02 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Reid, Michael (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI); Nelms, Scott (MOF); Christie, Tim (ENERGY); ''jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Rosemaire Leclair'; 'Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca)'; 'Campbell, Bruce (bruce.campbell@ieso.ca)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); 'Martine Band'; 'CROZZOLI Carlo - CBUSDEV&STRT'; Mayman, Gadi (OFA); 'LEE John -TREASURY'
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); MacIntyre, Kyle (TBS); McLean, David (MOF); Foster, Robert (CAB); 'jordan.penic@ieso.ca'; 'sarah.branco@ontarioenergyboard.ca'; 'Turnevicius, Lorraine'; 'catriona.king@opg.com'; Bungaro-Yemec, Francesca (ENERGY); Feather, Adam (ENERGY); Cox, Hilary (ENERGY); Thompson, Erin (ENERGY)
Subject: Rate Mitigation Implementation Meeting - May 25, 2017
Good evening,
Please find attached the material for discussion tomorrow morning.
Thanks,
Martin

Action Items – May 25

1) GA Refinancing
    - Ministry to finalize motions by noon today to deliver to the Clerks by 6pm
    - Ministry on track for package on June 14 and second package later in June
        - Ministry to work with OPG/OEB/ISEO on regulations
    - TBS to draft a chart with TB report backs
        - There is a requirement to go back to TB on details of regulations before proceeding to LRC
        - TBS to look at more streamlined approval process (Cabinet sitting as TB, LRC)
    - OPG, IESO, OEB to develop more detailed individual workplans to align with overall workplan
    - OPG has workplan for working group that it can table every week
    - OPG needs to have regulations to be finalized to move forward on ratings process
    - OEB also needs regs to move forward with pricing, which is on track for June 22
    - IESO working on responses for their Board related AG comments
    - OEB was asked yesterday by AG for all correspondence between all parties by June 2
        - OFA received a similar request
    - OFA to have comparison of Clean Energy Adjustment to DRC ready by end of next week
        - TBS to connect with OFA to determine if it is ready to share with IESO

2) Other OFHP Initiatives
    - RRRP, OESP and FN:
    - Ministry finalizing process for eligibility and COO working to communicate First Nation Delivery credit
    - Letter being drafted by Regional Chief Day tracking for next week
        - Ministry finalizing distribution of components remaining on the rate base
        - Minister could provide letter to legislators to clarify that social programs are ongoing
    - Affordability Fund:
        - Advisory Committee reaching out to another social services agency candidate

From:	Gadi Mayman
To:	Ronald Kwan; Ken Kandeepan; Mike Manning
Cc:	Gavin He; Anna Strathy
Subject:	Fwd: Rate Mitigation Implementation Meeting - May 4, 2017
Date:	Thursday, May 04, 2017 8:48:26 PM
Attachments:	Action Items - May 4.docx ATT00001.htm

Begin forwarded message:

From: "Schlaepfer, Martin (ENERGY)" <Martin.Schlaepfer@ontario.ca>
Date: May 4, 2017 at 8:33:22 PM EDT
To: "Hume, Steen (ENERGY)" <Steen.Hume@ontario.ca>, "Sermat-Harding, Kaili (ENERGY)" <Kaili.Sermat-Harding@ontario.ca>, "Reid, Michael (ENERGY)" <Michael.Reid@ontario.ca>, "Calwell, Carolyn (ENERGY/MEDEI/MRI)" <Carolyn.Calwell@ontario.ca>, "Nelms, Scott (MOF)" <Scott.Nelms@ontario.ca>, "'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)" <jeffrey.lyash@opg.com>, "HARTWICK Ken - FINANCE (ken.hartwick@opg.com)" <ken.hartwick@opg.com>, Rosemaire Leclair <rosemarie.leclair@ontarioenergyboard.ca>, "Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca)" <maryanne.aldred@ontarioenergyboard.ca>, "Campbell, Bruce (bruce.campbell@ieso.ca)" <bruce.campbell@ieso.ca>, "Kim Marshall (Kim.Marshall@ieso.ca)" <Kim.Marshall@ieso.ca>, "Thompson, Scott (MOF)" <Scott.Thompson@ontario.ca>, "Angus, Helen (TBS)" <Helen.Angus@ontario.ca>, "Davidson, Steven (CAB)" <Steven.Davidson@ontario.ca>, 'Martine Band' <Martine.Band@ontarioenergyboard.ca>, 'CROZZOLI Carlo - CBUSDEV&STRT' <carlo.crozzoli@opg.com>, "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "LEE John -TREASURY" <john.s.lee@opg.com>
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Subject: RE: Rate Mitigation Implementation Meeting - May 4, 2017

Please find attached action items from today's meeting.

From: Schlaepfer, Martin (ENERGY)
Sent: May-03-17 6:43 PM

To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Reid, Michael (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI); Nelms, Scott (MOF); 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com); HARTWICK Ken -FINANCE (ken.hartwick@opg.com); Rosemaire Leclair; Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca); Campbell, Bruce (bruce.campbell@ieso.ca); Kim Marshall (Kim.Marshall@ieso.ca); Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); 'Martine Band'; 'CROZZOLI Carlo -CBUSDEV&STRT'; Mayman, Gadi (OFA); LEE John -TREASURY
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); MacIntyre, Kyle (TBS); McLean, David (MOF); Foster, Robert (CAB); jordan.penic@ieso.ca; 'sarah.branco@ontarioenergyboard.ca'; Turnevicius, Lorraine; catriona.king@opg.com; Bungaro-Yemec, Francesca (ENERGY)
Subject: Rate Mitigation Implementation Meeting - May 4, 2017

Good evening,

Please find attached the material for discussion tomorrow morning.

Thanks,

Martin

Action Items – May 4

1) GA Refinancing
    - Leg Counsel finalizing legislation
    - LSB working on:
        - Committee motions
        - Regulations – 2 parts (mid and late June). Note: OPG has sketched out what it may require in regulation
        - Indemnities for OPG and IESO Board members to be in place around Royal Assent
    - Ministry working on approval documents for Minister signature for end of week:
        - LRC / Cabinet Submission on OFH Legislation
        - TB/MBC Report Back – GA refinancing, Social programs and ICI. Note: TB looking for variability risk analysis for Social programs
        - Ministry to share drafts by end of week
    - OPG and IESO's independent accounting work is complete:
        - OPG is finalizing E&Y's work
        - IESO has finalized KPMG's work
        - Agencies are each working a one page summary that could be released publically
    - OPG to meet with OAG next Thursday (TBC); OAG request to IESO for emails has been expanded
    - OPG on track with Board meeting on May 12 to approve recommendation
    - OPG guarantees won't be negotiated until a later stage and guarantee for market disruption is still in play

2) Other OFHP Initiatives
    - RRRP, OESP and FN:
        - Ministry received final legislation, which includes information sharing provision with MCSS
        - Ministry working with LDCs to finalize program design
    - Affordability Fund:
        - Advisory group reaching out to social agencies
    - ICI:
        - Ministry promoting value of ICI (i.e., at upcoming OCC Annual General meeting)
        - Ministry discussing with CME ongoing

3) Other Items
    - OEB's cannot reset prices until regulation is public, but work will happen in the background to ensure a common understanding of regulations
    - Regulation tracking for direct to Cabinet on June 14th (TBC)
    - Ministry to follow up with stakeholder on rate cap

From:	Gadi Mayman
To:	Ronald Kwan; Ken Kandeepan; Mike Manning
Cc:	Gavin He; Anna Strathy
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From: Schlaepfer, Martin (ENERGY)
Sent: May-03-17 6:43 PM

To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Reid, Michael (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI); Nelms, Scott (MOF); 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com); HARTWICK Ken -FINANCE (ken.hartwick@opg.com); Rosemaire Leclair; Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca); Campbell, Bruce (bruce.campbell@ieso.ca); Kim Marshall (Kim.Marshall@ieso.ca); Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); 'Martine Band'; 'CROZZOLI Carlo -CBUSDEV&STRT'; Mayman, Gadi (OFA); LEE John -TREASURY
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); MacIntyre, Kyle (TBS); McLean, David (MOF); Foster, Robert (CAB); jordan.penic@ieso.ca; 'sarah.branco@ontarioenergyboard.ca'; Turnevicius, Lorraine; catriona.king@opg.com; Bungaro-Yemec, Francesca (ENERGY)
Subject: Rate Mitigation Implementation Meeting - May 4, 2017

Good evening,

Please find attached the material for discussion tomorrow morning.

Thanks,

Martin

Action Items – May 4

1) GA Refinancing
    - Leg Counsel finalizing legislation
    - LSB working on:
        - Committee motions
        - Regulations – 2 parts (mid and late June). Note: OPG has sketched out what it may require in regulation
        - Indemnities for OPG and IESO Board members to be in place around Royal Assent
    - Ministry working on approval documents for Minister signature for end of week:
        - LRC / Cabinet Submission on OFH Legislation
        - TB/MBC Report Back – GA refinancing, Social programs and ICI. Note: TB looking for variability risk analysis for Social programs
        - Ministry to share drafts by end of week
    - OPG and IESO's independent accounting work is complete:
        - OPG is finalizing E&Y's work
        - IESO has finalized KPMG's work
        - Agencies are each working a one page summary that could be released publically
    - OPG to meet with OAG next Thursday (TBC); OAG request to IESO for emails has been expanded
    - OPG on track with Board meeting on May 12 to approve recommendation
    - OPG guarantees won't be negotiated until a later stage and guarantee for market disruption is still in play

2) Other OFHP Initiatives
    - RRRP, OESP and FN:
        - Ministry received final legislation, which includes information sharing provision with MCSS
        - Ministry working with LDCs to finalize program design
    - Affordability Fund:
        - Advisory group reaching out to social agencies
    - ICI:
        - Ministry promoting value of ICI (i.e., at upcoming OCC Annual General meeting)
        - Ministry discussing with CME ongoing

3) Other Items
    - OEB's cannot reset prices until regulation is public, but work will happen in the background to ensure a common understanding of regulations
    - Regulation tracking for direct to Cabinet on June 14th (TBC)
    - Ministry to follow up with stakeholder on rate cap

From:	Gadi Mayman
To:	Ronald Kwan; Mike Manning; Ken Kandeepan
Cc:	Anna Strathy; Gavin He
Subject:	Fwd: Rate Mitigation Implementation Meeting - May 25, 2017
Date:	Thursday, May 25, 2017 7:54:36 PM
Attachments:	Action Items_May 25.docx ATT00001.htm

Begin forwarded message:

From: "Schlaepfer, Martin (ENERGY)" <Martin.Schlaepfer@ontario.ca>
Date: May 25, 2017 at 11:34:30 PM GMT+1
To: "Hume, Steen (ENERGY)" <Steen.Hume@ontario.ca>, "Sermat-Harding, Kaili (ENERGY)" <Kaili.Sermat-Harding@ontario.ca>, "Reid, Michael (ENERGY)" <Michael.Reid@ontario.ca>, "Calwell, Carolyn (ENERGY/MEDEI/MRI)" <Carolyn.Calwell@ontario.ca>, "Nelms, Scott (MOF)" <Scott.Nelms@ontario.ca>, "Christie, Tim (ENERGY)" <Tim.Christie@ontario.ca>, "'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)" <jeffrey.lyash@opg.com>, "'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)" <ken.hartwick@opg.com>, 'Rosemaire Leclair' <rosemarie.leclair@ontarioenergyboard.ca>, "'Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca)" <maryanne.aldred@ontarioenergyboard.ca>, "'Campbell, Bruce (bruce.campbell@ieso.ca)" <bruce.campbell@ieso.ca>, "'Kim Marshall (Kim.Marshall@ieso.ca)" <Kim.Marshall@ieso.ca>, "Thompson, Scott (MOF)" <Scott.Thompson@ontario.ca>, "Angus, Helen (TBS)" <Helen.Angus@ontario.ca>, "Davidson, Steven (CAB)" <Steven.Davidson@ontario.ca>, 'Martine Band' <Martine.Band@ontarioenergyboard.ca>, 'CROZZOLI Carlo - CBUSDEV&STRT' <carlo.crozzoli@opg.com>, "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, 'LEE John -TREASURY' <john.s.lee@opg.com>
Cc: "Imbrogno, Serge (ENERGY)" <Serge.Imbrogno@ontario.ca>, "Teliszewsky, Andrew (ENERGY)" <Andrew.Teliszewsky@ontario.ca>, "Whittington, Matt (ENERGY)" <Matt.Whittington@ontario.ca>, "Baker, Carys (ENERGY)" <Carys.Baker@ontario.ca>, "MacIntyre, Kyle (TBS)" <Kyle.MacIntyre@ontario.ca>, "McLean, David (MOF)" <David.McLean@ontario.ca>, "Foster, Robert (CAB)" <Robert.Foster@ontario.ca>, "'jordan.penic@ieso.ca'" <jordan.penic@ieso.ca>, "'sarah.branco@ontarioenergyboard.ca'" <sarah.branco@ontarioenergyboard.ca>, "'Turnevicius, Lorraine'" <lorraine.turnevicius@ieso.ca>, "'catriona.king@opg.com'" <catriona.king@opg.com>, "Bungaro-Yemec, Francesca (ENERGY)" <Francesca.Bungaro-Yemec@ontario.ca>, "Feather, Adam (ENERGY)" <Adam.Feather@ontario.ca>, "Cox, Hilary (ENERGY)" <Hilary.Cox@ontario.ca>, "Thompson, Erin (ENERGY)" <Erin.Thompson@ontario.ca>
Subject: RE: Rate Mitigation Implementation Meeting - May 25, 2017

Hi everyone,
Please find attached the action items from today's meeting. For any items that require providing materials for next week's meeting, please send them to me in advance by end of day Tuesday. I will ensure hard copies are available at the meeting.
For next week it would be helpful to receive materials for the following items:

- <!--[if !supportLists]-->• <!--[endif]-->Critical paths from OPG, IESO and OEB
- <!--[if !supportLists]-->• <!--[endif]-->OFA's comparison of the Clean Energy Adjustment with the DRC
- <!--[if !supportLists]-->• <!--[endif]-->Draft Provincial Guarantees for the dealers from OPG

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: May 24, 2017 6:02 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Reid, Michael (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI); Nelms, Scott (MOF); Christie, Tim (ENERGY); ''jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Rosemaire Leclair'; 'Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca)'; 'Campbell, Bruce (bruce.campbell@ieso.ca)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); 'Martine Band'; 'CROZZOLI Carlo - CBUSDEV&STRT'; Mayman, Gadi (OFA); 'LEE John -TREASURY'
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); MacIntyre, Kyle (TBS); McLean, David (MOF); Foster, Robert (CAB); 'jordan.penic@ieso.ca'; 'sarah.branco@ontarioenergyboard.ca'; 'Turnevicius, Lorraine'; 'catriona.king@opg.com'; Bungaro-Yemec, Francesca (ENERGY); Feather, Adam (ENERGY); Cox, Hilary (ENERGY); Thompson, Erin (ENERGY)
Subject: Rate Mitigation Implementation Meeting - May 25, 2017
Good evening,
Please find attached the material for discussion tomorrow morning.
Thanks,
Martin

Action Items – May 25

1) GA Refinancing
    - Ministry to finalize motions by noon today to deliver to the Clerks by 6pm
    - Ministry on track for package on June 14 and second package later in June
        - Ministry to work with OPG/OEB/ISEO on regulations
    - TBS to draft a chart with TB report backs
        - There is a requirement to go back to TB on details of regulations before proceeding to LRC
        - TBS to look at more streamlined approval process (Cabinet sitting as TB, LRC)
    - OPG, IESO, OEB to develop more detailed individual workplans to align with overall workplan
    - OPG has workplan for working group that it can table every week
    - OPG needs to have regulations to be finalized to move forward on ratings process
    - OEB also needs regs to move forward with pricing, which is on track for June 22
    - IESO working on responses for their Board related AG comments
    - OEB was asked yesterday by AG for all correspondence between all parties by June 2
        - OFA received a similar request
    - OFA to have comparison of Clean Energy Adjustment to DRC ready by end of next week
        - TBS to connect with OFA to determine if it is ready to share with IESO

2) Other OFHP Initiatives
    - RRRP, OESP and FN:
    - Ministry finalizing process for eligibility and COO working to communicate First Nation Delivery credit
    - Letter being drafted by Regional Chief Day tracking for next week
        - Ministry finalizing distribution of components remaining on the rate base
        - Minister could provide letter to legislators to clarify that social programs are ongoing
    - Affordability Fund:
        - Advisory Committee reaching out to another social services agency candidate

From: Nelms, Scott (MOF)
To: John Lee - Ontario Power Generation (john.s.lee@opg.com); Mike Manning
Subject: GA Financing - a few next steps
Date: Wednesday, May 10, 2017 3:19:11 PM

Hi John, Mike,

Now that we appear to be through the legislative elements of GA refinancing (subject to introduction and passage), there are a couple of conversations I thought we may want to restart / continue:

1) PILs exemptions: I think OPG was going to provide to MoF Tax Policy a detailed list of situations where the PILs exemption would be required. I think they will want something soon in order to move through the regulation process.
2) Equity Injections: the Province now has appropriation approvals for this fiscal year. We should finalize a process for monthly injections and then annual forecasts that works for you and OFA. We should also confirm that common equity works from your perspective. Our understanding is that hybrid securities may not get you 100% equity treatment by rating agencies (which we assume is important). I think we can work with you on other mechanisms for redemption as needed.
3) Guarantees: I think you an OFA continue to think about this issue, so just want to keep it on our radar (and I have been told lists need at least 3 items).

Please let us know if there is anything else that has direct touch points or approvals required from Finance.

Thanks,

Scott

Scott Nelms
Electricity Investment and Governance Secretariat | Ministry of Finance
7th Floor | 375 University ave. | Toronto, ON
w: (416) 212-6469 | c: (647) 330-2681
scott.nelms@ontario.ca

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To: John Lee - Ontario Power Generation (john.s.lee@opg.com); Mike Manning
Subject: GA Financing - a few next steps
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Thanks,

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Scott Nelms
Electricity Investment and Governance Secretariat | Ministry of Finance
7th Floor | 375 University ave. | Toronto, ON
w: (416) 212-6469 | c: (647) 330-2681
scott.nelms@ontario.ca

From:	Mike Manning
To:	"Thom, Trevor"
Cc:	James Devine; Carlos Yep
Subject:	GA Provincial Support Agreement
Date:	Wednesday, April 26, 2017 10:34:47 AM
Attachments:	Term Sheet - Provincial Support AgreementApr26 (2).docx

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Hi Trevor:

The support term sheet we discussed for your comments.

Regards, Mike

Provincial Support Agreement Term Sheet –

Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") is provided exclusively to the parties listed herein in connection with the draft Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Defined terms used herein have the meanings ascribed to them in the Act. The provincial support agreement (the "**Provincial Support Agreement**") will contain the terms and conditions set out in this Term Sheet in addition to such other representations, warranties, indemnities, and other terms and conditions as the Guarantor and the Beneficiaries (each as defined below) may reasonably require.*

Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The trust company acting as indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") acting for the benefit of all persons who may have contractual claims against a Financing Entity (collectively, the "**Beneficiaries**") (including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee and the trustee of the Financing Entity[1]).
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[2] after all Funding Obligations of all Financing Entities have been repaid.
Performance Guarantee:	**[Upon the occurrence of a Performance Guarantee Event]**, the Indenture Trustee will be entitled to require the Guarantor to appoint a replacement servicer who will perform IESO's duties as servicer under the Master Sale and Servicing Agreement between IESO, as seller and servicer, and the Financing Entity, as purchaser, **[and OPG as Financial Services Manager]** ("**MSSA**"). In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the Indenture Trustee.

[1] We have assumed that the initial Financing Entity will be a trust.

[2] This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

Performance Guarantee Event:	A "Servicer Default" occurs under the MSSA[3]
Payment Guarantee:	**[Upon the occurrence of a Payment Guarantee Event and within [5/10] business days after receiving a demand from the Indenture Trustee]**, the Guarantor shall **[guarantee and indemnify the Indenture Trustee (for and on behalf of the Beneficiaries) by paying all regularly scheduled interest and principal payments during the term of a Financing Entity's contractual obligation to such Beneficiary]/[assume the contractual obligations of a Financing Entity to the Beneficiaries]**[4], which for greater certainty shall not include any default, penalty, prepayment, or make whole amounts.
Payment Guarantee Event:	(A) if the Legislative Assembly of Ontario repeals the Act; or (B) if the Legislative Assembly of Ontario amends the Act or Regulation thereunder in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all obligations incurred by such Financing Entity in respect of such investment interest; or (C) if a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
Priority of Payments:	The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.

[3] Each Servicer Default will include its own cure period before the event becomes a Servicer Default.

[4] To confirm if Province will become the debtor under the applicable debt documentation or if the Financing Entity will continue to be the primary obligor with the Province acting as secondary obligor.

Subrogation:	Where the Guarantor has repaid a Beneficiary, to the extent of such payment, the Guarantor is subrogated in and to all the rights of recovery of such Beneficiary in respect of the applicable indebtedness and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all amounts owing to a Beneficiary, the Indenture Trustee will acknowledge and agree on behalf of such Beneficiary that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiary has or may exercise in respect of the repaid indebtedness, all in accordance with the terms of the Master Trust Indenture.
Notice Requirements:	The Indenture Trustee will be required to provide notice to the Guarantor of a Performance Guarantee Event or Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.
Closing:	Date to be determined but no later than **[**■, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
Conditions Precedent to Closing:	Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.[5]
Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.

[5] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

Governing Law:	Province of Ontario

From: Nelms, Scott (MOF)
To: Gadi Mayman
Cc: Mike Manning
Subject: Guarantees
Date: Wednesday, June 21, 2017 8:35:41 AM

Hi Gadi,

I notice we have a meeting set up for tomorrow morning to chat about OFHP Provincial guarantees. We had a conversation with MoF / TBS / OFA folks earlier this week, and I think we had agreed on language to propose back to OFA. I was going to send that on to OPG, but wondered whether you would prefer that I hold off until we have that discussion.

Thanks,

Scott

Scott Nelms
Electricity Investment and Governance Secretariat | Ministry of Finance
7th Floor | 375 University ave. | Toronto, ON
w: (416) 212-6469 | c: (647) 330-2681
scott.nelms@ontario.ca

From: Kelly Listoe
To: Mike Manning
Subject: IESO Amending Agreements
Date: Friday, April 28, 2017 2:52:39 PM
Attachments: Amending Agrt no.6 - Revolving Credit Facility - OEFC_IESO_IESO Signed.pdf
Amending Agrt no.6 re Issuance of Note - OEFC_IESO - IESO Signed.pdf

---

Hi Mike:
You asked for copies of the IESO agreements (revolving line and note). Please find them attached. (these are the IESO executed copies).
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended or

replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements.

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures.

(c) The following sections are added to the Agreement following Section 2.15:

" Section 2.16 Fifth Refinancing Note

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Notwithstanding Section 1.5 herein, the interest rate on the Fifth Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Notwithstanding Section 1.5 herein, interest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period."

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This Amending Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

This Amending Agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million ("Part A"), whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million ("Part B"), whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020 + 50 basis points)

Due: June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from and including May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

From: Kelly Listoe
To: Mike Manning
Subject: IESO Amending Agreements
Date: Friday, April 28, 2017 2:52:39 PM
Attachments: Amending Agrt no.6 - Revolving Credit Facility - OEFC_IESO_IESO Signed.pdf
Amending Agrt no.6 re Issuance of Note - OEFC_IESO - IESO Signed.pdf

---

Hi Mike:
You asked for copies of the IESO agreements (revolving line and note). Please find them attached. (these are the IESO executed copies).
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended or

replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements.

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures.

(c) The following sections are added to the Agreement following Section 2.15:

" Section 2.16 Fifth Refinancing Note

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Notwithstanding Section 1.5 herein, the interest rate on the Fifth Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Notwithstanding Section 1.5 herein, interest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period."

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This Amending Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

This Amending Agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million ("Part A"), whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million ("Part B"), whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020 + 50 basis points)

Due: June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from and including May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

From: Kelly Listoe
To: Mike Manning
Subject: IESO Amending Agreements
Date: Friday, April 28, 2017 2:52:39 PM
Attachments: Amending Agrt no.6 - Revolving Credit Facility - OEFC_IESO_IESO Signed.pdf
Amending Agrt no.6 re Issuance of Note - OEFC_IESO - IESO Signed.pdf

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Hi Mike:
You asked for copies of the IESO agreements (revolving line and note). Please find them attached. (these are the IESO executed copies).
Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended or

replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements.

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures.

(c) The following sections are added to the Agreement following Section 2.15:

" Section 2.16 Fifth Refinancing Note

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Notwithstanding Section 1.5 herein, the interest rate on the Fifth Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Notwithstanding Section 1.5 herein, interest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period."

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This Amending Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

This Amending Agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million ("Part A"), whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million ("Part B"), whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020 + 50 basis points)

Due: June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from and including May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

From:	William Tan
To:	Mike Manning; James Devine
Cc:	Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
Subject:	IESO FHP $2 billion Revolving Credit Facility and Existing $475 million Revolving Credit Facility
Date:	Thursday, August 31, 2017 2:18:21 PM

Hello,

This is to note that IESO requested the option to elect to continue (roll-over) all or a portion of principal and interest for the new FHP Revolving Credit Facility and existing $975 million (to be reduced to $475 million) Revolving Credit Facility. We have discussed this matter and there are no concerns from a Capital Markets perspective.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Anthony Martinello
To:	Mike Manning
Cc:	Olga Whiteley
Subject:	IESO Financial Information Pursuant to Note Payable - Q1 2017
Date:	Tuesday, May 30, 2017 9:21:50 AM
Attachments:	IESO - Q1 2017.pdf

Dear Mr. Manning,

As required by the April 1, 1999, as amended, Note Agreement between IESO and OEFC, please find attached a copy of IESO's Q1 2017 unaudited financial statements.

Please let us know if you have any questions or concerns,

Best regards.

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Independent Electricity System Operator
Statement of Financial Position
Unaudited

As at (in thousands of Canadian dollars)	March 31, 2017	Dec 31, 2016
	$	$
FINANCIAL ASSETS		
Cash and cash equivalents	34,937	33,005
Accounts receivable	38,131	31,103
Regulated assets	58,403	65,064
Long-term investments	41,818	40,355
Market accounts - assets	1,651,725	1,636,201
TOTAL FINANCIAL ASSETS	**1,825,014**	**1,805,728**
LIABILITIES		
Accounts payable and accrued liabilities	36,750	38,963
Accrued interest on debt	776	315
Rebates due to market participants	12,551	12,551
Debt	90,000	90,000
Accrued pension liability	31,714	34,620
Accrued liability for employee future benefits other than pension	91,837	90,251
Market accounts - liabilities	1,651,725	1,636,201
TOTAL LIABILITIES	**1,915,353**	**1,902,901**
NET DEBT	**(90,339)**	**(97,173)**
NON-FINANCIAL ASSETS		
Net tangible capital assets	102,303	105,047
Prepaid expenses	4,960	6,614
TOTAL NON-FINANCIAL ASSETS	**107,263**	**111,661**
ACCUMULATED SURPLUS		
Accumulated surplus from operations	7,681	6,582
Accumulated remeasurement gains	9,243	7,906
ACCUMULATED SURPLUS	**16,924**	**14,488**

Independent Electricity System Operator
Statement of Operations and Accumulated Surplus
Unaudited

For the quarter ended March 31 (in thousands of Canadian dollars)	2017 Budget	2017 Actual	2016 Actual
IESO CORE OPERATIONS	**$**	**$**	**$**
System fees	48,668	44,875	46,625
Other revenue	574	1,295	804
Interest and investment income	550	203	193
Core operation revenues	**49,792**	**46,373**	**47,622**
Compensation and benefits	(28,870)	(28,350)	(26,459)
Professional and consulting	(3,491)	(3,006)	(3,331)
Operating and administration	(9,530)	(8,964)	(9,308)
Core operating expenses	**(41,891)**	**(40,320)**	**(39,098)**
Amortization	(4,718)	(4,519)	(4,562)
Interest	(184)	(397)	(204)
Core expenses	**(46,793)**	**(45,236)**	**(43,864)**
Core operations surplus before rebates	2,999	**1,137**	**3,758**
Rebates due to market participants	-	-	-
Core operations surplus	**2,999**	**1,137**	**3,758**
MARKET SANCTIONS AND PAYMENT ADJUSTMENTS			
Market sanctions and payment adjustments	**930**	**664**	**556**
Compensation and benefits	(580)	(465)	(485)
Professional and consulting	(379)	(65)	(103)
Operating and administration	(38)	(172)	(25)
Customer education and market enforcement expenses	(997)	(702)	(613)
Market sanctions and payment adjustments deficit	**(67)**	**(38)**	**(57)**
SMART METERING ENTITY			
Smart metering charge	**7,548**	**6,137**	**6,343**
Compensation and benefits	(753)	(615)	(493)
Professional and consulting	(4,240)	(3,534)	(3,651)
Operating and administration	(881)	(909)	(1,141)
Smart metering operating expenses	**(5,874)**	**(5,058)**	**(5,285)**
Amortization	(1,028)	(984)	(881)
Interest	(646)	(95)	(177)
Smart metering expenses	(7,548)	(6,137)	(6,343)
Smart metering entity surplus	**-**	**-**	**-**
SURPLUS	**2,932**	**1,099**	**3,701**
ACCUMULATED SURPLUS FROM OPERATIONS, BEGINNING OF PERIOD	6,582	6,582	6,348
ACCUMULATED SURPLUS FROM OPERATIONS, END OF PERIOD	**9,514**	**7,681**	**10,049**

Independent Electricity System Operator
Statement of Remeasurement Gains and Losses
Unaudited

For the quarter ended March 31 (in thousands of Canadian dollars)	2017 Actual	2016 Actual
	$	$
ACCUMULATED REMEASUREMENT GAINS, BEGINNING OF PERIOD	**7,906**	**7,658**
UNREALIZED GAINS ATTRIBUTABLE TO:		
Foreign exchange - other	767	481
Portfolio investments	1,333	(686)
AMOUNTS RECLASSIFIED TO THE STATEMENT OF OPERATIONS:		
Foreign exchange - other	(763)	(515)
NET REMEASUREMENT GAINS/(LOSSES) FOR THE PERIOD	**1,337**	**(720)**
ACCUMULATED REMEASUREMENT GAINS, END OF PERIOD	**9,243**	**6,938**

Independent Electricity System Operator
Statement of Change in Net Debt
Unaudited

For the quarter ended March 31 (in thousands of Canadian dollars)	2017 Budget	2017 Actual	2016 Actual
	$	$	$
SURPLUS	**2,932**	**1,099**	**3,701**
CHANGE IN NON-FINANCIAL ASSETS			
Acquisition of tangible capital assets	(5,625)	(2,759)	(5,332)
Amortization of tangible capital assets	5,746	5,503	5,443
Change in prepaid expenses	-	1,654	983
TOTAL CHANGE IN NON-FINANCIAL ASSETS	**121**	**4,398**	**1,094**
NET REMEASUREMENT GAINS/(LOSSES) FOR THE PERIOD	-	1,337	(720)
CHANGE IN NET DEBT	**3,053**	**6,834**	**4,075**
NET DEBT, BEGINNING OF PERIOD	(97,173)	(97,173)	(95,907)
NET DEBT, END OF PERIOD	**(94,120)**	**(90,339)**	**(91,832)**

Independent Electricity System Operator
Statement of Cash Flows
Unaudited

For the quarter ended March 31 (in thousands of Canadian dollars)	2017	2016
	$	$
OPERATING TRANSACTIONS		
Change in accumulated surplus		
Surplus	1,099	3,701
	1,099	3,701
Changes in non-cash items		
Amortization	5,503	5,443
Pension expense	2,051	2,690
Other employee future benefits expense	2,221	2,143
	9,775	10,276
Changes in non-cash balances related to operations:		
Change in accounts payable and accrued liabilities	(1,118)	1,830
Change in accounts receivable	(7,028)	(27,207)
Change in rebates due to market participants	-	1,348
Change in regulated assets	6,662	6,297
Change in prepaid expenses	1,654	983
	170	(16,749)
Other:		
Contribution to pension fund	(4,957)	(4,606)
Payment of employee future benefits	(635)	(526)
	(5,592)	(5,132)
Cash provided by operating transactions	**5,452**	**(7,904)**
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(2,759)	(5,332)
Change in accounts payable and accrued liabilities	(635)	3,079
Cash applied to capital transactions	**(3,394)**	**(2,253)**
INVESTING TRANSACTIONS		
Purchase of long-term investments	(130)	(127)
Cash applied to investing transactions	**(130)**	**(127)**
FINANCING TRANSACTIONS		
Debt repayment	-	-
Cash applied to financing transactions	**-**	**-**
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**1,928**	**(10,284)**
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	33,005	14,715
Unrealized foreign exchangegains/(losses) for the period	4	(34)
CASH AND CASH EQUIVALENTS - END OF PERIOD	**34,937**	**4,397**

Independent Electricity System Operator
Notes to Financial Statements (unaudited)

March 31, 2017

1) INTERIM FINANCIAL STATEMENTS

The interim financial statements follow the same accounting policies and methods of their application as the 2016 IESO annual financial statements.

The interim financial statements have been prepared on a going concern basis and should be read in conjunction with the 2016 IESO annual financial statements.

2) MARKET ACCOUNTS

(in thousands of Canadian dollars)	As at March 31, 2017	As at December 31, 2016
Cash, restricted for market activities	443,514	244,755
Market Accounts Receivable	1,155,992	1,370,053
Net Congestion Rent Receivable	2,166	5,728
Global Adjustment Other Charges Receivable	49,846	15,480
Interest Receivable	207	186
Closing balance	**1,651,725**	**1,636,202**
Revolving line of credit	(81,209)	(150,501)
HST receivable/(payable)	(11,140)	25,531
Accounts Payable	(1,249,690)	(1,326,011)
Prepayments	(63,772)	(62,981)
Market Interest Payable to IESO Corporate	(846)	(2,508)
Market Penalties Payable to IESO Corporate	(827)	(1,144)
Regulated Price Plan Variance	72,377	134,988
Provision for Future Transmission Rights Activity	(96,270)	(53,305)
Provision for Future Ontario Electricity Support Program Activity	(110,867)	(92,443)
Provision for Future Rural or Remote Rate Protection Activity	(2,666)	(4,672)
Provision for Future Enforcement Activity	(60,944)	(58,484)
Deferred Transmission Rights Revenue	(45,871)	(44,672)
Closing balance	**(1,651,725)**	**(1,636,202)**

3) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands of Canadian dollars)	As at March 31, 2017	As at December 31, 2016
Relating to operations	34,052	35,630
Relating to tangible capital assets	2,698	3,333
Closing balance	**36,750**	**38,963**

4) REBATES DUE TO MARKET PARTICIPANTS AND ACCUMULATED SURPLUS

As at March 31, 2017 and December 31, 2016, the components of the IESO's Accumulated Surplus were as follows:

Accumulated Surplus

(in thousands of Canadian dollars)	As at March 31, 2017	As at December 31, 2016
Approved regulatory deferral account	11,137	10,000
Accumulated market sanctions and payment adjustments	688	726
Remeasurement gains	5,099	3,762
Accumulated surplus – end of period	**16,924**	**14,488**

Regulatory Deferral Account

(in thousands of Canadian dollars)	As at March 31, 2017
Accumulated surplus – December 31, 2016	10,000
Revenues (before rebates due to market participants)	46,373
IESO operation expenses	(45,236)
Accumulated surplus – end of period	**11,137**

Accumulated Market Sanctions and Payment Adjustments

(in thousands of Canadian dollars)	As at March 31, 2017
Accumulated surplus – December 31, 2016	726
Market sanctions and payment adjustments	664
Customer education and market enforcement expenses	(702)
Accumulated surplus – end of period	**688**

5) DEBT

Note Payable to Ontario Electricity Finance Corporation (OEFC)

In April 2014, the IESO entered into a three-year note payable with the OEFC. The note payable is unsecured, bears interest at a fixed rate of 2.046% per annum and is repayable in full on April 30, 2017. Interest accrues daily and is payable in arrears semi-annually in April and October of each year. As at March 31, 2017, the note payable to the OEFC was $90 million (December 31, 2016 - $90 million).

Credit Facility

The IESO has an unsecured credit facility agreement with the OEFC, which will make available to the IESO an amount up to $95.0 million. Advances under the credit facility are payable at a variable interest rate equal to the Province of Ontario's cost of borrowing for a 30 day term plus 0.50% per annum, with draws, repayments and interest payments due monthly. The credit facility expires April 30, 2017. As at March 31, 2017, no funds were drawn on the credit facility (December 31, 2016 - $nil).

From:	Olga Whiteley
To:	Mike Manning
Cc:	Anthony Martinello
Subject:	IESO Financial Information Pursuant to Note Payable - Q2 2017
Date:	Monday, August 28, 2017 1:08:45 PM
Attachments:	Financial Statements Q2 2017.pdf

Dear Mr. Manning,

As required by the April 1, 1999, as amended, Note Agreement between IESO and OEFC, please find attached a copy of IESO's Q2 2017 unaudited financial statements.

Please let us know if you have any questions or concerns,

Best regards.

Olga Whiteley, CFA | Treasury and Pension Operations

Independent Electricity System Operator (IESO) | T: (905) 403-6917 | F: (905) 403-6913

Station A, Box 4474, Toronto, ON M5W 4E5

Web: www.ieso.ca[ieso.ca] | Email: olga.whiteley@ieso.ca

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Independent Electricity System Operator
Statement of Financial Position
Unaudited

As at (in thousands of Canadian dollars)	June 30, 2017	December 31, 2016
	$	$
FINANCIAL ASSETS		
Cash and cash equivalents	60,385	33,005
Accounts receivable	38,013	31,103
Regulated assets	52,224	65,064
Long-term investments	42,994	40,355
Market accounts - assets (Note 2)	1,691,405	1,636,201
TOTAL FINANCIAL ASSETS	**1,885,021**	**1,805,728**
LIABILITIES		
Accounts payable and accrued liabilities (Note 3)	34,665	38,963
Accrued interest on debt	-	315
Rebates due to market participants (Note 4)	12,551	12,551
Debt (Note 5)	120,000	90,000
Accrued pension liability	29,923	34,620
Accrued liability for employee future benefits other than pension	93,299	90,251
Market accounts - liabilities (Note 2)	1,691,405	1,636,201
TOTAL LIABILITIES	**1,981,843**	**1,902,901**
NET DEBT	**(96,822)**	**(97,173)**
NON-FINANCIAL ASSETS		
Net tangible capital assets	103,654	105,047
Prepaid expenses	7,303	6,614
TOTAL NON-FINANCIAL ASSETS	**110,957**	**111,661**
ACCUMULATED SURPLUS		
Accumulated surplus from operations (Note 4)	4,283	6,582
Accumulated remeasurement gains	9,852	7,906
ACCUMULATED SURPLUS	**14,135**	**14,488**

Independent Electricity System Operator
Statement of Operations and Accumulated Surplus
Unaudited

For the six months ended June 30 (in thousands of Canadian dollars)	2017 Budget	2017 Actual	2016 Actual
IESO CORE OPERATIONS	**$**	**$**	**$**
System fees	93,074	84,994	88,795
Other revenue	574	2,043	1,478
Interest and investment income	1,090	467	382
Core operation revenues	**94,738**	**87,504**	**90,655**
Compensation and benefits	(57,201)	(55,415)	(52,949)
Professional and consulting	(8,431)	(6,606)	(6,310)
Operating and administration	(18,262)	(17,732)	(17,036)
Core operating expenses	**(83,894)**	**(79,753)**	**(76,295)**
Amortization	(9,359)	(9,117)	(9,301)
Interest	(370)	(851)	(281)
Core expenses	**(93,623)**	**(89,721)**	**(85,877)**
Core operations surplus/(deficit) before rebates	1,115	**(2,217)**	**4,778**
Rebates due to market participants	-	-	-
Core operations surplus/(deficit)	**1,115**	**(2,217)**	**4,778**
MARKET SANCTIONS AND PAYMENT ADJUSTMENTS			
Market sanctions and payment adjustments	**2,037**	**1,504**	**1,751**
Compensation and benefits	(1,347)	(1,113)	(1,079)
Professional and consulting	(758)	(119)	(383)
Operating and administration	(76)	(354)	(373)
Customer education and market enforcement expenses	(2,181)	(1,586)	(1,835)
Market sanctions and payment adjustments deficit	**(144)**	**(82)**	**(84)**
SMART METERING ENTITY			
Smart metering charge	**15,330**	**12,756**	**13,259**
Compensation and benefits	(1,742)	(1,367)	(1,270)
Professional and consulting	(8,529)	(6,997)	(7,191)
Operating and administration	(1,762)	(2,202)	(2,661)
Smart metering operating expenses	**(12,033)**	**(10,566)**	**(11,122)**
Amortization	(2,055)	(2,013)	(1,798)
Interest	(1,242)	(177)	(339)
Smart metering expenses	(15,330)	(12,756)	(13,259)
Smart metering entity surplus/(deficit)	**-**	**-**	**-**
SURPLUS/(DEFICIT)	**971**	**(2,299)**	**4,694**
ACCUMULATED SURPLUS FROM OPERATIONS, BEGINNING OF PERIOD	6,582	6,582	6,348
ACCUMULATED SURPLUS FROM OPERATIONS, END OF PERIOD	**7,553**	**4,283**	**11,042**

Independent Electricity System Operator
Statement of Remeasurement Gains and Losses
Unaudited

For the six months ended June 30 (in thousands of Canadian dollars)	2017 Actual	2016 Actual
	$	$
ACCUMULATED REMEASUREMENT GAINS, BEGINNING OF PERIOD	**7,906**	**7,658**
UNREALIZED GAINS ATTRIBUTABLE TO:		
Foreign exchange - other	738	482
Portfolio investments	1,971	482
AMOUNTS RECLASSIFIED TO THE STATEMENT OF OPERATIONS:		
Foreign exchange - other	(763)	(515)
NET REMEASUREMENT GAINS FOR THE PERIOD	**1,946**	**449**
ACCUMULATED REMEASUREMENT GAINS, END OF PERIOD	**9,852**	**8,107**

Independent Electricity System Operator
Statement of Change in Net Debt
Unaudited

For the six months ended June 30 (in thousands of Canadian dollars)	2017 Budget	2017 Actual	2016 Actual
	$	$	$
SURPLUS/(DEFICIT)	**971**	**(2,299)**	**4,694**
CHANGE IN NON-FINANCIAL ASSETS			
Acquisition of tangible capital assets	(11,250)	(9,737)	(13,320)
Amortization of tangible capital assets	11,414	11,130	11,098
Change in prepaid expenses	-	(689)	(575)
TOTAL CHANGE IN NON-FINANCIAL ASSETS	**164**	**704**	**(2,797)**
NET REMEASUREMENT GAINS FOR THE PERIOD	-	1,946	449
CHANGE IN NET DEBT	**1,135**	**351**	**2,346**
NET DEBT, BEGINNING OF PERIOD	(97,173)	(97,173)	(95,907)
NET DEBT, END OF PERIOD	**(96,038)**	**(96,822)**	**(93,561)**

Independent Electricity System Operator
Statement of Cash Flows
Unaudited

For the six months ended June 30 (in thousands of Canadian dollars)	2017	2016
	$	$
OPERATING TRANSACTIONS		
Change in accumulated surplus/(deficit)		
Surplus/(Deficit)	(2,299)	4,694
	(2,299)	4,694
Changes in non-cash items		
Amortization	11,130	11,098
Pension expense	4,055	5,175
Other employee future benefits expense	4,300	4,063
	19,485	20,336
Changes in non-cash balances related to operations:		
Change in accounts payable and accrued liabilities	(4,991)	(13,238)
Change in accounts receivable	(6,910)	(8,490)
Change in rebates due to market participants	-	2,687
Change in regulated assets	12,840	12,023
Change in prepaid expenses	(689)	(575)
	250	(7,593)
Other:		
Contribution to pension fund	(8,752)	(8,225)
Payment of employee future benefits	(1,252)	(1,203)
	(10,004)	(9,428)
Cash provided by operating transactions	**7,432**	**8,009**
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(9,737)	(13,320)
Change in accounts payable and accrued liabilities	378	(2,598)
Cash applied to capital transactions	**(9,359)**	**(15,918)**
INVESTING TRANSACTIONS		
Purchase of long-term investments	(668)	(350)
Cash applied to investing transactions	**(668)**	**(350)**
FINANCING TRANSACTIONS		
Issue debt	30,000	-
Cash applied to financing transactions	**30,000**	**-**
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**27,405**	**(8,259)**
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	33,005	14,715
Unrealized foreign exchange (losses) for the period	(25)	(33)
CASH AND CASH EQUIVALENTS - END OF PERIOD	**60,385**	**6,423**

1) INTERIM FINANCIAL STATEMENTS

The interim financial statements follow the same accounting policies and methods of their application as the 2016 IESO annual financial statements.

The interim financial statements have been prepared on a going concern basis and should be read in conjunction with the 2016 IESO annual financial statements.

2) MARKET ACCOUNTS

(in thousands of Canadian dollars)	As at June 30, 2017	As at December 31, 2016
Cash, restricted for market activities	169,586	244,755
Market Accounts Receivable	1,363,494	1,370,053
Net Congestion Rent Receivable	1,894	5,727
Global Adjustment Other Charges Receivable	55,089	15,480
Interest Receivable	183	186
Regulated Price Plan Variance	101,159	-
Market Assets	**1,691,405**	**1,636,201**
Revolving line of credit	(114,383)	(150,501)
HST receivable/(payable)	46,677	25,531
Market Accounts Payable	(1,336,794)	(1,326,011)
Prepayments	(49,550)	(62,980)
Market Interest Payable to IESO Corporate	(1,579)	(2,508)
Market Penalties Payable to IESO Corporate	(1,091)	(1,144)
Regulated Price Plan Variance	-	134,988
Provision for Future Transmission Rights Activity	(61,319)	(53,305)
Provision for Future Ontario Electricity Support Program Activity	(97,155)	(92,443)
Provision for Future Rural or Remote Rate Protection Activity	6,626	(4,672)
Provision for Future Enforcement Activity	(33,705)	(58,484)
Deferred Transmission Rights Revenue	(49,132)	(44,672)
Market Liabilities	**(1,691,405)**	**(1,636,201)**

3) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands of Canadian dollars)	As at June 30, 2017	As at December 31, 2016
Relating to operations	30,955	35,630
Relating to tangible capital assets	3,710	3,333
Closing balance	**34,665**	**38,963**

4) REBATES DUE TO MARKET PARTICIPANTS AND ACCUMULATED SURPLUS

As at June 30, 2017 and December 31, 2016, the components of the IESO's Accumulated Surplus were as follows:

Accumulated Surplus

(in thousands of Canadian dollars)	As at June 30, 2017	As at December 31, 2016
Approved regulatory deferral account	7,783	10,000
Accumulated market sanctions and payment adjustments	644	726
Remeasurement gains	5,708	3,762
Accumulated surplus – end of period	**14,135**	**14,488**

Regulatory Deferral Account

(in thousands of Canadian dollars)	As at June 30, 2017
Accumulated surplus – December 31, 2016	10,000
Revenues (before rebates due to market participants)	87,504
IESO operation expenses	(89,721)
Accumulated surplus – end of period	**7,783**

Accumulated Market Sanctions and Payment Adjustments

(in thousands of Canadian dollars)	As at June 30, 2017
Accumulated surplus – December 31, 2016	726
Market sanctions and payment adjustments	1,504
Customer education and market enforcement expenses	(1,586)
Accumulated surplus – end of period	**644**

5) DEBT

Note Payable to Ontario Electricity Finance Corporation (OEFC)

In April 2017, the IESO entered into a note payable with the OEFC. The note payable is unsecured, bears interest at a fixed rate of 1.767% per annum and is repayable in full on June 30, 2020. Interest accrues daily and is payable in arrears semi-annually in June and December of each year. As at June 30, 2017, the note payable to the OEFC was $120 million (December 31, 2016 - $90 million).

Credit Facility

The IESO has an unsecured credit facility agreement with the OEFC, which will make available to the IESO an amount up to $160.0 million. Advances under the credit facility are payable at a variable interest rate equal to the Province of Ontario's cost of borrowing for a 30 day term plus 0.50% per annum, with draws, repayments and interest payments due monthly. The credit facility expires June 30, 2020. As at June 30, 2017, no funds were drawn on the credit facility (December 31, 2016 - $nil).

From:	Georgia Ritchie-Wust
To:	Gadi Mayman; Mike Manning; Salman Qadir
Cc:	Anthony Martinello; Kim Marshall
Subject:	IESO_OFA FEP 2017 Credit Letter
Date:	Friday, May 12, 2017 2:07:51 PM
Attachments:	IESO_OFA FHP 2017 Credit Letter.docx

Hi,

At the request of Anthony Martinello, I'm forwarding a copy of the signed letter from Kim Marshall re the above-mentioned subject matter.

If you have any questions please feel free to contact Anthony Martinello directly at anthony.martinello@ieso.ca

Thanks,

Georgia Ritchie-Wust | Executive Assistant to Kim Marshall, VP, Corporate Services & CFO
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May 12, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the proposed Fair Hydro Plan (FHP) to reduce electricity prices for eligible consumers in the province. Proposed legislation was introduced this month for the FHP. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that in order to support the IESO's role in FHP implementation it will need greater credit liquidity than currently exists.

An existing credit facility between the IESO and the Ontario Financing Authority (OFA) is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO proposes that a separate and additional credit facility be provided by either the OFA or Ontario Electricity Financial Corporation (OEFC) to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking.

IESO's FHP Credit Requirements and Rationale

Below we have outlined the IESO's expected credit needs including the current OFA facility as follows:

	OFA:IESO Facility	New FHP facility
Current credit facilities	$975 million	$ -
Reduction due to FHP	($500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Totals Credit Facilities	$475 million	$2,000 million

The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP. In addition, the IESO has had recent discussions with OFA staff to explain the rationale to support the overall $2,000 million FHP commitment.

We suggest the new FHP credit facility consider the following key provisions:

- 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);
- interest charge - to be Province's cost of funds for borrowing with a similar term as determined by OFA / OEFC plus 0.25 percent per annum;
- Draws - to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers; and
- Existing $975 million OFA facility : draws to permit for FHP purposes until a new separate credit agreement for FHP purposes has been made available;

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facilities and we will provide such evidence for your records.

We appreciate your continued support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

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Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From:	Sarah Neville
To:	Ronald Kwan; Mike Manning
Cc:	Anna Strathy; Ken Kandeepan; Gavin He
Subject:	Information Request - Action Required
Date:	Wednesday, May 24, 2017 2:13:28 PM
Importance:	High

Solicitor Client Privilege

Hello Ron and Mike,

We have received a request for information from the Auditor General for the documents/e-mails listed below. Ken Kandeepan has been the point person on this matter in Gadi's absence this week. Pursuant to the *Auditor General Act* S.10(2), OFA and OEFC are required to provide the AG with free access to these materials.

- Engagement Agreements with E&Y and KPMG and any others dealing with the Fair Hydro Plan Proposed Accounting
- All emails between E&Y and KPMG and other Public Accounting Firms staff on the Fair Hydro Plan - Accounting
- All emails between OFA/OEFC and the Ministry of Energy on the Fair Hydro Plan Accounting
- All emails between OPCD/Treasury Board/Ministry of Finance and OFA/OEFC on the Fair Hydro Plan Accounting
- All emails between IESO and OFA/OEFC on the Fair Hydro Plan Accounting
- All emails between OEB and OFA/OEFC on the Fair Hydro Plan Accounting
- All emails between OPG and OFA/OEFC on the Fair Hydro Plan Accounting
- All emails/material provided to the OFA/OEFC Board/Audit Committee on the Fair Hydro Plan Accounting

We are still determining next steps, process and timing, and will provide further guidance in due course, but we wanted to make you aware of the request. Please identify individuals, including yourselves if appropriate, in your respective branches who may have responsive emails/documents. Please make sure these individuals are aware of the request and remind them that they have an obligation to preserve requested documents/emails.

We are exploring the option of running an automated search and anticipate that we will be seeking guidance from you and your respective teams in the coming days with respect to scoping the search request and identifying search strings/key words to ensure that all responsive e-mails are captured.

In the meantime, please let me know if you have any questions or would like to discuss.

Thanks very much, and best regards,

Sarah

Sarah Neville
Director, Legal Branch
Ontario Financing Authority
1 Dundas Street West, Suite 1200
Toronto ON M7A 1Y7
Phone: (416) 325-8754
Email: Sarah.Neville@ofina.on.ca

From: Mike Manning
To: Anthony Martinello
Subject: Meeting Forward Notification: OFA : IESO - Fair Hydro funding call

---

Your meeting was forwarded

Mike Manning <mailto:/o=OFA/ou=OFINA%20Administrative%20Group/cn=Recipients/cn=mmanning> has forwarded your meeting request to additional people.

Meeting

OFA : IESO - Fair Hydro funding call

Meeting Time

Friday, April 28, 2017 2:00 PM - Friday, April 28, 2017 3:00 PM

Recipients

John Psinas <mailto:/o=OFA/ou=Exchange%20Administrative%20Group%20(FYDIBOHF23SPDLT)/cn=Recipients/cn=John%20Psinas925> ,Ken Kandeepan <mailto:/o=OFA/ou=OFINA%20Administrative%20Group/cn=Recipients/cn=kkandeep>

All times listed are in the following time zone: (UTC-05:00) Eastern Time (US & Canada)

———

From:	Mike Manning
To:	HAHN PARKER Janet -TREASURY
Subject:	Meeting Forward Notification: OPG/OFA - Financing Issues Relating to the Fair Hydro Trust
Start:	Monday, June 05, 2017 11:00:00 AM
End:	Monday, June 05, 2017 12:30:00 PM
Location:	OPG, 700 University Avenue, 18th Floor, H18-E5

Your meeting was forwarded

Mike Manning <mailto:/o=OFA/ou=OFINA%20Administrative%20Group/cn=Recipients/cn=mmanning> has forwarded your meeting request to additional people.

Meeting

OPG/OFA - Financing Issues Relating to the Fair Hydro Trust

Meeting Time

Monday, June 05, 2017 11:00 AM - Monday, June 05, 2017 12:30 PM

Recipients

John Kim <mailto:/o=OFA/ou=OFINA%20Administrative%20Group/cn=Recipients/cn=jkim>

All times listed are in the following time zone: (UTC-05:00) Eastern Time (US & Canada)

———

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Meeting

OPG/OFA - Financing Issues Relating to the Fair Hydro Trust

Meeting Time

Monday, June 05, 2017 11:00 AM - Monday, June 05, 2017 12:30 PM

Recipients

James Devine <mailto:/o=OFA/ou=OFINA%20Administrative%20Group/cn=Recipients/cn=jdevine>

All times listed are in the following time zone: (UTC-05:00) Eastern Time (US & Canada)

_____

From:	Anthony Martinello
To:	Kim Marshall; Ronald Kwan; Michael Boll; Mike Manning; Ken Kandeepan; Victor Buza
Subject:	OFA : IESO - Fair Hydro funding call April 28
Date:	Wednesday, April 26, 2017 11:05:49 AM

Proposed Agenda for Friday's discussions:

1.

IESO's need to have $ commitment for funding Fair Hydro shortfalls – we can discuss the quantum during the call

Background to support the $ commitment's rationale:

- Fair Hydro plan propose to lower bills for the next 4 years – with no recovery until post 2022;
- OPG has no requirement to purchase from the IESO;
- For any purchases made, OPG may need a timing delay (liquidity, alignment for investors timing etc.) – may be one or two months after IESO settles the Fair Hydro shortfall each month;
- The monthly Fair Hydro amounts will continue to have +/- forecast variance amounts (these are expected to be funded by IESO, same as RPP today) and the OEB will consider these variances for each FH rate setting

2.

The current $975M OFA-IESO credit facility may be utilized to include the Fair Hydro funding commitment

Background:

- The current $975M includes a component for today's RPP shortfalls – so this amount can be reduced or transformed into the Fair Hydro commitment;
- Looking for more flexibility on the current minimum 28 day borrowing period,.. if OPG buys from IESO ….would like IESO to pay down the debt as soon as possible;
- Moody's (IESO rating) will be examining if IESO has sufficient capacities to fund FH;
- Examine material adverse clause to accommodate FH

3.

IESO to examine whether O.Reg 280/14 needs to be updated for Fair Hydro – if so, will need IESO Board and Minister of Finance's approvals;

Regards.

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From:	Anthony Martinello
To:	Kim Marshall; Ronald Kwan; Michael Boll; Mike Manning; Ken Kandeepan; Victor Buza
Subject:	OFA : IESO - Fair Hydro funding call
Start:	Friday, April 28, 2017 2:00:00 PM
End:	Friday, April 28, 2017 3:00:00 PM
Location:	Call-in : 416-933-8665, Conference ID: 4157721

Moderator name: Anthony Martinello
Toll-free dial-in number: 1 888-402-9166
Local dial-in number: 416-933-8665
Conference ID: 4157721

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From: Nelms, Scott (MOF)
To: Mike Manning
Subject: OFA role in reviewing fees
Date: Wednesday, August 30, 2017 5:10:31 PM

Hi Mike,

DM of Energy was interested in whether OFA could play a role in reviewing the OPG trust fee structure on an ongoing basis. As you may know, Energy and OPG have been discussing how fees to act as financial services manager for the trust will be set for some time. OPG would like to use a traditional asset manager model (management fee based on AUM + performance fee). Energy would prefer to replace the fixed management fee with a "cost +" model that is reviewed and approved by the OEB.

Energy has received strong push back from OPG from an accounting perspective on this model and on OEB oversight. The DM was blue-skying and wondered whether OFA could step into the role of reviewer of the fee structure to ensure it was reasonable. This would help with optics and hopefully result in a more reasonable cost to ratepayers on an ongoing basis. I think OFA will be doing something similar on sub-debt so wondered if that could be extended.

I realize Gadi will need to weigh in on this, but if you have any preliminary thoughts that would be helpful. We have a meeting tomorrow AM with the broader group on OFHP and I will be asked this question. Any early insights would be much appreciated.

Thanks,

Scott

Scott Nelms
Government Business Enterprises | Ministry of Finance
7th Floor | 375 University ave. | Toronto, ON
w: (416) 212-6469 | c: (647) 330-2681
scott.nelms@ontario.ca

From:	Anthony Martinello
To:	Kim Marshall; Ronald Kwan; Michael Boll; Mike Manning; Ken Kandeepan; Victor Buza
Subject:	OFA-IESO, Fair Hydro next steps
Date:	Monday, April 24, 2017 5:43:52 PM

As the draft Fair Hydro legislation is closer to being finalized…..the legislation is giving more clarity on the IESO's expected funding needs.

I think we should have another call this week to discuss more concrete action items regarding the IESO's funding needs to pay for the Fair Hydro shortfalls/holding regulatory asset amounts.

Please let me know if any of the following times works, afterwhich I will send out an invite:

1hour meeting either:

April 26 2017 4pm

April 27 2017 11am

April 28 2017 2pm

Regards.

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From:	Montgomery, Kaitlin (MOF)
To:	John Kim; Ken Kandeepan; Mike Manning
Subject:	OFHP - Business Issue next steps
Date:	Monday, June 05, 2017 3:55:53 PM
Attachments:	Term Sheet_Master Subscription_draft June 5.docx Financing Trust - Performance Fee Recommendation.doc

---

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,

Kaitlin

Fair Hydro Plan –Master Subscription Agreement
Term Sheet

- Parties: OPG, OFA, Ministry of Energy
- The Province agrees to inject 44% of total funding of GA asset by way of equity subscription in OPG, which amount OPG in turn will invest in the Fair Hydro Trust as subordinated debt (**Equity Injection Plan**)
- Minister of Energy/Province approves Equity Injection Plan, and initial equity injection amount for 2017/18 fiscal year, and delegates to appropriate ministry staff authority to implement Equity Injection Plan (**Delegated Authority**)
- Long term, OPG equity requirements will form part of the business planning process in place between OPG and Ministry of Energy, ie, annually OPG to include forecasts of its equity requirements for the upcoming 3 years in its business plan submission -- NOTE: this portion of the business plan is not subject to concurrence by the shareholder
- Ministry of Energy will seek appropriation on an annual basis through PRRT for the amounts requested by OPG for its equity requirements-- NOTE: amount of annual appropriation to cover OPG multi year forecasts
- Ministry of Energy and Ontario Financing Authority will have a service level agreement in place which provides authority for OFA to provide cash management services to facilitate these share purchases on an ongoing basis on behalf of the Ministry of Energy
- OPG agrees use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt requirements as part of the Fair Hydro Plan
- OPG will amend its Articles to create an additional class of shares – Class A Shares – which will be non-voting and redeemable at OPG's option
- OPG will issue Class A Shares to the Province monthly at a value per share equal to book value, as determined from OPG's last approved quarterly financial statements -- Value of first Class A shares issued to Province will be based on book value of OPG common shares – ie, existing shareholder's equity
- OPG will have the right to repay equity to the Province, through exercise of its right to redeem the Class A Shares, as principal repayment of the subordinated debt is made commencing in 2027
- Redemption value of the Class A Shares to be based on book value on the redemption date, ie, the equity value per Class A share at the end of the prior financial quarter as set out in OPG's approved financial statements

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Monthly Process/Mechanics of Share Subscriptions:

a) OPG notifies OFA and Ministry of Energy of required equity injection and number of shares

Timing: [same day as notice from Fair Hydro Trust]

Documents/steps:

(i) share subscription form,

(ii) supporting documentation/invoice from Fair Hydro Trust, confirming amount of GA asset purchase for the month

b) OFA ~~and~~ and OPG settle equity injection amounts
Timing: [five] business days from notice to OFA to payment/settlement with OPG
[NOTE: timing to be confirmed based on IESO/Trust process requirements]
Documents/steps:
(i) completed/signed share subscription form from OFA~~/Province~~ to OPG
(ii) funds transfer from OFA to OPG account)
(iii) OPG receipt, together with secretary's certificate confirming issue of shares/update of share register sent to OFA and Ministry of Energy

Longer term Process/Approvals:

1. Equity Requirements Estimates:
   a. Business Plan Submissions: OPG to include forecasts of equity requirements for the business planning period as well as supporting documentation
   ~~a.~~
   b. OPG Board Approvals
      - [Bi-annual] Board of Directors' resolutions authorizing equity requirement for period
      - [Bi-annual Shareholder's resolutions authorizing equity requirement for period][NOTE: TBD if needed]

   c. Ministry of Energy appropriations
   ~~[describe annual process]~~ Ministry of Energy to update appropriations for upcoming 3 year cycle through the PRRT process, including 3 year rolling estimates along with supporting information as provided by OPG through its business planning process

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Share Redemption Process

- TBD -- process to be determined at a later date and appended as Appendix to Master Subscription Agreement

FINANCING TRUST – PERFORMANCE FEE TO OPG

BACKGROUND

Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest. A performance fee relating to the funding obligations will be meaningful and allow OPG to make decisions that will significantly impact its return. The Act as drafted enables OPG to achieve its accounting objective of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.. The objective therefore is to recommend a reasonable variable performance fee structure for OPG to earn a return from the Trust, and meet the accounting requirement.

ANALYSIS OF ACCOUNTING REQUIREMENT

To support the accounting consolidation, OPG's variable performance return will be accomplished through the followings:

a. The cash flow from the investment asset shall include interest determined based on a relevant benchmark that is appropriate relative to the investment asset, plus an appropriate margin consistent with the relevant market and other risks
b. OPG shall have the authority to determine the financing strategy, which will vary the financing costs with the objective of enabling the Trust to achieve a more favorable return compared to the benchmark for interest on the investment asset
c. The Trust shall establish different classes of debt (senior, subordinated and the most subordinated). The classes would allow the Trust to delineate financing of lower risk investment and investment that would bear higher residual risk. The delineation would limit OPG's self-funded investment to a reasonable level in order to allow OPG to remain a self-sustaining entity.
d. OPG shall, through its ownership of the most subordinated liability, be able to capture and retain the pricing difference between cost of financing and benchmark for interest on the investment asset, or any residual risk of investment asset. The targeted return of the subordinated debt should be reflective of the underlying risks and compensate holders for active management that would be required.

PERFORMANCE FEE ANALYSIS

Based on the accounting requirements, the recommendation is for OPG to establish a variable performance fee structure as follows:

As the Trust may issue both long term bonds and medium term notes, benchmarks based on various terms, will be established on an annual basis, subject to the following methodology:

- Benchmarks will be established as the sum of (1) reference rate, and (2) spread
    - Both reference rate and spread will be term dependant

- For bond/note issuance, reference rate will be GOC rate of equivalent term
- Reference rate will be based on consensus forecast provided by various financial institutions

- Benchmarks will be established based on the weighted average rate of incremental debt issuance at the Trust level
- If the actual weighted average rate is lower than the corresponding benchmark, OPG will realize a gain, otherwise a loss
- Variable performance fee, i.e. gain/loss, is applicable only to OPG's investment in the Trust (5% of the funding requirement), and is capped at benchmark weighted average rate +/-1%

An example illustrating this structure is detailed in Appendix 1

APPENDIX 1

The illustration is based on the expected Trust debt structure as follows:

	Risk Profile	Source	% of Total Funding Requirement
Tranche A Senior Debt	the least risky	Capital Markets	51%
Tranche B Sub Debt	In between A&C	OPG via OEFC	39%
Tranche C Sub Debt	the most risky	OPG via OEFC	5%
		OPG via Capital Markets	5%

1. Benchmark is to be established at each year end for Trust issuance next year. In this example, assuming the following benchmark is established as of end of Yr 1

		Benchmark
Tranche A	51%	4.25%
Tranche B Sub Debt	39%	5.50%
Tranche C Sub Debt	10%	6.50%
Weighted Average Rate		**5.0%**

2. By the end of Yr 2, OPG will calculate the actual weighted average rate for all incremental issuance for the year. If the actual weighted average rate is lower than the corresponding benchmark, OPG will realize a gain, otherwise a loss.

	Allocation	Benchmark	Actual
Tranche A	51%	4.25%	5.0%
Tranche B Sub Debt	39%	5.50%	5.60%
Tranche C Sub Debt	10%	6.50%	6.60%
Weighted Average Rate		**5.0%**	5.4%
		Loss	0.4%

3. Variable management fee, i.e. gain/loss, is applicable only to OPG's investment (5% of the Trust funding requirement), and is capped at benchmark weighted average rate +/-1%.

   Based on the example above and assume incremental Trust issuance is $2B, OPG will realize loss of variable performance fee of 0.4M ($2B*5%*0.4%)

From: Nelms, Scott (MOF)
To: Ronald Kwan; Gadi Mayman; Mike Manning
Subject: OFHP
Date: Thursday, May 25, 2017 8:41:08 AM

In the weekly update meeting with ENE. Anything we want to say on the following topics:

- Comparison of Clean Energy Adjustment to Debt Retirement Charge (OFA)
- Guarantees for dealers (OPG/OFA)

If not, no problem, wanted to check.

Thanks,

Scott

Scott Nelms
Electricity Investment and Governance Secretariat | Ministry of Finance
7th Floor | 375 University ave. | Toronto, ON
w: (416) 212-6469 | c: (647) 330-2681
scott.nelms@ontario.ca

From: olms.ws@ofina.on.ca
To: OFA_Loans
Subject: OLMS: Loan has a new Rollover.
Date: Thursday, August 17, 2017 1:59:57 PM

Loan has a new rollover that is now available for viewing. Loan Id:1275, Entity: Independent Electricity System Operator and Project: Regulated Price Plan Variance

From: olms.ws@ofina.on.ca
To: OFA_Loans
Subject: OLMS: Loan has a new Rollover.
Date: Wednesday, July 19, 2017 12:07:32 PM

Loan has a new rollover that has been verified by settlements. Loan Id:1275, Entity: Independent Electricity System Operator and Project: Regulated Price Plan Variance

From: olms.ws@ofina.on.ca
To: OFA_Loans
Subject: OLMS: Loan has a new Rollover.
Date: Wednesday, July 19, 2017 10:52:30 AM

Loan has a new rollover that is now available for viewing. Loan Id:1275, Entity: Independent Electricity System Operator and Project: Regulated Price Plan Variance

From: olms.ws@ofina.on.ca
To: OFA_Loans
Subject: OLMS: Loan has a new Rollover.
Date: Friday, August 18, 2017 9:57:55 AM

Loan has a new rollover that has been verified by settlements. Loan Id:1275, Entity: Independent Electricity System Operator and Project: Regulated Price Plan Variance

From: olms.ws@ofina.on.ca
To: OFA_Loans
Subject: OLMS: Loan has a new advance.
Date: Thursday, August 17, 2017 9:36:49 AM

Loan has a new advance that is now available for viewing. Loan Id:1275, Entity: Independent Electricity System Operator and Project: Regulated Price Plan Variance, Advance Number: 6

From: olms.ws@ofina.on.ca
To: OFA_Loans
Subject: OLMS: Loan has a new advance.
Date: Thursday, August 17, 2017 1:48:08 PM

Loan has a new advance that has been verified by settlements. Loan Id:1275, Entity: Independent Electricity System Operator and Project: Regulated Price Plan Variance

From:	HAHN PARKER Janet -TREASURY
To:	Gadi Mayman; Scott Nelms (ENERGY); LEE John -TREASURY; RYFA Ken -TREASURY; "Persaud, Donnie - Debt Capital Markets"; Benaiah, Ian; "Montgomery, Kaitlin (MOF)"; Anna Strathy; Carlos Yep; "Cindy.Veinot@ontario.ca"; Mike Manning; Steen Hume (CAB); Niehaus, Katrina
Cc:	Maciel, Andrew; Khan, Nur; Ken Kandeepan; Ronald Kwan
Subject:	OPG - FHP - Guarantee Meeting and Conference Call
Attachments:	disclaimer.html

When: Thursday, August 10, 2017 2:00 PM-3:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: OFA Offices, 1 Dundas St West., 14th Floor

Note: The GMT offset above does not reflect daylight saving time adjustments.

~~*~*~*~*~*~*~*~*~*

Meeting Location Updated: 1 Dundas St., West, 14th floor
Attendees please call Hresa at 5-8002 to gain access to the Executive Boardroom on the 14th Floor

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656

Please come to OPG's office, 18th floor. We will meet you at the Glass Doors.

No pass required.

Thank you.

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From:	HAHN PARKER Janet -TREASURY
To:	Gadi Mayman; Scott Nelms (ENERGY); LEE John -TREASURY; RYFA Ken -TREASURY; "Persaud, Donnie - Debt Capital Markets"; Benaiah, Ian; "Montgomery, Kaitlin (MOF)"; Anna Strathy; Carlos Yep; "Cindy.Veinot@ontario.ca"; Mike Manning; Steen Hume (CAB); Niehaus, Katrina
Cc:	Maciel, Andrew; Khan, Nur; Ken Kandeepan; Ronald Kwan
Subject:	OPG - FHP - Guarantee Meeting and Conference Call
Attachments:	ATT14600 1.jpg disclaimer.html

When: Thursday, August 10, 2017 2:00 PM-3:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: OFA Offices, 1 Dundas St West., 14th Floor

Note: The GMT offset above does not reflect daylight saving time adjustments.

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Meeting Location Updated: 1 Dundas St., West, 14th floor
Attendees please call Hresa at 5-8002 to gain access to the Executive Boardroom on the 14th Floor

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656

Please come to OPG's office, 18th floor. We will meet you at the Glass Doors.

No pass required.

Thank you.

Notice Updated: August 9 @ 3:40 - see the following e-mail

From: Adalja, Sunil [mailto:Sunil.Adalja@cibc.com]
Sent: Wednesday, August 09, 2017 3:28 PM
To: LEE John -TREASURY; RYFA Ken -TREASURY; WONG Leslie -LAWDIV
Cc: Persaud, Donnie - Debt Capital Markets; 'Niehaus, Katrina'; 'Turnbull, Vickie'; 'Sebastiano, Rocco'; 'Milligan, Peter'; 'Smith, Elliot'; 'Khan, Nur'; Alvi, Shariq; 'Delaney, Brian'; 'Benaiah, Ian'; Persad, Nicole; 'King, Richard'; Hume, Tyler; D'Angelo, Paul; Stoddart, Jesse - Debt Capital Markets; 'Fullerton, Rick'; Maciel, Andrew
Subject: EXTERNAL – RE: OGP/Fair Hydro - Provincial Guarantee

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John, as discussed, below is our summary for the discussion with the Province –
Thanks, Sunil.

Change in Law
* We are okay with the province assuming the financing obligations of the Financing Entity ("FE") with no early redemption rights (by either the province or investors) in the circumstance of a Change in Law.
* We note that in the US, the potential downgrade on the bonds once the province steps could result in the bonds spreads widening, which would result in losses for US investors. US investors would expect to be compensated for that risk (either through a pre-determined step-up in pricing when the province assumes the obligation, and/or through a premium they would require for this risk when purchasing the notes initially).

Approval Process
* The province (OFA) will want to see the form of the various program and series documents that will be captured by the guarantee/support before approving any guarantee. As long as the documents are in the agreed form, they would NOT need to provide specific approval for each series.
* We understand that Provincial control of the financing program would eliminate OPG's consolidation of the Financing Entity so Provincial approval of transaction terms needs to be avoided.
* Since the financing documents cannot affect how or when the Provincial Guarantee is triggered (Change in Law and Constitutionality of the Program) then specific Provincial approval of transaction documentation would be seen as exerting control and must be avoided.

Warehousing Risk
* The issue is the moratorium period and the length of time for the warehouse provider to be taken out if there is an extended period of time where the program can no longer be funded in the term markets
* Option here if the warehouse providers are to absorb the risk is:
o On default, pricing would step up materially
o After [one] year following the moratorium ended, pricing would step up again and would continue to do so every 6 months until the warehouse is repaid
o This mechanic helps compensate the warehouse providers to the extended tail risk in this transaction and creates alignment of interest
* The warehouse providers cannot control the maturity of other pieces of FE debt issues. The step up schedule incents the financial manager to ensure that there are no competing maturities (so that the warehouse provider can be repaid as quickly as possible) during the first few years after the moratorium period ends
* This would be subject to banks receiving necessary approvals as the tail risk is longer than anticipated. That process will require a greater understanding of how long the tail could be (i.e. how quickly could we be repaid through clean energy adjustments after the moratorium period has ended)

* The higher pricing will result in higher clean energy pricing during this default scenario. As an alternative to letting the warehouse provider being repaid over time through these clean-energy adjustments, the province could voluntarily choose to purchase a term note to take out the warehouse provider
* The province could resell that note in the secondary market if that market opens
* Assuming there are other series of notes outstanding by the FE that are sold to others, the province may need to confirm whether there are consolidation concerns from being an investor in the FE (and if so, what threshold of notes would result in that consolidation risk)
* The province is not obligated to purchase notes in this scenario, this is just an option they would have at their disposal if they did not want to clean energy adjustment amounts (and hence charges to ratepayers) to increase because the default pricing
* Other options
o IESO provides the warehouse instead of the banks – note that this will likely be limited based on the size of the IESO's credit facility. If there is a prolonged period of market disruption, then this credit facility will likely fill up fast and at that point the Province will likely have to increase the facility or backstop further rebates --> essentially under a market disruption, the Province may ultimately have to backstop the funding. Based on this, it may be preferable for the Province to provide a market disruption guarantee to the short-term ABCP facilities?

Servicing Guarantee
* The substantive risk not addressed through regulation/legislation/contract so far is commingling risk
* In general, the rating agencies require daily cash remittance of any collections for non-investment grade entities unless a suitable mitigant is in place
o The investment grade test will generally need to be by the same rating agency rating the FE debt
* (E.g. if an entity is not rated by Moody's, but is rated investment grade by DBRS and S&P, and the FE debt is rated by Moody's, Moody's may not consider that entity to be investment grade and may not permit them to commingle)
* Fitch often gives an exception for this where they may allow commingling for investment grade entities even if Fitch does not rate that counterparty
o This should not be an issue from IESO perspective, but can be an issue from an LDC perspective
* The majority of the LDCs are not
* Rating individual LDCs by each of the rating agencies that rate the FE debt will be time consuming and expensive and is not a viable option
* Proposal would be for IESO or another highly rated entity to post a L/C facility to mitigate the servicing risks of the LDCs and thereby avoiding any review of the LDCs by the agenciesand avoid daily cash remittances for any LDC assessed to be non-investment grade

Sunil Adalja | Executive Director, Securitization | CIBC Capital Markets | CIBC World Markets Inc.
161 Bay St., 5th Floor, Toronto, ON M5J 2S8 | Tel: 416 594-7383 | Fax: 416 956-6220 | sunil.adalja@cibc.com

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From:	Mostaghim, Sahi on behalf of Hainsworth, Andrew
To:	Brett Kichiy; ""John Lee"; ""Ken Ryfa"; Linda Smith; Mike Manning; Parul Monga; "Sheen.liu@opg.com"; Gadi Mayman; "christina.dimitrov@opg.com"; "brett.lemmon@opg.com"; "j.hahnparker@opg.com"; Kevin Shvarts; "ken.hartwick@opg.com"
Cc:	Hainsworth, Andrew; Williams, Grant
Subject:	OPG C$ Pricing Update
Date:	Monday, May 01, 2017 8:56:16 AM
Attachments:	2017_4_28-OPG C$ Pricing Update.pdf 2017_4_28-BMO DCM Weekly Update.pdf OPG Weekly Indicative Spreads - Send.xlsx

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Overall Commentary

• Equity markets were mixed last week alongside mixed economic data and a focus on potential U.S. tax reforms.
  o S&P: +1.5%, led by information technology and health care.
  o TSX: -0.2%, with gold and materials lagging.
• Government yields were mixed in Canada and the U.S. last week with GoC's outperforming treasuries across the curve.
• Canadian GDP growth was flat in February, a tick below expectations and breaking a 3-month streak of gains.
  o The prior month was left unrevised at +0.6%, leaving monthly GDP up 2.5% y/y.
• U.S. GDP growth fell to 0.7% annualized in Q1 from 2.1% in Q4 2016, below expectations of a 1.3% reading and leaving real GDP growth up 1.9% y/y.
• U.S. new home sales rose 5.8% to 621,000 annualized in March to the second-highest level in nearly a decade from a downwardly-revised tally in February.
• The European Central Bank left interest rates and its asset purchase program unchanged on Thursday, as expected.
  o ECB President Mario Draghi acknowledged the improving state of the euro-area economy but cautioned against the tapering of the ECB's stimulus program due to ongoing inflation pressure.
• Bank of Japan held policy rates steady on Thursday, as expected, with the policy rate at -0.1% and 10-year yield target of 0%.
• Japanese CPI rose 0.2% from year-ago levels in March, below expectations of a +0.3% rise.

Benchmarks Last Week

• Canada Curve (w/w): unch, unch, -2, +2 bps for 2s, 5s, 10s and 30s.
• Treasury Curve (w/w): +8, +4, +3, +5 bps for 2s, 5s, 10s and 30s.
• Canadian Swap Spreads (w/w): +0.38, +3.00, -4.38, +2.94 for 2s, 5s, 10s and 30s.
• Canadian Corporate Bond Cash Spreads: 0-2bps tighter.

Corporate Market Last Week

• It was a modest week in the Canadian primary market with three transactions pricing for $2.6bn.
  o Notable trade last week was Bank of Nova Scotia pricing $1.75bn of a 5-year deposit note heading into bank quarter end.
  o April ex-MBS volume finished at $6.6bn ($4.7bn ex-bank) and 9% above last year's April volume.
  o 2017YTD ex-MBS volume now stands at $33.2bn ($22.5bn ex-bank), up 22% from the same time last year.
• Secondary spreads finished the week 0-2bps tighter on lighter primary supply though material softening was seen in smaller lenders.
• It was an active week in the US high grade market with US$25.7bn pricing across 17 transactions / 30 tranches.
  o April volume finished at US$82.6bn from 56 transactions / 97 tranches, 7% behind the previous year's April volume.
  o 2017YTD total now sits at US$476.2bn from 309 transactions / 581 tranches, 7% above the same time last year.
• Primary supply is expected to be muted this week with many corporate issuers in earnings blackout and a relatively light marketing calendar.

Canadian Corporate Supply Last Week

• Bank of Nova Scotia (Aa3/A+/AA) priced $1.75bn of a 5-year fixed rate deposit note at GoC Curve +77bps.
• RBC Dominion Securities (Aaa/AAA/AAA) priced ~$357mm of a 3.542-year WAL NHA MBS offering at GoC Curve +57bps.

• Ford Auto Securitization Trust (FAST) (various) priced a ~$541mm multi-tranche ABS offering with the A-1 notes pricing at GoC Curve +50bps (0.45 year WAL), A-2 notes at Goc Curve +70bps (1.72 year WAL), and A-3 notes at GoC Curve +90bps (3.24 year WAL).

Canadian Government Supply Last Week
• Province of Alberta (Aa1/AA/AAH) reopened its June/27's for $600mm at +82 bps vs. GoC Jun/27's, or 7 bps back of ONT Jun/27's at the time.

International Canadian Government Supply Last Week
• Province of Manitoba (Aa2/AA-/AH) issued US$1bn of a 5-year note at MS+26bps (Books in excess of US$1.75bn / IPT MS+28 area with Guidance at MS+27bps area).

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ONTARIO POWER GENERATION

BMO Capital Markets

Indicative Pricing as at April 28, 2017

OPG C$ INDICATIVE PRICING TERMS

Term	5 year	10 year	30 year
New Isssue Spread	**95 bps**	**120 bps**	**158 bps**
CAD Benchmark Bond	CAN 0.50% 03/22	CAN 1.50% 06/26	CAN 2.75% 12/48
CAD Benchmark Yield	1.01%	1.45%	2.16%
Curve Adjustment	0.03%	0.09%	
CAD Coupon	**1.99%**	**2.74%**	**3.74%**
Spread to 3m BA	62 bps	95 bps	147 bps

Spread Changes	5 year	10 year	30 year
Week-over-Week	-1	-1	-6

Comparable Issuers (DBRS/S&P)	5 year	10 year	30 year
Hydro One (AH/A)	67bps	92bps	130bps
Toronto Hydro (A/A)	65bps	90bps	128bps
TransCanada PipeLines (AL /*/A-)	80bps	110bps	163bps
NS Power (AL/BBB+)	74bps	99bps	137bps
EPCOR Utilities (AL/A-)	67bps	92bps	130bps
Bruce Power (BBB/BBB)	112bps	157bps	217bps

DEBT CAPITAL MARKETS CONTACTS

Toronto (Syndication)			Toronto (Origination)		
Contact	**Telephone**	**Email**	**Contact**	**Telephone**	**Email**
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Note: Indicative credit spreads represent the bid-side of the secondary market by BMO CM's trading desk. New issue credit spread s are determined by a variety of factors. This can result in an issuance spread that may incorporate a new issue premium.

BMO Capital Markets

Canadian Debt Capital Markets

Weekly Update: April 28, 2017

WEEK IN REVIEW

- It was a modest week in the Canadian primary market with three transactions pricing for $2.6bn (including one NHA MBS transaction)
  - April ex-MBS volume finished at $6.6bn ($4.7bn ex-bank) and 9% above last year's April volume
  - 2017YTD ex-MBS volume now stands at $33.2bn ($22.5bn ex-bank), up 22% from the same time last year
- Secondary spreads finished the week 0-2bps tighter driven by a constructive macro backdrop following the French elections; though spreads for alternative lenders finished the week materially wider following recent market news
- Primary supply is expected to be muted this week with many corporate issuers in earnings blackout and a relatively light marketing calendar

C$ NEW ISSUE SUPPLY(1)

	Corporate (C$bn)	Government (C$bn)
Week of April 24, 2017	2.25	0.60
Month-to-date	6.58	2.60
Year-to-date	33.18	27.29
YoY Change	+22%	-52.7%

KEY UPCOMING ECONOMIC EVENTS

	Canada	US
Monday	Markit Manufacturing PMI	Markit Manufacturing PMI
Tuesday	Auto Sales	FOMC meeting begins
Wednesday	-	FOMC announcement
Thursday	Marchandise Trade Balance	Initial Claims
Friday	Unemployment Rate	Nonfarm Payrolls

RECENT ISSUANCE(1)

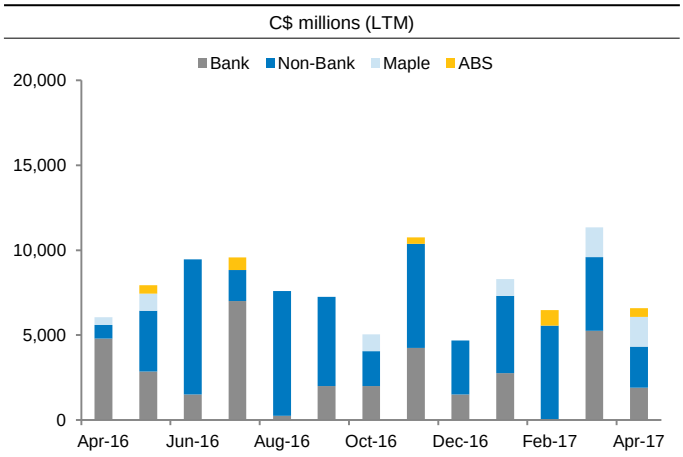
Corporate Debt New Issues

Pricing Date	Issuer	Ratings	Term	Amount	Coupon	Maturity	Benchmark	New Issue Spread	Spread vs. $LIBOR
dd-mmm-yy		m/s/d	Years	C$ mm	(%)	dd-mmm-yy		(bps)	(bps)
25-Apr-17	Ford Auto Securitization Trust	various	0.5-3.2 (WAL)	541	various	various	various	various	n.a.
24-Apr-17	Bank of Nova Scotia	Aa3/A+/AA	5	1,750	1.830%	27-Apr-22	GoC Curve	77.0	50.8

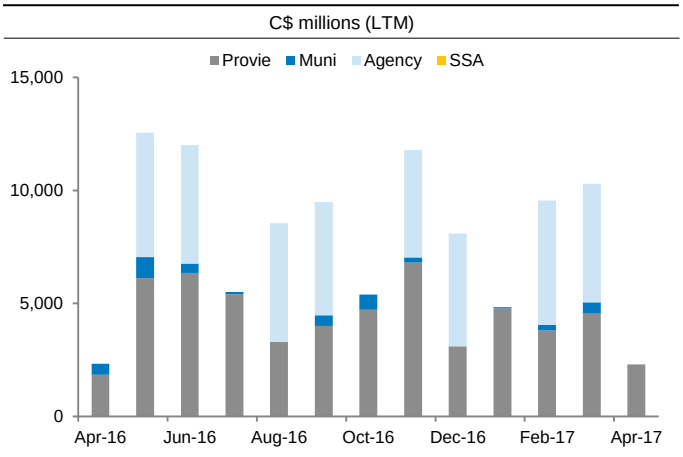
Government Debt New Issues

Pricing Date	Issuer	Ratings	Term	Amount	Coupon	Maturity	Benchmark	New Issue Spread	Spread vs. 3M BA's
dd-mmm-yy		m/s/d	Years	C$ mm	(%)	dd-mmm-yy		(bps)	(bps)
24-Apr-17	Province of Alberta (re-open)	Aa1/AA/AAH	10	600	2.550%	1-Jun-27	CAN 1.00% 06/27	82.0	55.9

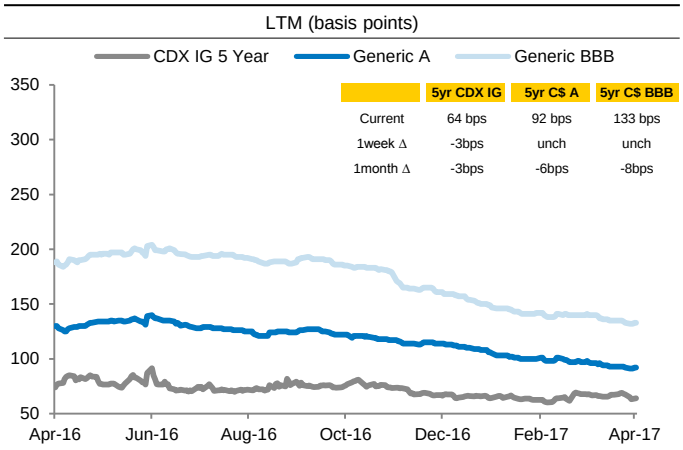
MONTHLY CORPORATE ISSUANCE(1)



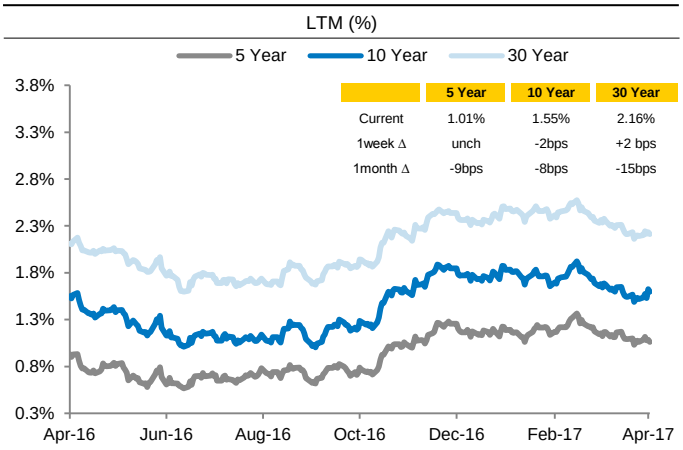
MONTHLY GOVERNMENT ISSUANCE



GENERIC 5 YEAR CREDIT SPREADS



GOVERNMENT OF CANADA BOND YIELDS



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Grant Williams	Grant.Williams@bmo.com	416-359-4345	Steve Aubé	Steve.Aube@bmo.com	514-286-7270			

(1) Excludes MBS and issues with terms of less than 2 years

Bank Name	BMO
Date	28-Apr-17

Indicative OPG New Issue Spreads	Current			Week over Week		
	30-year	10-year	5-year	30-year	10-year	5-year
Benchmark Canada Bond Maturity	CAN 2.75% 12/48	CAN 1.50% 06/26	CAN 0.50% 03/22			
Benchmark Canada Bond Coupon	2.75%	1.50%	0.50%			
Benchmark Yield	2.16%	1.45%	1.01%	0.02%	0.08%	0.00%
Curve Adjustment (bps)	0.0	9.3	2.7	0.0	0.0	0.0
Spread to GoC Curve (bps)	158.0	120.0	95.0	-6.0	-1.0	-1.0
Re-Offered Yield	3.74%	2.74%	1.99%	-0.04%	0.07%	-0.01%
Commission (bp)	1.7	4.0	7.0	-	-	-
All-in Yield	**3.76%**	**2.78%**	**2.06%**			

Primary Comparable (DBRS/S&P)	Current			Week over Week		
Spread to GoC Curve (bp)	30-year	10-year	5-year	30-year	10-year	5-year
Hydro One (A(H)/A+)	130.0	92.0	67.0	-6.0	-1.0	-1.0

Other Comparables (DBRS/S&P)	Current			Week over Week		
Spread to GoC Curve (bp)	30-year	10-year	5-year	30-year	10-year	5-year
Toronto Hydro (A/A)	128.0	90.0	65.0	-6.0	-1.0	-1.0
TransCanada Pipelines (A(L)/A-)	163.0	110.0	80.0	-7.0	0.0	0.0
Nova Scotia Power (A(L)/BBB+)	137.0	99.0	74.0	-8.0	-3.0	-3.0
EPCOR Utilities (A(L)/A-)	130.0	92.0	67.0	-7.0	-2.0	-2.0
Bruce Power (BBB/BBB)	217.0	157.0	112.0	-2.0	-2.0	-2.0

From:	Wagner, Ryan on behalf of Hainsworth, Andrew
To:	Brett Kichiy; ""John Lee"; ""Ken Ryfa"; Linda Smith; Mike Manning; Parul Monga; "Sheen.liu@opg.com"; Gadi Mayman; "j.hahnparker@opg.com"; Kevin Shvarts; "ken.hartwick@opg.com"
Cc:	Hainsworth, Andrew; Williams, Grant
Subject:	OPG C$ Pricing Update
Date:	Monday, August 21, 2017 8:30:06 AM
Attachments:	2017_8_18-OPG C$ Pricing Update.pdf 2017_8_18-BMO DCM Weekly Update.pdf OPG Weekly Indicative Spreads - Send.xlsx

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Overall Commentary
• Equity markets closed lower last week alongside mixed U.S. economic data and ongoing turmoil in the White House.
o S&P: -0.6%, with energy and telecom services lagging.
o TSX: -0.5%, with energy and gold lagging.
• Government yields were mixed in Canada and the U.S. last week, with both yield curves flattening week over week.
• Canadian existing home sales fell 2.1% in July from the prior month (seasonally adjusted), and down 11.9% from year-ago levels, marking the fourth consecutive monthly decline.
• Canadian CPI was broadly in line with expectations in July, with the headline prices unchanged, but up 0.2% after adjusting for seasonality.
• U.S. housing starts unexpectedly fell 4.8% in July to a 2-month low of 1.155 million units annualized.
• FOMC meeting minutes signaled that the central bank is getting close to taking the first step in balance sheet normalization while moving a bit further from taking the next step in policy rate normalization, the latter reflecting concerns over recent inflation softness.
• Japanese GDP rose 4% annualized in Q2, well above expectations of a 2.5% rise.

Benchmarks Last Week
• Canada Curve (w/w): +3, +2, +2, -1 bps for 2s, 5s, 10s and 30s.
• Treasury Curve (w/w): +1, +2, +1, -1 bps for 2s, 5s, 10s and 30s.
• Canadian Swap Spreads (w/w): -1.50, -2.88, -3.63, -3.00 for 2s, 5s, 10s and 30s.
• Canadian Corporate Bond Cash Spreads: 2-4 bps wider.

Corporate Market Last Week
• New issue activity picked up in the Canadian primary market with $3.9bn priced across three issues.
o The highlight of the week was Apple's inaugural Maple offering of $2.5 billion 7-year fixed rate notes. The deal achieved several milestones in the Canadian corporate market, including:
§ Largest ever non-bank issue
§ Largest ever single tranche issued (tied)
§ Largest ever Maple offering (tied)
§ Largest ever single-tranche Maple offering
o Additional notable transactions included Manulife Financial's inaugural C$ HoldCo subordinated debt offering consisting of $750mm 12NC7 fixed-to-floating rate notes and Pembina Pipeline's $600mm dual-tranche reopening of their bonds due Jan/24 and Jan/47, respectively.
o 2017YTD ex-MBS volume stands at $69.4bn ($48.4bn ex-bank), up 13% from the same time last year.
• Secondary spreads finished the week 2-4bps wider with the long end of the curve underperforming.
• It was an active week in the US high grade market with US$29.5bn pricing across 14 transactions / 28 tranches.
o 2017YTD total now sits at US$934.5bn from 603 transactions / 1119 tranches, 4% above the same time last year.
• Looking forward, we expect new issue volumes to be relatively muted with many market participants out of the office.

Canadian Corporate Supply Last Week.
• Pembina Pipeline Corp. (-/BBB/BBB) issued a dual-tranche offering comprised of a $350mm reopening of their Jan/24's priced at +150bps vs. GoC Jun/23's and a $250mm reopening of their Jan/47's priced at +255bps vs. GoC Dec/48's.
• Manulife Financial Corporation (-/A-/AL) priced $750mm of 12NC7 fixed-to-floating rate notes at GoC Curve

+132bps.
• Apple Inc (Aa1/AA+/-) priced $2.5bn of 7-year fixed rate notes at GoC Curve +80bps.BMO CM was a bookrunner on the transaction.

Canadian Government Supply Last Week
• Canada Housing Trust (Aaa/AAA/AAA) reopened its Jun/27's for $2.25bn at +44.5bps vs. GoC Jun/27's and reopened its Sep/22 FRN for $2bn at $100.24.BMO CM was a joint-lead on the transaction.
• Province of Manitoba (Aa2/A+/AH) reopened its Jun/27's for $300mm at +76.5bps vs. GoC Jun/27's or +7.5bps back of ONT/27's at the time.
• City of Toronto (Aa1/AA/AA) reopened its Jun/36's for $200mm at +105.5bps vs. GoC Jun/37's.

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ONTARIO POWER GENERATION

BMO Capital Markets

Indicative Pricing as at August 18, 2017

OPG C$ INDICATIVE PRICING TERMS

Term	2 year	5 year	10 year	30 year
New Isssue Spread	**65 bps**	**86 bps**	**112 bps**	**158 bps**
CAD Benchmark Bond	CAN 0.75% 08/19	CAN 2.75% 06/22	CAN 1.00% 06/27	CAN 2.75% 12/48
CAD Benchmark Yield	1.24%	1.50%	1.87%	2.29%
Curve Adjustment	0.01%	0.03%	0.01%	
CAD Coupon	**1.90%**	**2.39%**	**3.00%**	**3.87%**
CAD Swap Yield	1.57%	1.84%	2.14%	2.47%
Cda Swap Duration	1.961	4.756	8.96	21.10
Spread to 3m BA	33 bps	55 bps	86 bps	140 bps

Spread Changes	2 year	5 year	10 year	30 year
Week-over-Week	0	1	0	2

Comparable Issuers (DBRS/S&P)	2 year	5 year	10 year	30 year
Hydro One (AL/BBB+)	50bps	71bps	95bps	141bps
Toronto Hydro (AL/BBB+)	-	63bps	87bps	133bps
TransCanada PipeLines (BBBH/-)	-	80bps	120bps	180bps
NS Power (A/A)	-	78bps	102bps	148bps
EPCOR Utilities (BBBH/BBB+)	-	69bps	93bps	139bps
Bruce Power (A/A-)	-	109bps	159bps	219bps

DEBT CAPITAL MARKETS CONTACTS

Toronto (Syndication)			Toronto (Origination)		
Contact	**Telephone**	**Email**	**Contact**	**Telephone**	**Email**
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To U.S. Residents:
BMO Capital Markets Corp. and/or BMO Nesbitt Burns Securities Ltd., affiliates of BMONBI, accept responsibility for the contents herein, subject to the terms as set out above. Any U.S. person wishing to effect transactions in any security discussed herein should do so through BMO Capital Markets Corp. and/or BMO Nesbitt Burns Securities Ltd.

To U.K. Residents:
The contents hereof are intended solely for the use of, and may only be issued or passed on to, persons described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) order 1995, as amended.

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Note: Indicative credit spreads represent the bid-side of the secondary market by BMO CM's trading desk. New issue credit spreads are determined by a variety of factors. This can result in an issuance spread that may incorporate a new issue premium.

BMO Capital Markets

Canadian Debt Capital Markets

Weekly Update: August 18, 2017

WEEK IN REVIEW

- New issue activity picked up in the Canadian primary market with $3.9bn priced across three issues
  - The highlight of the week was Apple's inaugural Maple offering of $2.5 billion 7-year fixed rate notes. The deal achieved several milestones in the Canada:
    - Largest ever non-bank issue
    - Largest ever single tranche issued (tied)
    - Largest ever Maple offering (tied)
    - Largest ever single-tranche Maple offering
  - 2017YTD ex-MBS volume stands at $69.4bn ($48.4bn ex-bank), up 13% from the same time last year
- Secondary spreads finished the week 2-4bps wider with the long end of the curve underperforming
- Looking forward, we expect new issue volumes to be relatively muted with many market participants out of the office

C$ NEW ISSUE SUPPLY(1)

	Corporate (C$bn)	Government (C$bn)
Week of August 14, 2017	3.85	4.75
Month-to-date	3.85	5.75
Year-to-date	69.38	67.57
YoY Change	+13%	-0.3%

KEY UPCOMING ECONOMIC EVENTS

	Canada	US
Monday	Wholesale Trade	Chicago Fed National Activity Index
Tuesday	Retail Sales	Richmond Fed Manufacturing Index
Wednesday	-	New Home Sales
Thursday	-	Existing Home Sales
Friday	Ottawa's Budget Balance	Durable Goods Orders

RECENT ISSUANCE(1)

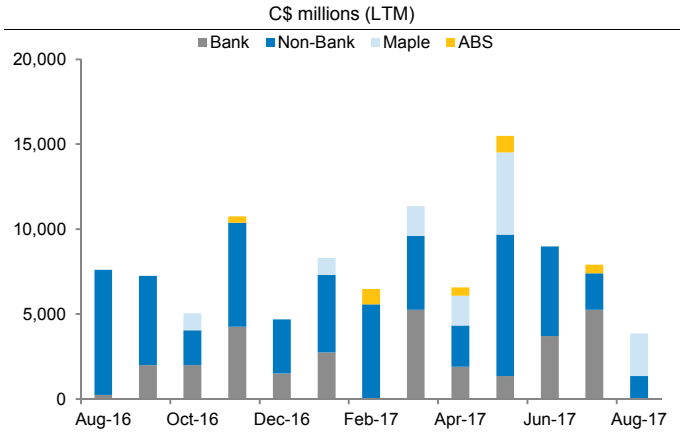
Corporate Debt New Issues

Pricing Date	Issuer	Ratings	Term	Amount	Coupon	Maturity	Benchmark	New Issue Spread	Spread vs. $LIBOR
dd-mmm-yy		m/s/d	Years	C$ mm	(%)	dd-mmm-yy		(bps)	(bps)
15-Aug-17	Apple Inc.	Aa1/AA+/-	7	2,500	2.513%	19-Aug-24	GoC Curve	80.0	59.9
15-Aug-17	Manulife Financial Corp.	-/A-/AL	7+5	750	3.049%	20-Aug-29	GoC Curve	132.0	109.9
14-Aug-17	Pembina Pipeline Corp. (re-open)	-/BBB/BBB	7	350	2.990%	22-Jan-24	CAN 1.50% 06/23	150.0	122.4
14-Aug-17	Pembina Pipeline Corp. (re-open)	-/BBB/BBB	30	250	4.740%	21-Jan-47	CAN 2.75% 12/48	255.0	236.6

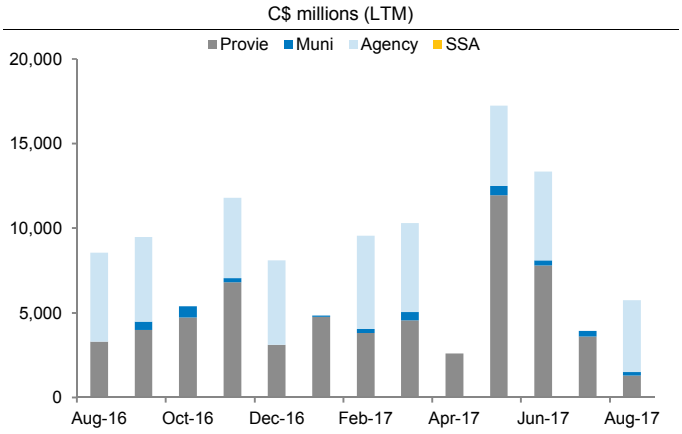
Government Debt New Issues

Pricing Date	Issuer	Ratings	Term	Amount	Coupon	Maturity	Benchmark	New Issue Spread	Spread vs. 3M BA's
dd-mmm-yy		m/s/d	Years	C$ mm	(%)	dd-mmm-yy		(bps)	(bps)
18-Aug-17	City of Toronto (re-open)	Aa1/AA/AA	19	200	3.500%	2-Jun-36	CAN 5.00% 06/37	151.0	122.4
16-Aug-17	Province of Manitoba (re-open)	Aa2/A+/AH	10	300	2.600%	2-Jun-27	CAN 1.00% 06/27	76.5	48.1
16-Aug-17	Canada Housing Trust	Aaa/-/AAA	10	2,250	2.350%	15-Jun-27	CAN 1.00% 06/27	44.5	15.8
16-Aug-17	Canada Housing Trust	Aaa/-/AAA	5	2,000	1.009%	15-Sep-22	3M CDOR	10.0	10.0

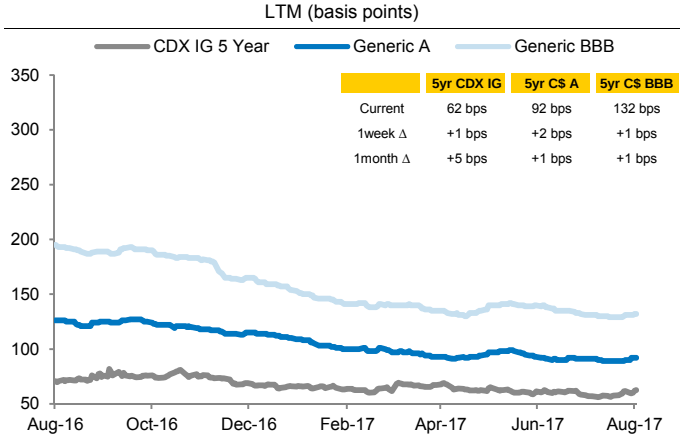
MONTHLY CORPORATE ISSUANCE(1)



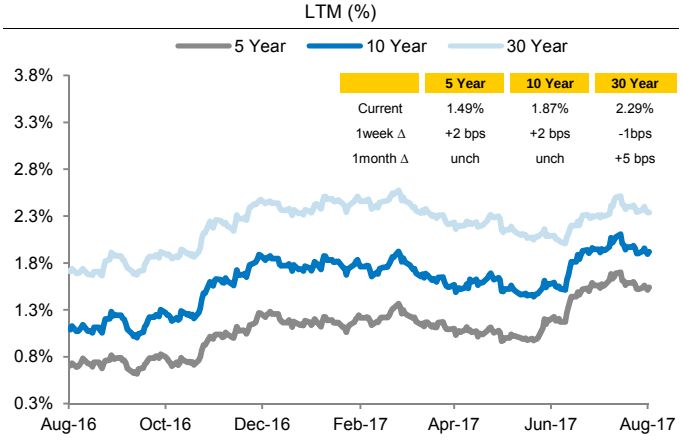
MONTHLY GOVERNMENT ISSUANCE



GENERIC 5 YEAR CREDIT SPREADS



GOVERNMENT OF CANADA BOND YIELDS



DEBT CAPITAL MARKETS TEAM

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Susan Schauffert-Tam	Susan.Schauffert@bmo.com	416-359-6528	Bob Nguyen	Bob.Nguyen@bmo.com	416-359-5747	Michael Cleary	Michael.Cleary@bmo.com	416-359-7141
Grant Williams	Grant.Williams@bmo.com	416-359-4345	Steve Aubé	Steve.Aube@bmo.com	514-286-7270			

(1) Excludes MBS and issues with terms of less than 2 years

Bank Name	BMO
Date	18-Aug-17

Indicative OPG New Issue Spreads	Current				Week over Week			
	30-year	10-year	5-year	2-year	30-year	10-year	5-year	2-year
Benchmark Canada Bond Maturity	CAN 2.75% 12/48	CAN 1.00% 06/27	CAN 2.75% 06/22	CAN 0.75% 08/19				
Benchmark Canada Bond Coupon	2.75%	1.00%	2.75%	0.75%				
Benchmark Yield	2.29%	1.87%	1.50%	1.24%	-0.01%	0.02%	0.02%	0.03%
Curve Adjustment (bps)	0.0	1.4	3.3	0.7	0.0	-0.1	0.0	0.0
Spread to GoC Curve (bps)	158.0	112.0	86.0	65.0	2.0	0.0	1.0	0.0
Re-Offered Yield	3.87%	3.00%	2.39%	1.90%	0.01%	0.02%	0.03%	0.03%
Commission (bp)	1.7	4.0	7.0	10.0	-	-	-	-
All-in Yield	**3.89%**	**3.04%**	**2.46%**	**2.00%**				

Primary Comparable (DBRS/S&P)	Current				Week over Week			
Spread to GoC Curve (bp)	30-year	10-year	5-year	2-year	30-year	10-year	5-year	2-year
Hydro One (A(H)/A+)	141.0	95.0	71.0	50.0	4.0	2.0	1.0	0.0

Other Comparables (DBRS/S&P)	Current				Week over Week			
Spread to GoC Curve (bp)	30-year	10-year	5-year	2-year	30-year	10-year	5-year	2-year
Toronto Hydro (A/A)	133.0	87.0	63.0	-	4.0	2.0	1.0	-
TransCanada Pipelines (A(L)/A-)	180.0	120.0	80.0	-	5.0	0.0	0.0	-
Nova Scotia Power (A(L)/BBB+)	148.0	102.0	78.0	-	6.0	4.0	3.0	-
EPCOR Utilities (A(L)/A-)	139.0	93.0	69.0	-	0.0	0.0	0.0	-
Bruce Power (BBB/BBB)	219.0	159.0	109.0	-	3.0	4.0	3.0	-

From:	LEE John -TREASURY
To:	James Devine
Cc:	Carlos Yep; Mike Manning; PRESTON Stuart -TREASURY; RYFA Ken -TREASURY
Subject:	OPG MTN program
Date:	Monday, August 14, 2017 10:53:45 AM
Attachments:	OPG Preliminary Short Form Prospectus - Aug 9.pdf

Jim:

As discussed, I am confirming that OPG will be filing its Notice of Intent today which after 10 business days we would file our Preliminary Prospectus.

Attached for your reference is the Preliminary prospectus.

Regards

John

John Lee | Vice President Treasurer |
Ontario Power Generation | 700 University Avenue, H18 A6, Toronto, Ontario M5G 1X6 |
416.592.6392 | john.s.lee@opg.com

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No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

A copy of this preliminary short form base shelf prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form base shelf prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form base shelf prospectus is obtained from the securities regulatory authorities.

This short form prospectus has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities. All shelf information omitted from this shelf prospectus will be contained in one or more prospectus supplements that will be delivered to purchasers together with the base shelf prospectus.

This preliminary short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities to be issued hereunder have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws and may not be offered, sold or delivered within the United States of America and its territories and possessions except in certain transactions exempt from the registration requirements of such Act. See "Plan of Distribution".

***Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada**. Each shelf prospectus supplement will be incorporated by reference into this shelf prospectus for the purposes of securities legislation as of the date of the shelf prospectus supplement and only for the purposes of the distribution of the securities to which the shelf prospectus supplement pertains. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Ontario Power Generation Inc., 700 University Avenue, Toronto, Ontario, M5G 1X6, Canada, (416) 592-6700 and are also available electronically at www.sedar.com.*

PRELIMINARY SHORT FORM BASE SHELF PROSPECTUS

New Issue **[August ■]**, 2017

ONTARIO POWER GENERATION INC.
$[2,000,000,000]
Medium Term Notes
(unsecured)

Ontario Power Generation Inc. ("OPG" or the "Company") may offer and issue from time to time medium term notes (the "Notes") in an aggregate principal amount of up to $**[2,000,000,000]** in Canadian currency (or the equivalent thereof in other currencies or currency units at the time of issue) during the twenty-five months from the date of issuance of the receipt for this short form prospectus.

The Notes will have a term to maturity of not less than one year and will be issuable in Canadian currency (or in other currencies or currency units) in fully registered definitive or global form, in which case the Notes will be exchangeable only under certain conditions for definitive Notes.

Notes issued hereunder will be direct unsecured obligations of the Company, will be issued under a trust indenture in any number of series or separate issues thereof, and will at their respective dates of issue rank *pari passu* with all other unsecured and unsubordinated Indebtedness (as defined below) of the Company then outstanding, except as to any sinking fund which pertains exclusively to any particular Indebtedness of the Company.

The specific variable terms of an offering of Notes (including the aggregate principal amount of the Notes being offered, the currency or currencies, the issue and delivery date, the form, the maturity date, the interest rate (either fixed or floating and, if floating, the manner of calculation thereof), the issue price, the interest payment date(s), any redemption or repayment provisions, any provisions entitling the Company to extend the maturity date of the Notes, the name(s) of the dealer(s) offering the Notes, the commission payable to such dealer(s), the method of distribution and the net proceeds to the Company) will be set forth in a prospectus supplement or pricing supplement which will accompany this short form prospectus. Unless otherwise indicated in a prospectus supplement or pricing supplement, the Notes will not be listed on any securities exchange.

This short form prospectus does not qualify the issuance of Notes: (i) entitling the holder to exchange or convert the Notes into securities issued by the Company or into securities issued by another entity; or (ii) in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to one or more underlying interests including, for example, an equity or debt security, a statistical measure of economic or financial performance including, but not limited to, any currency, consumer price or mortgage index, or the price or value of one or more commodities, indices or other items, or any other item or formula, or any combination or basket of the foregoing items. For greater certainty, however, this short form prospectus does qualify for issuance Notes in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to published rates of a central banking authority or one or more financial institutions, such as a prime rate or a bankers' acceptance rate, or to recognized market benchmark interest rates, such as CDOR, LIBOR or EURIBOR, or to interest rates on Government of Canada bonds.

The sole shareholder of the Company is the Province of Ontario (the "Province"). The Notes will not be obligations of, and will not be guaranteed in any manner by, the Province.

Investing in the Notes involves risks. See "Risk Factors" in this short form prospectus, which may be amended or supplemented in any prospectus supplement or pricing supplement.

Unless otherwise indicated in a prospectus supplement or pricing supplement, there is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this short form prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "Risk Factors".

Certain directors of the Company reside outside of Canada. Each such director has appointed the Company as his/her agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process. See "Agent for Service of Process in Canada".

RATES ON APPLICATION

The Notes may be offered severally by one or more of **[BMO Nesbitt Burns Inc., TD Securities Inc.]**, [■], [■] and [■] pursuant to the dealer agreement referred to under the heading "Plan of Distribution" or such other dealers as may be selected from time to time by the Company (the "Dealers"), in each case acting as agent of the Company or as principal. Where the Notes are offered by the Dealers as agent, the commissions payable in connection with sales of such Notes shall be agreed from time to time between the Company and any such Dealers. Where the Notes are purchased by the Dealers as principal, the Notes shall be purchased at such prices and with such commissions as may be agreed from time to time between the Company and any such Dealer(s) for resale to the public at prices to be negotiated with each purchaser. Such resale prices may vary during the distribution period and as between purchasers. In each case, the commissions payable, if any, will be set forth in a prospectus supplement or pricing supplement that will accompany and be incorporated by reference in this short form prospectus. Each Dealer's compensation will increase or decrease by the amount by which the aggregate price paid for Notes by purchasers exceeds or is less than the price paid by the Dealer, acting as principal, to the Company. The Company may also offer the Notes directly to potential purchasers pursuant to applicable statutory exemptions at prices and upon terms negotiated between the purchaser and the Company.

Certain of the Dealers may be subsidiaries or affiliates of lenders to the Company or its subsidiaries, now or in the future. Details of any relevant connected issuer considerations will be included in a prospectus supplement or pricing supplement if applicable to any offering of Notes. See "Plan of Distribution".

The offering of Notes is subject to the approval of certain legal matters on behalf of the Company by Torys LLP and on behalf of the Dealers by Blake, Cassels & Graydon LLP.

The Company's head and registered office is located at 700 University Avenue, Toronto, Ontario, M5G 1X6, Canada.

The Company's consolidated financial statements incorporated by reference in this short form prospectus have been prepared in accordance with U.S. generally accepted accounting principles. Unless otherwise specified or the context otherwise requires, all references herein to currency are references to Canadian dollars.

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DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have been filed with the securities commission or similar regulatory authority in each of the provinces of Canada, are specifically incorporated by reference in this short form prospectus:

(a) the annual information form of the Company dated March 10, 2017 (the "AIF");

(b) the comparative audited consolidated financial statements of the Company, and the notes thereto, as at and for the fiscal years ended December 31, 2016 and 2015, together with the report of the auditors thereon dated March 10, 2017;

(c) management's discussion and analysis ("MD&A") for the year ended December 31, 2016;

(d) the statement of executive compensation for the year ended December 31, 2016; and

(e) the unaudited consolidated financial statements of the Company, and the notes thereto, as at June 30, 2017 and for the three and six month periods ended June 30, 2017 and June 30, 2016 together with MD&A for those periods.

Updated earnings coverage ratios, as required, will be filed quarterly with the appropriate securities regulatory authorities either as prospectus supplements or as part of the Company's unaudited interim and audited annual consolidated financial statements and will be deemed to be incorporated by reference into this short form prospectus for the purposes of the offering of Notes hereunder.

Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, including documents of the types referred to in paragraphs (a) through (e) above, any material change reports (except confidential material change reports), and any business acquisition reports filed by the Company with the securities regulatory authorities in Canada since the end of the financial year in respect of which its then current annual information form is filed, shall be deemed to be incorporated by reference into this short form prospectus. Upon a new annual information form, new statement of executive compensation and new annual financial statements and the related MD&A being filed by the Company with, and where required, accepted by, the applicable securities regulatory authorities during the currency of this short form prospectus, the previous annual information form, the previous statement of executive compensation, the previous annual financial statements and the related MD&A, and all previous interim financial statements and the related MD&A filed prior to the commencement of the Company's financial year in which the new documents are filed shall be deemed no longer to be incorporated into this short form prospectus for purposes of future offers and sales of Notes hereunder.

A pricing supplement or prospectus supplement containing the specific variable terms for an issue of Notes will be delivered to purchasers of such Notes together with this short form prospectus and will be deemed to be incorporated by reference into this short form prospectus as of the date of the pricing supplement or prospectus supplement, solely for the purposes of the Notes issued under that pricing supplement or prospectus supplement. Any template version of marketing materials for an issue of Notes filed by the Company with the securities regulatory authorities in Canada after the date of the pricing supplement or prospectus supplement in respect of such issue of Notes and before the termination of the distribution of such Notes will be deemed to be incorporated by reference into that pricing supplement or prospectus supplement.

Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded and not incorporated by reference, for purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this short form prospectus, except as so modified or superseded.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This short form prospectus, including the documents incorporated by reference herein, contains "forward-looking information" within the meaning of applicable Canadian securities laws that is based on current expectations, estimates, forecasts and projections about the business of the Company and the industry in which the Company operates and includes beliefs and assumptions made by the management of the Company. Such information includes, but is not limited to, statements about the general development of the Company's business, the Company's strategy, future capital expenditures, and expectations regarding developments in the statutory and operating framework for electricity generation and sale in Ontario. Additional forward-looking information is identified in the various documents incorporated by reference in this short form prospectus, including the section entitled "Forward-Looking Information" in the Company's annual information form and the section entitled "Forward-Looking

Statements" in the Company's MD&A. The Company generally uses words such as "anticipate", "believe", "foresee", "forecast", "estimate", "expect", "schedule", "intend", "plan", "project", "seek", "target", "goal", "strategy", "may", "will", "should", "could", and other similar words and expressions to indicate forward-looking statements. The absence of any such word or expression does not indicate that a statement is not forward-looking. The forward-looking information contained in this short form prospectus, including the documents incorporated by reference herein, are not guarantees of future performance and involve inherent assumptions and risks and uncertainties that are difficult to predict. All forward-looking statements could be inaccurate to a material degree. In particular, the forward-looking information contained in this short form prospectus is based on a variety of factors and assumptions including, OPG's generating station performance and availability, fuel costs, surplus baseload generation, cost of fixed asset removal and nuclear waste management, performance and earnings of investment funds, refurbishment of existing facilities, development and construction of new facilities, pension and other post-employment benefit obligations and funds, income taxes, proposed new legislation, the ongoing evolution of Ontario's electricity industry, environmental and other regulatory requirements, health, safety and environmental developments, business continuity events, the weather, financing and liquidity, applications to the Ontario Energy Board ("OEB") for regulatory prices, the impact of regulatory decisions by the OEB, operations, maintenance and administration expenditures, retention of critical talent, supplier and third party performance, and forecasts of earnings, cash flows, Funds from Operations Adjusted Interest Coverage, Return on Common Equity Excluding Accumulated Other Comprehensive Income, Total Generating Cost and capital expenditures. Actual outcomes and results may differ materially from what is expressed, implied or forecasted in this forward-looking information. While the Company does not know what impact any of these differences may have, the Company's business, results of operations, financial condition and credit stability may be materially adversely affected. Factors that could cause actual results or outcomes to differ materially from the results expressed or implied by forward-looking information are discussed in more detail under "Risk Factors" in this short form prospectus and in any prospectus supplement or pricing supplement and in the sections entitled "Forward-Looking Information" and "Risk Factors" in the Company's annual information form and the sections entitled "Risk Management" and "Forward-Looking Statements" in the Company's MD&A. You should carefully consider these and other factors and not place undue reliance on forward-looking information.

The forward-looking information included in this short form prospectus and in the documents incorporated by reference represent the Company's views as of the date of this short form prospectus or the relevant document incorporated by reference herein, as applicable, and should not be relied upon as representing the Company's views as of any subsequent date. The Company has no intention and undertakes no obligation to update or revise any forward-looking information as a result of new information, future events or otherwise, except as required by law.

THE COMPANY

OPG is an Ontario-based electricity generation company whose principal business is the generation and sale of electricity in Ontario. OPG was established under the *Business Corporations Act* (Ontario) and is wholly-owned by the Province.

[NTD: To be updated after Q2 documents are filed.] OPG is Ontario's largest clean energy generator. **[As at June 30, 2017, OPG operated two nuclear generating stations, 66 hydroelectric generating stations, three thermal generating stations, and one wind power turbine. In addition, OPG and TransCanada Energy Ltd. co-own the 550 MW Portlands Energy Centre ("PEC") gas-fired combined cycle generating station. OPG and ATCO Power Canada Ltd. co-own the 560 MW Brighton Beach gas-fired combined cycle generating station ("Brighton Beach"). Including its share of the co-owned facilities, OPG's total in-service generating capacity was 16,211 MW as at June 30,**

2017, which represented approximately 45 percent of installed generation capacity in Ontario's electricity grid as reported by the Independent Electricity System Operator ("IESO"). OPG's in-service generating capacity as of June 30, 2017 excludes Unit 2 of the Darlington Nuclear Generating Station. This unit, which has a generating capacity of 878 MW, was taken offline in mid-October 2016 and is currently undergoing refurbishment. OPG operates under an electricity generation licence issued by the OEB, which is valid until October 30, 2023. OPG expects the licence to be renewed in the future.]

OPG also owns two other nuclear generating stations, the Bruce A Nuclear Generating Station and the Bruce B Nuclear Generating Station, which are leased on a long-term basis to Bruce Power LP and are not included in the generation and other operating statistics contained and incorporated by reference in this short form prospectus. A description of OPG's segments is provided in OPG's 2016 annual MD&A in the section, "Business Segments".

All of OPG's owned and co-owned generating facilities are located in Ontario. OPG does not operate PEC, Brighton Beach, the Bruce A Nuclear Generating Station and the Bruce B Nuclear Generating Station.

The address of the head and registered office of the Company is 700 University Avenue, Toronto, Ontario, M5G 1X6, Canada.

RECENT DEVELOPMENTS

[NTD: OPG to confirm if there have been any material developments since Q2 financials and MD&A.]

Ontario Fair Hydro Plan

In June 2017, the Ontario government passed the *Ontario Fair Hydro Plan Act, 2017* (the "FHPA"), legislation that permits the refinancing of certain electricity infrastructure costs and provides immediate rate relief to consumers. Under the FHPA, OPG is appointed as financial services manager and is given the authority to, among other things, establish and manage one or more financing entities to raise debt financing for the purposes of the FHPA ("FHPA Debt Financing"). Subject to the terms of the FHPA, the FHPA Debt Financing is ultimately recoverable through rates charged to consumers. OPG will control the financing entities and will provide management and financial services to the financing entities to implement the financing plan. The Province has agreed to indemnify the Company, its subsidiaries (other than any financing entities) and each of their directors, officers and employees in respect of losses arising directly or indirectly from the implementation of or relating to the Fair Hydro Plan (subject to limited exceptions, including losses arising as a result of dishonesty, gross negligence or wilful misconduct).

In addition, it is expected that OPG will acquire a portion of the FHPA Debt Financing. Substantially all of the Company's investments in the FHPA Debt Financing are expected to be funded through equity investments in OPG by the Province, with a portion of the investments to be funded from the Company's available funds, including all or a portion of the proceeds of any offerings of Notes. See "Use of Proceeds".

Under section 53.1 of the *Electricity Act, 1998*, as amended by the FHPA, regardless of whether a financing entity is a subsidiary or not a subsidiary of OPG:

(a) the assets and liabilities of the financing entity shall not form part of the assets and liabilities of OPG or any of its subsidiaries (excluding the financing entity if it is a subsidiary); and

(b) the assets and liabilities of OPG or any of its subsidiaries (excluding the financing entity if it is a subsidiary) shall not form part of the assets and liabilities of the financing entity.

Accordingly, all assets and liabilities held by any financing entity established for the purposes of the FHPA, as well as the financing entities, will be excluded from all terms of the Trust Indenture and holders of Notes will not have any recourse whatsoever to the assets of any financing entity, provided that, for clarity, the foregoing will not affect any of the Company's rights and remedies as a holder of FHPA Debt Financing in accordance with the provisions of that indebtedness. See "Description of the Notes - Exclusion of Fair Hydro Plan Financing Entities".

CREDIT RATINGS

As of the date of this short form prospectus, Standard & Poor's Ratings Service ("S&P") and DBRS Limited ("DBRS") have each assigned **[provisional ratings of "BBB+" and "A (low)", respectively, in respect of the Notes]/[Long-term debt ratings of "BBB+" and "A (low)", in respect of the Company.]**

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities. The rating agencies rate long-term debt instruments by rating categories ranging from a high of AAA to a low of D. Long-term debt instruments which are rated in the BBB category by S&P are in the fourth highest category and exhibit adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments on the obligation. S&P may modify the ratings from AA to CCC using a plus (+) or minus (-) sign to show relative standing within the major rating categories. Long-term debt instruments which are rated in the A category by DBRS are in the third highest category and are considered to be of a good credit quality, with substantial capacity for the payment of financial obligations. Entities in the A category are considered to be vulnerable to future events, but qualifying negative factors are considered manageable. The "low" modifier indicates relative standing within this rating category by DBRS. In some circumstances, no rating may be assigned to a drawdown, and if a definitive rating is issued, it may differ from the provisional rating.

The ratings mentioned above are not a recommendation to purchase, sell or hold the Company's debt securities including the Notes and do not comment as to market price or suitability for a particular investor. There can be no assurance that the ratings will remain in effect for any given period of time or that the ratings will not be revised or withdrawn entirely by any or all of S&P and DBRS at any time in the future if in their judgment circumstances so warrant.

The Company has made, and anticipates making, payments to each of S&P and DBRS pursuant to the ratings agency services agreements entered into with such credit rating organizations with respect to the ratings assigned to the long-term debt of the Company. In addition, as Notes are issued, the Company expects to make payments to such credit rating organizations pursuant to the ratings agency services agreements entered into with such credit rating organizations for the ratings they assign to the Notes of a particular series. The Company has also made payments to S&P for evaluation services in connection with potential changes in the Company's capital structure. There have been no other services provided by any of such credit rating organizations to the Company within the last two years.

ELIGIBILITY FOR INVESTMENT

In the opinion of Torys LLP, counsel to the Company, and Blake, Cassels & Graydon LLP, counsel to the Dealers, unless otherwise specified in the applicable prospectus supplement or pricing supplement, the Notes, if issued on the date hereof, would be qualified investments under the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the "Tax Act") for a trust governed by a registered retirement savings plan ("RRSP"), registered retirement income fund ("RRIF"), registered education savings plan ("RESP"), registered disability savings plan ("RDSP"), deferred profit sharing plan (other than a trust governed by a deferred profit sharing plan for which any employer is the Company or an employer who does not deal with the Company at arm's length for purposes of the *Tax Act*) or a tax-free savings account ("TFSA").

The Notes will not be a "prohibited investment" (within the meaning of the *Tax Act*) for a TFSA, RRSP or RRIF, provided that the holder of the TFSA or the annuitant of the RRSP or RRIF, (i) deals at arm's length with the Company for purposes of the Tax Act, and (ii) does not have a "significant interest" (within the meaning of the *Tax Act*) in the Company. On March 22, 2017, the Minister of Finance (Canada) announced proposed amendments to the *Tax Act* that would extend the prohibited investment rules to RESPs and RDSPs effective after March 22, 2017. Individuals who hold or intend to hold the Notes in a RRSP, RRIF, RESP, RDSP or TFSA should consult their own tax advisors regarding the application of the foregoing prohibited investment rules in their particular circumstances.

[CONSOLIDATED CAPITALIZATION]

[NTD: OPG to confirm whether there have been any changes to its consolidated capitalization since the Q2 financials. If there has been no material change, delete this section.]

EARNINGS COVERAGE RATIOS

For the twelve months ended December 31, 2016 and the twelve months ended June 30, 2017, the Company's consolidated income before income taxes and interest expense (net of capitalized interest) was $741 million and $846 million, respectively. Interest expense (net of capitalized interest) for these periods was $120 million and $91 million, respectively, and including capitalized interest, was $298 million and $295 million, respectively.

The following table sets forth the earnings coverage ratio for the Company for the twelve month period ended December 31, 2016, based on audited information, and for the twelve month period ended June 30, 2017, based on unaudited information, in each case without giving effect to any Notes to be issued under this short form prospectus:

	December 31, 2016	June 30, 2017
Earnings coverage on long-term debt obligations[(1)]	**[2.5]**	**[2.9]**

(1) The earnings coverage ratio has been calculated as the sum of net income attributable to the shareholder of the Company, income tax expenses and financing charges divided by the sum of financing charges and capitalized interest.

DESCRIPTION OF THE NOTES

General

[NTD: To be conformed to term sheet and indenture as documents are progressed.] The following is a summary of the material attributes and characteristics of the Notes, and does not purport to

be complete and is qualified in its entirety by reference to the Notes and the Trust Indenture (as defined below).

The terms and conditions set forth in this section "Description of the Notes" will apply to each Note unless otherwise specified in the applicable prospectus supplement or pricing supplement. The Company reserves the right to set forth in a prospectus supplement or pricing supplement specific variable terms of or amendments to the Notes which are not within the options and parameters set forth in this short form prospectus. References in this section "Description of the Notes" refer to all medium term notes of the Company which have previously been or are to be issued under the Trust Indenture.

This short form prospectus qualifies under applicable Canadian securities laws the distribution of $2,000,000,000 aggregate principal amount of Notes in Canadian currency (or the equivalent thereof in other currencies or currency units at the time of issue) which have been authorized for issue under the Trust Indenture. This amount is subject to amendment from time to time as determined by the Company.

Notes issued hereunder will have a term to maturity of not less than one year and will be issuable in Canadian currency (or in other currencies or currency units at the time of issue) in fully registered definitive or global form, in which case the Notes will be exchangeable only under certain conditions for definitive Notes (as described under the heading "Global Notes" below). Each interest-bearing Note will bear interest at either a fixed rate (a "Fixed Rate Note") or a floating rate (a "Floating Rate Note"). Notes will be issued from time to time at such rates of interest and at par, at a premium or at a discount, may be subject to redemption or repayment prior to maturity, or may include terms entitling the Company to extend the maturity dates of the Notes, which terms shall be determined by the Company based on a number of factors, including advice from the Dealers. The Notes will be unsecured and will, at their respective dates of issue, rank *pari passu* with all other unsecured and unsubordinated Indebtedness and obligations of the Company then outstanding, except as to any sinking fund which pertains exclusively to any particular Indebtedness of the Company. The Company may also, from time to time, issue debt securities and incur additional debt otherwise than through the issuance of Notes pursuant to this short form prospectus.

Neither the aggregate principal amount of Notes which will be issued and sold nor the issue price to the public of the Notes has been established as the Notes will be issued at such times, in such amounts and at such prices as the Company determines from time to time. Notes issued hereunder will be offered and sold during the twenty-five months from the date of issuance of the receipt for this short form prospectus at prices negotiated with the purchasers, and the prices at which the Notes will be offered and sold may vary as between purchasers and during the distribution period. The Notes will be issued from time to time at the discretion of the Company in an aggregate principal amount not to exceed $2,000,000,000 in Canadian currency, or the equivalent thereof calculated at the applicable rates of exchange prevailing at the time of issue of Notes issued in currencies other than Canadian currency.

The specific variable terms of any offering of Notes, including, in the case of Floating Rate Notes, the information necessary for the calculation of interest thereon, will be set forth in a prospectus supplement or pricing supplement to this short form prospectus. Where Notes are offered and sold in currencies other than Canadian dollars, the Canadian dollar equivalent of the offering price and the rate of exchange at the last feasible date will be included in the applicable prospectus supplement or pricing supplement.

Trust Indenture

The Notes will be issued under a trust indenture dated as of [■], 2017, as supplemented or modified from time to time (collectively, the "Trust Indenture") between the Company and BNY Trust

Company of Canada, as trustee (the "Trustee", which term shall include, unless the context otherwise requires, its successors and assigns). The following is a brief summary of the material attributes and characteristics of the Trust Indenture. This summary does not purport to be complete and reference should be made to the Trust Indenture for more detailed information.

The Trust Indenture permits the issuance from time to time of additional unsecured medium term notes without limitation as to aggregate principal amount, subject to compliance with the covenants contained therein.

The Notes will be direct obligations of the Company and will rank *pari passu* with all other medium term notes from time to time issued and outstanding under the Trust Indenture and with other present and future unsubordinated and unsecured Indebtedness of the Company, except as to any sinking fund which pertains exclusively to any particular Indebtedness of the Company. The Notes will not be secured by any mortgage, pledge or charge, except in the circumstances referred to under the subheading "Negative Pledge".

Negative Pledge

The Trust Indenture contains provisions to the effect that the Company will not, and will not permit any Designated Subsidiary (as defined below) to, create or permit to subsist any Security Interest (as defined below) to secure any Indebtedness (as defined below) without contemporaneously providing to the Trustee a ratable and *pari passu* Security Interest in the same collateral. This covenant is, however, subject to the following exceptions:

- any Security Interest that secures an obligation of a Designated Subsidiary which exists prior to the date on which it becomes a Designated Subsidiary and was not created or assumed in contemplation or as a result of the Designated Subsidiary becoming a Designated Subsidiary;

- any Purchase Money Mortgage (as defined below) or Capital Lease Obligation (as defined below) of the Company or a Designated Subsidiary;

- any Security Interest in an asset, or in the equity interests of, or debt issued by, the person holding such asset, created or assumed by the Company or a Designated Subsidiary to secure Non-Recourse Debt (as defined below) of the Company or the Designated Subsidiary in respect of such asset;

- any Security Interest created or assumed by the Company or a Designated Subsidiary to or in favour of a bank or other lending institution to secure indebtedness of the Company or the Designated Subsidiary that is payable on demand or that, on the date of issue or assumption of liability, has a term to maturity (including any right of extension or renewal) of 18 months or less and that is incurred by the Company or the Designated Subsidiary in the ordinary course of business and for the purpose of carrying on the same;

- any Security Interest granted by a Designated Subsidiary in favour of the Company or any wholly-owned Designated Subsidiary;

- any Security Interest in cash or marketable debt securities pledged to secure non-speculative Financial Instrument Obligations (as defined below) incurred in the ordinary course of business for risk management purposes that hedge Indebtedness of the Company or a Designated Subsidiary;

- any Security Interest in an asset acquired by the Company or a Designated Subsidiary that secures obligations of any other Person, whether or not such obligations are assumed by the Company or the Designated Subsidiary, provided that the Security Interest exists before the asset is acquired by the Company or the Designated Subsidiary and was not created or assumed in contemplation or as a result of the asset being acquired by the Company or the Designated Subsidiary;

- any Security Interest in cash or marketable debt securities in a sinking fund account established by the Company for a series of notes under the Trust Indenture;

- any Security Interest or right of distress reserved in or exercisable under any lease for rent to which the Company or a Designated Subsidiary is a party and for compliance with the terms of that lease;

- any Security Interest given to an issuing bank to secure letters of credit issued to the IESO in order to comply with IESO's prudential requirements;

- a lien or deposit under workers' compensation, social security or similar legislation or good faith deposits in connection with bids, tenders, leases, contracts or expropriation proceedings, or deposits to secure public or statutory obligations or deposits of cash or obligations to secure surety and appeal bonds;

- any lien or privilege imposed by law, such as builders', carriers', warehousemen's, landlords', mechanics' and material men's liens and privileges, and any lien or privilege arising out of judgments or awards with respect to which the Company or a Designated Subsidiary at the time is prosecuting an appeal or proceedings for review and with respect to which it has secured a stay of execution pending that appeal or proceedings for review; or any liens for taxes, assessments or governmental charges or levies not at the time due and delinquent or the validity of which is being contested at the time by the Company or a Designated Subsidiary in good faith; or undetermined or inchoate lien privileges and charges incidental to current operations which have not at such time been filed pursuant to law against the Company or a Designated Subsidiary or which relate to obligations not due or delinquent; or the deposit of cash or securities in connection with any lien or privilege referred to in this clause;

- any minor encumbrance, such as easements, rights-of-way, servitudes or other similar rights in land granted to or reserved by other persons, rights-of-way for sewers, electric lines, telegraph and telephone lines, oil and natural gas pipelines and other similar purposes, or zoning or other restrictions as to the Company's use of real property, which do not in the aggregate materially detract from the value of that property or materially impair its use in the operation of the business of the Company or a Designated Subsidiary;

- any right reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, license, franchise, grant or permit acquired by the Company or a Designated Subsidiary, or by any statutory provision to terminate any such lease, license, franchise, grant or permit or to purchase assets used in connection with or require annual or other periodic payments as a condition to the continuance thereof;

- any Security Interest granted by the Company or a Designated Subsidiary to, or as directed or required by, a public utility or any municipality or governmental or other public authority

when required by that utility, municipality or other authority in connection with the operations of the Company or a Designated Subsidiary;

- any reservation, limitation, proviso or condition, if any, expressed in any original grants to the Company or a Designated Subsidiary from the Crown;

- any Security Interest granted by the Company and/or its Designated Subsidiaries in connection with their respective obligations pursuant to the Ontario Nuclear Funds Agreement (as defined below), provided that such Security Interest is limited to the interests of the Company and its Designated Subsidiaries, if any, in the segregated funds and/or trust funds (including the proceeds thereof) established pursuant to that agreement or applicable law to fund used nuclear fuel and/or other nuclear waste management and/or decommissioning costs;

- any Security Interest in IESO receivables granted in connection with an absolute assignment thereof in a securitization transaction and the proceeds thereof;

- Security Interests securing appeal bonds or other similar Security Interests arising in connection with contracts, bids, tenders or court proceedings, including, without limitation, surety bonds, security for costs of litigation where required by law and letters of credit, or any other instruments serving a similar purpose;

- any other Security Interest created or assumed by the Company or a Designated Subsidiary (in addition to the Security Interests referred to in the paragraphs above) if, after giving effect to the Security Interest, the aggregate amount of all Indebtedness secured by Security Interests permitted by this paragraph only does not at that time exceed 5% of Consolidated Net Worth (as defined below); and

- any extension, renewal, alteration, substitution or replacement, in whole or in part, of a Security Interest referred to in the paragraphs above, provided that the Security Interest is limited to all or part of the same assets (and the proceeds thereof), and the principal amount of the secured obligations, where limited by the foregoing provisions, is not increased by that action to an amount in excess of such limit (except to the extent of any fees, expenses and premiums incurred to discharge such secured obligations).

Limitation on Funded Indebtedness

So long as any of the Notes issued under the Trust Indenture remain outstanding, the Company will not, and will not permit any Designated Subsidiary to, directly or indirectly, issue, incur, assume or otherwise become liable for or in respect of any Funded Indebtedness (as defined below) unless, after giving effect thereto (including the application of the net proceeds thereof), Consolidated Funded Indebtedness (as defined below) would not exceed 75% of Total Consolidated Capitalization (as defined below).

Designation of Subsidiaries as Designated Subsidiaries

The Company may designate a subsidiary of the Company as a Designated Subsidiary provided that any such subsidiary may only be so designated if:

- none of the shares of the subsidiary are owned by a subsidiary that is not itself a Designated Subsidiary;

- at the time of and after giving effect to the designation, no Event of Default or event that, with the passing of time or the giving of notice or both, would constitute an Event of Default has occurred and is continuing; and

- after giving effect to the designation, the Company would be entitled to issue Funded Indebtedness in the principal amount of at least $1.00.

The Company may de-designate a Designated Subsidiary from time to time, provided that such de-designation may not be made in respect of any Designated Subsidiary:

- if such Designated Subsidiary owns any Funded Indebtedness of the Company or any shares, voting interests or Funded Indebtedness of any other Designated Subsidiary;

- at the time of and after giving effect to the de-designation, an Event of Default or event that, with the passing of time or the giving of notice or both, would constitute an Event of Default has occurred and is continuing; or

- if, after giving effect to such de-designation, the Company would not be entitled to issue Funded Indebtedness in the principal amount of a least $1.00.

Mergers, Consolidations and Sales of Assets

The Company will not, directly or indirectly through a Designated Subsidiary, enter into a transaction or series of transactions in which all or substantially all of the undertaking, property and assets of the Company and its Designated Subsidiaries determined on a consolidated basis would become the property of any other person, whether by way of reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale, lease or otherwise, unless:

- the Company shall be the surviving person, or the person, if other than the Company, formed by the amalgamation, consolidation or into which the Company is merged or that acquires all or substantially all of the property or assets of the Company, shall be a company organized and validly existing under the federal laws of Canada or any of its provinces or territories and shall expressly assume, by a supplemental indenture executed and delivered to the Trustee in form satisfactory to the Trustee, all of the Company's obligations under the Trust Indenture and all Notes;

- at time of and immediately after giving effect to the transaction or series of transactions, no Event of Default (as defined below) or event that, with the passing of time or the giving of notice, or both, would constitute an Event of Default shall have occurred and is continuing;

- the Company shall have delivered to the Trustee an opinion of the Company's counsel (as to matters customarily addressed by counsel) and an officers' certificate stating that the foregoing conditions precedent have been satisfied; and

- neither the Company nor the person, either at the time of or immediately after the consummation of any such transaction and after giving full effect thereto, or immediately after compliance with the foregoing provisions, will be insolvent or generally fail to meet, or admit in writing its inability or unwillingness to meet, its obligations as they generally become due,

provided that the foregoing shall not in any way limit or prevent the Company and/or its Designated Subsidiaries from entering into, and the Company and/or its Designated Subsidiaries shall be entitled to enter into, any transaction or series of transactions which result in either or both of the following:

(1) All or substantially all of the hydro-electric generating stations and related assets of the Company and its Designated Subsidiaries becoming the property of any other person (a "successor"), whether by way of reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale, lease or otherwise, provided that:

(a) the successor is a company organized and existing under the laws of Canada or a province or territory thereof and expressly assumes, by a supplemental indenture satisfactory in form to the Trustee and its counsel and executed and delivered to the Trustee, all of the covenants and obligations of the Company under the Trust Indenture and all Notes;

(b) after giving effect to the transaction or series of transactions (x) the credit rating obtained by the successor from at least two of the designated rating agencies is not below the credit rating of the Company from such designated rating agencies prior to the transaction or series of transactions, and (y) Consolidated Funded Indebtedness of the successor and its Designated Subsidiaries would not exceed 75% of Total Consolidated Capitalization for the successor and its Designated Subsidiaries;

(c) at the time of and, immediately after giving effect to the transaction or series of transactions, no Event of Default or event that, with the passing of time or the giving of notice or both, would constitute an Event of Default has occurred and is continuing;

(d) the liabilities of the Company assumed by the successor do not include any liabilities of the Company related to decommissioning of OPG's nuclear generating stations, used nuclear fuel waste management or other nuclear waste management;

(e) the Company shall have delivered to the Trustee an opinion of the Company's counsel (as to matters customarily addressed by counsel) and a officers' certificate stating that the foregoing conditions precedent have been satisfied; and

(f) neither the Company nor the successor, either at the time of or immediately after the consummation of any transaction or series of transactions and after giving full effect thereto, or immediately after compliance by the person with the foregoing provisions, will be insolvent or generally fail to meet, or admit in writing its inability or unwillingness to meet, its obligations as they generally become due.

For greater certainty, as part of such transaction or series of transactions, the Company shall have the right, at its discretion, to either retain or transfer to the successor any non-nuclear or non-hydro-electric generation assets of the Company and its Designated Subsidiaries.

Following completion of such transaction or series of transactions, and compliance with the foregoing conditions, the Company and its Designated Subsidiaries shall be released of all obligations under the Trust Indenture and all Notes.

(2) All or substantially all of the assets related to the Darlington Nuclear Generating Station, and/or the Pickering Nuclear Generating Stations and/or the Bruce Nuclear Generating Stations, and/or assets relating to used nuclear fuel waste management and/or other nuclear waste management and/or decommissioning, in each case which are owned by the Company or its Designated Subsidiaries becoming the property of any other person or persons (each, a "NuclearCo"), whether by way of reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale, lease or otherwise, provided that:

(a) after giving effect to the transaction or series of transactions Consolidated Funded Indebtedness of the Company and its Designated Subsidiaries would not exceed 75% of Total Consolidated Capitalization of the Company and its Designated Subsidiaries;

(b) after giving effect to the transaction or series of transactions, the credit rating of the Company from at least two of the designated rating agencies is not below the credit rating of the Company from such designated rating agencies prior to the transaction or series of transactions;

(c) at the time of and, immediately after giving effect to the transaction or series of transactions, no Event of Default or event that, with the passing of time or the giving of notice or both, would constitute an Event of Default has occurred and is continuing;

(d) the Company shall have delivered to the Trustee an opinion of the Company's counsel (as to matters customarily addressed by counsel) and an officers' certificate stating that the foregoing conditions precedent have been satisfied; and

(e) the Company will not, either at the time of or immediately after the consummation of any such transaction or series of transactions and after giving full effect thereto, or immediately after compliance with the foregoing provisions, be insolvent or generally fail to meet, or admit in writing its inability or unwillingness to meet, its obligations as they generally become due.

For greater certainty, as part of such transaction or series of transactions, the Company shall have the right, at its discretion, to either retain or transfer to any NuclearCo any non-nuclear or non-hydro-electric generation assets of the Company and its Designated Subsidiaries.

For greater certainty, so long as the foregoing conditions are complied with, no NuclearCo shall have any obligations under the Trust Indenture or any of the Notes.

Events of Default

The following are Events of Default applicable to all Notes issued pursuant to the Trust Indenture, including the Notes:

(1) failure to pay principal or premium, if any, when due and any such failure continues for a period of five days

(2) failure to make payment of interest when due and failure continues for a period of 45 days;

(3) the entering into of a transaction or series of transactions in which all or substantially all of the undertaking, property and assets of the Company and its Designated Subsidiaries determined on a consolidated basis would become the property of any other person, other than in accordance with the covenants described above under "Mergers, Consolidations and Sales of Assets";

(4) failure to observe or perform any other covenant or condition contained in the Trust Indenture or a Supplemental Indenture if such failure continues for a period of 60 days after written notice thereof has been given to the Company by the Trustee or by the holders of at least 25% of all Notes, as the case may be;

(5) the Company or any Material Subsidiary (as defined below) fails to make payment at stated maturity, or otherwise when due, of principal, premium (if any) or interest due on any Indebtedness, the outstanding principal amount of which exceeds $150 million, beyond the applicable grace period, under the terms of such Indebtedness;

(6) failure by the Company or any Material Subsidiary to observe or perform any provision of any agreement under which Indebtedness is created if such failure has the effect of causing more than $150 million of such Indebtedness in the aggregate to become due and payable or to be required to be redeemed or repurchased before its stated maturity;

(7) one or more final judgements are rendered against the Company or any Material Subsidiary in an aggregate amount in excess of $150 million by a court and remain undischarged or unstayed for a period of 60 days or more;

(8) winding-up, liquidation or dissolution of the Company, or

(9) the making by the Company or any Material Subsidiary of an assignment for the benefit of its creditors or other specified events of bankruptcy or insolvency affecting the Company or any Material Subsidiary (subject to a 60 day cure period if the bankruptcy application is made by a creditor, rather than by the Company or a Material Subsidiary).

If an Event of Default applicable only to the issued and outstanding Notes of a series occurs and is continuing, either the Trustee or the holders of not less than 25% in principal amount of Notes of that series then outstanding may declare the principal of, and interest and premium, if any, on all Notes of that series to be due and payable immediately.

If, however, an Event of Default applicable to all Notes issued and outstanding under the Trust Indenture, or an Event of Default described in clause (5), (6), (7), (8) or (9) above occurs and is continuing, either the Trustee or the holders of not less than 25% in principal amount of all issued and outstanding Notes, treated as one class, may declare the principal amount of all the Notes then outstanding to be due and payable immediately.

Subject to the provisions of the Trust Indenture relating to the duties of the Trustee, in case an Event of Default applicable to any Notes shall occur and be continuing, the Trustee will be under no

obligation to exercise any of its rights or powers under the Trust Indenture at the request or direction of any of the holders of those Notes, unless those holders shall have offered to the Trustee reasonable indemnity. Subject to such provisions for the indemnification of the Trustee, the holders of a majority in principal amount of Notes of all series affected by an Event of Default will have the right to direct the time, method and place of conducting any proceedings for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee in respect of the Notes of all series affected by that Event of Default.

Defeasance

The Trust Indenture requires the Trustee to release the Company from its obligations under the Trust Indenture relating to a particular series of Notes if specified conditions are satisfied. Among other things, the Company must deposit money or securities for the payment of all principal of and interest and any other amounts on that series of Notes as well as for the payment of the expenses of the Trustee. The deposited money or securities must be denominated in the currency in which principal of these Notes is payable and, in the case of deposited securities, must constitute direct obligations of Canada or specified provinces of Canada or an agency or instrumentality of Canada.

Amendments and Waivers

The Trust Indenture provides that the Company and the Trustee may enter into supplemental indentures ("Supplemental Indentures") without the consent of the holders of the Notes of any or all series to:

- add limitations or restrictions to be observed upon the amount or issue of Notes, provided that such limitations or restrictions shall not be materially adverse to the interests of the holders of the Notes;

- add covenants for the protection of the holders of the Notes of any series;

- provide for any additional Event of Default;

- make such provisions not inconsistent with the Trust Indenture as may be necessary or desirable with respect to matters or questions arising thereunder, including the making of any modifications in the form of the Notes which do not affect the substance thereof and which it may be expedient to make, provided that such provisions and modifications will not adversely affect the holders of Notes;

- provide for the issue of Notes of any one or more series and establish the form and terms of any series of Notes;

- evidence the succession, or successive successions, of successors to the Company and the covenants and obligations assumed by any such successor, in accordance with the provisions of the Trust Indenture; and

- giving effect to any extraordinary resolution or ordinary resolution of the holders of Notes in accordance with the Trust Indenture.

Other amendments and modifications of the Trust Indenture, Supplemental Indentures and Notes may be made by the Company and the Trustee with the consent of the holders of not less than 66⅔% (and in certain circumstances, a majority) in principal amount of Notes of all series voting on such amendment

or modification and, if the rights of holders of Notes of a particular series of Notes would be affected differently than rights of holders of Notes of other series, not less than 66⅔% (and, in certain circumstances, a majority) in principal amount of Notes of the series so affected by that modification or amendment voting on such amendment or modification, in each case, voting as one class. However, no modification or amendment may, without the consent of the holder of each outstanding Note of the affected series,

- reduce the principal amount at maturity of, extend the fixed maturity of, or alter the redemption provisions of, those Notes;
- change the currency in which those Notes or any premium or accrued interest is payable;
- reduce the percentage in principal amount at maturity outstanding of those Notes that must consent to an amendment, supplement or waiver or consent to take any action under the Trust Indenture, Supplemental Indenture or those Notes;
- impair the right to institute suit for the enforcement of any payment on or with respect to those Notes;
- waive a default in payment with respect to those Notes;
- reduce the rate or extend the time for payment of interest on those Notes;
- affect the ranking of those Notes in a manner adverse to the holders; or
- make any changes to the Trust Indenture, Supplemental Indentures or those Notes that would result in the Company being required to make any withholding or deduction from payments made under or with respect to those Notes.

The holders of $66^{2}/_{3}$% in principal amount of the Notes of all series with respect to which an Event of Default shall have occurred and be continuing, voting as one class, may waive any Event of Default, except in the case of a default in payment of principal with respect to the Notes or except, further, in respect of a covenant or provision which cannot be modified or amended without the consent of the holder of each outstanding Note affected.

Exclusion of Fair Hydro Plan Financing Entities

All assets and liabilities held by any financing entity associated with the Province's Fair Hydro Plan, as well as the financing entities, shall be excluded from all terms of the Trust Indenture (notwithstanding the consolidation of such financing entities in OPG's financial statements). For greater certainty, neither the Trustee nor any holder of Notes shall have any recourse whatsoever against the assets of any such financing entity, provided that, for clarity, the foregoing will not affect any of the Company's rights and remedies as a holder of FHPA Debt Financing in accordance with the provisions of that indebtedness. No such financing entity may be a Designated Subsidiary. Neither the Company nor any Designated Subsidiary may guarantee the Indebtedness of any such financing entity.

Definitions

In addition to the definitions set out above, the Trust Indenture contains definitions substantially to the following effect:

"*Capital Lease Obligation*" means any monetary obligation of the Company or a Designated Subsidiary under any leasing or similar arrangement which, in accordance with GAAP, would be classified as a capital lease and for the purposes of the Trust Indenture, the amount of Capital Lease Obligations shall be the capitalized amount thereof, determined in accordance with GAAP;

"*Consolidated Funded Indebtedness*" means the aggregate amount of all Funded Indebtedness of the Company and its Designated Subsidiaries determined on a consolidated basis in accordance with GAAP;

"*Consolidated Net Worth*" means, as at any date, the consolidated shareholders' equity of the Company and its Designated Subsidiaries as at such date determined in accordance with GAAP;

"*Contingent Liability*" means any agreement, undertaking or arrangement by which any person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the Indebtedness of any other person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the shares of any other person. The amount of any person's obligation under any Contingent Liability will, subject to any limitation contained in that Contingent Liability, be deemed to be the outstanding principal amount (or maximum principal amount, if larger) of the debt, obligation or other liability guaranteed thereby;

"*Designated Subsidiary*" means any subsidiary which is designated as such by the Company in accordance with the covenants described under " – Designation of Subsidiaries as Designated Subsidiaries";

"*Financial Instrument Obligations*" means, with respect to any person at any time, the obligations of such Person under any transaction that is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction, currency swap, cross-currency rate swap, swaption, currency option or any other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing to the extent of the net amount due to or accruing due by the Person thereunder (determined by marking the same to market at such time in accordance with its terms);

"*Funded Indebtedness*" means with respect to any person, all Indebtedness created, assumed or guaranteed which matures by its terms on, or is renewable at the option of such person to, a date more than 18 months after the date of the original creation, assumption or guarantee thereof; provided that Indebtedness among the Company and its Designated Subsidiaries or among the Company's Designated Subsidiaries, Subordinated Indebtedness, Non-Recourse Debt, Financial Instrument Obligations, Capital Lease Obligations and Purchase Money Obligations will not be included as Funded Indebtedness;

"*GAAP*" means as at any date of determination:

(1) accounting principles which are recognized as being generally accepted in Canada, if the Company is then preparing its financial statements in accordance with such principles; or

(2) accounting principles which are recognized as being generally accepted in the United States, if the Company is then preparing its financial statements in accordance with such principles;

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations of such person for borrowed money, including obligations with respect to bankers' acceptances and reimbursement obligations in respect of letters of credit;

(2) all obligations issued or assumed by such person in connection with its acquisition of property in respect of the deferred purchase price of that property where such purchase price is deferred 6 months or longer;

(3) all Capital Lease Obligations and Purchase Money Obligations of such person; and

(4) all contingent liabilities of such person in respect of obligations of any person of the type referred to above;

"Material Subsidiary" means, as at any date, a Designated Subsidiary,

(1) the total assets of which represent more than 5% of the total assets of the Company determined on a consolidated basis as shown in the most recently prepared quarterly or annual consolidated financial statements of the Company; or

(2) the total revenues of which represent more than 5% of the total revenues of the Company determined on a consolidated basis as shown in the most recently prepared quarterly or annual consolidated financial statements of the Company;

provided that, the assets and revenues of the financing entities associated with the Province's Fair Hydro Plan shall be eliminated in calculating the total assets and total revenues of the Company;

"*Non-Recourse Debt*" means, with respect to a person, any Indebtedness incurred to finance the creation, development, construction or acquisition of an asset of the person or a subsidiary of the person (and any extensions, renewals or refunding of any such Indebtedness) provided that the recourse of the obligee thereof against the person is limited in all circumstances (other than customary "bad boy" exceptions) to the asset (including all rights and benefits related to or arising out of the asset) and to the equity interests of such subsidiary;

"*Ontario Nuclear Funds Agreement*" means the agreement dated as of April 1, 1999 entered into between the Company, certain of its subsidiaries and the Province of Ontario under which, among other things, (i) the parties agree to cause sufficient funds to be accumulated or otherwise be readily available to pay for certain used nuclear fuel and other nuclear waste management and decommissioning costs, (ii) the Province of Ontario agrees to limit the liability that the Company and certain of its subsidiaries face as a result of the increases in certain used nuclear fuel management costs, and (iii) the Province of Ontario agrees to provide certain financial guarantees required by the Company and certain of its subsidiaries under the *Nuclear Safety and Control Act* (Canada), all on and subject to the terms and conditions in that agreement, as amended, supplemented, restated and/or replaced from time to time;

"*Preferred Securities*" means:

(1) securities which on the date of issue by a person (a) have a term to maturity of more than 30 years, (b) are unsecured and rank subordinate to the unsecured and unsubordinated Indebtedness of that person outstanding on that date, (c) entitle that person to satisfy the obligation to pay the principal or face amount by issuing common shares, (d) entitle that person to defer the payment of interest for more than four years without causing an event

of default to occur, and (e) entitle that person to satisfy the obligation to make payments of interest by issuing common shares; and

(2) shares of any class in the capital of a corporation or securities representing ownership interests in any person other than a corporation which, in either case, are not common shares;

"*Purchase Money Mortgage*" means any security interest, mortgage, pledge, charge or other encumbrance created, issued or assumed by the Company or a Designated Subsidiary to secure a Purchase Money Obligation; provided that the security interest, mortgage, pledge, charge or other encumbrance is limited to the property (including associated rights) acquired, constructed, installed or improved using the funds advanced to the Company or a Designated Subsidiary in connection with that Purchase Money Obligation;

"*Purchase Money Obligation*" means Indebtedness of the Company or a Designated Subsidiary incurred or assumed to finance the purchase price, in whole or in part, of any property (except any Indebtedness which constitutes Funded Indebtedness and which was incurred or assumed to finance the purchase price, in whole or in part, of any shares, bonds or other securities) or incurred to finance the cost, in whole or in part, of construction or installation of or improvements to any real property or fixtures provided that such Indebtedness is incurred or assumed within 24 months after the purchase of such real property or fixtures or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or refunding of any such Indebtedness, so long as the principal amount thereof outstanding on the date of such extension, renewal or refunding is not increased;

"*Security Interest*" means any assignment, mortgage, charge (whether fixed or floating), hypothec, security interest, pledge, lien, or other encumbrance on or interest in property or assets that secures payment or performance of Indebtedness;

"*Subordinated Indebtedness*" means Indebtedness of the Company (whether outstanding on the issue date or thereafter incurred) that is subordinated or junior in right of payment to the Notes pursuant to a written agreement;

"*Total Consolidated Capitalization*" means, at any time and from time to time, without duplication, the sum of (1) the principal amount of all Consolidated Funded Indebtedness; and (2) the principal amount of all Subordinated Indebtedness; and (3) the Consolidated Net Worth; and

"*Wholly-Owned Designated Subsidiary*" means a Designated Subsidiary, all of the outstanding shares in the capital of which are owned, directly or indirectly, by or for the Company and/or by or for one or more other Wholly-Owned Designated Subsidiaries.

Global Notes

Notes may be issued in the form of fully registered global notes ("Global Notes") held by, or on behalf of, CDS Clearing and Depository Services Inc. ("CDS") or another corporation performing similar services that is acceptable to the Trustee (the "Depository") as custodian of the Global Notes and, in such event, Notes will be registered in the name of the Depository or its nominee (a "Nominee"). Where CDS acts as Depository for a series of Notes, The Depositary Trust Company ("DTC"), Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"), in each case as direct or indirect participants in CDS, will record beneficial ownership of such series of Notes on behalf of their respective accountholders or participants, to the extent the Company makes such series of Notes eligible with DTC, Euroclear or Clearstream,

Luxembourg, as applicable (and the Company specifies as such in the prospectus supplement or pricing supplement with respect to the particular series of Notes).

Purchasers of Notes represented by Global Notes will not receive Notes in definitive form ("Definitive Notes"). Instead, ownership of such Notes will be constituted through beneficial interests in the Global Notes, and will be represented through book-entry accounts of institutions (including the Dealers), as direct and indirect participants of the Depository ("participants") which, to the extent the Depository is CDS, may include DTC, Euroclear and Clearstream, Luxembourg to the extent applicable as noted above, acting on behalf of the beneficial owners of such Notes. Each purchaser of a Note represented by a Global Note will receive a customer confirmation of purchase from the Dealer or other person from or through whom the Note is purchased in accordance with the practices and procedures of such Dealer or other person. The Depository will be responsible for establishing and maintaining book-entry accounts for its participants having interests in Global Notes.

If Global Note(s) are issued and the Depository notifies the Company that it is unwilling or unable to continue as depository in connection with the Global Notes, or if at any time the Depository ceases to be a clearing agency or otherwise ceases to be depository and the Company and the Trustee are unable to locate a qualified replacement, or if the Company elects to terminate the book-entry system, beneficial owners of Notes represented by Global Notes will receive Definitive Notes.

DTC, Euroclear and Clearstream, Luxembourg

Where CDS acts as Depository for a series of Notes, to the extent the Company makes such series of Notes eligible with DTC, Euroclear or Clearstream, Luxembourg (and the Company specifies as such in the prospectus supplement or pricing supplement with respect to such series of Notes), holders may hold such series of Notes through the accounts maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, as participants in CDS only if they are participants of those systems, or indirectly through organizations which are participants of those systems.

In such case, DTC, Euroclear and Clearstream, Luxembourg will hold omnibus book-entry positions on behalf of their participants through customers' securities accounts in their respective depositaries which in turn will hold such positions in customers' securities accounts in the names of the nominees of the depositaries on the books of CDS. All securities in DTC, Euroclear and Clearstream, Luxembourg are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Transfers of such Notes by persons holding through Euroclear or Clearstream, Luxembourg participants, as applicable, will be effected through CDS, in accordance with CDS rules, on behalf of the relevant European international clearing system by its depositaries; however, such transactions will require delivery of transfer instructions to the relevant European international clearing system by the participant in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transfer meets its requirements, deliver instructions to its depositaries to take action to effect the transfer of the Notes on its behalf by delivering Notes through CDS and receiving payment in accordance with its normal procedures for next-day funds settlement. Payments with respect to the Notes held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures, to the extent received by its depositaries.

All information in this short form prospectus concerning CDS, DTC, Euroclear and Clearstream, Luxembourg, reflects the Company's understanding of the policies of such organizations which may change at any time without notice.

Fixed Rate Notes

Each Fixed Rate Note will bear interest from its original issue date at the rate per annum on the face thereof until the principal amount thereof is paid or made available for payment. Interest on a Fixed Rate Note will be calculated and payable monthly, quarterly, semi-annually or annually in arrears on the dates specified in such Fixed Rate Note, or other such dates as may be agreed to between the purchaser of the Note and the Company (each, an "Interest Payment Date") and at maturity or upon earlier redemption or repayment. Interest Payment Dates will be set forth in the applicable prospectus supplement or pricing supplement for the Fixed Rate Note. Each payment of interest in respect of an Interest Payment Date will include interest accrued to but excluding such Interest Payment Date.

Floating Rate Notes

Each Floating Rate Note will bear interest from its original issue date at rates described in the Floating Rate Note and specified in the applicable prospectus supplement or pricing supplement.

The rate of interest on each Floating Rate Note will be reset monthly, quarterly, or as otherwise specified in the Floating Rate Note and applicable prospectus supplement or pricing supplement. Interest on each Floating Rate Note will be payable monthly, quarterly or as otherwise specified in the Floating Rate Note and applicable prospectus supplement or pricing supplement. Unless otherwise specified in the Floating Rate Note and applicable prospectus supplement or pricing supplement, the Company will be the calculation agent with respect to the Floating Rate Notes. Upon request of the holder of any Floating Rate Note, the Company will provide the interest rate then in effect.

Payment of Interest and Principal

Interest on each interest bearing Note will be payable on such periodic basis or at maturity and on such date or dates as may be agreed upon by the Company and the purchaser of the Note. Payments of interest on each interest bearing Definitive Note will be made by cheque payable on the interest payment date and mailed to the address of, or if so directed by the holder, funds representing the interest payable will be forwarded by electronic funds transfer on the interest payment date to the account of, the holder appearing on the registers maintained by BNY Trust Company of Canada, as registrar and transfer agent (the "Transfer Agent", which term shall include such other registrar or transfer agent as may from time to time be appointed by the Company) at the close of business in the City of Toronto on the tenth business day (with "business day" being a day other than Saturday, Sunday, or a day on which financial institutions in Toronto, Ontario are authorized or obligated by law or regulation to close) prior to the interest payment date or such other day specified to the Trustee by the Company and reflected in a Supplemental Indenture for a particular series of Notes. Payment of principal will be made at any branch in Canada of the bank designated in a Definitive Note against surrender of the Note.

Payment of interest and principal on each Global Note will be made to the Depository or the Nominee, as the case may be, as the registered holder of the Global Note. Interest payments on Global Notes will be made by wire transfer no later than the date interest is payable. Principal payments on Global Notes will be made by wire transfer on the maturity date delivered to the Depository or the Nominee, as the case may be, at maturity against receipt of the Global Note. As long as the Depository or the Nominee is the registered owner of a Global Note, the Depository or the Nominee, as the case may be,

will be considered the sole owner of the Global Note for the purposes of receiving payment on the Note and for all other purposes under the Trust Indenture and the Note.

The Company expects that the Depository or Nominee, upon receipt of any payment of principal or interest in respect of a Global Note, will credit participants' accounts, on the date principal or interest is payable, with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of the Depository or the Nominee. The Company also expects that such payments of principal and interest by participants to the owners of beneficial interests in such Global Note held through such participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such participants. The responsibility and liability of the Company and the Trustee in respect of Notes represented by Global Notes is limited to making payment of any principal and interest due on such Global Notes to the Depository or the Nominee.

Payments of interest and principal will be made in the currency in which the Note is denominated unless otherwise specified in the applicable prospectus supplement or pricing supplement.

If the payment date for any amount of principal or interest on any Note is not, at the place of payment, a business day such payment will be made on the next business day and the holder of such Note shall not be entitled to any further interest or other payment in respect of such delay.

Transfers

The registered holder of a Definitive Note may transfer such Note upon payment of taxes incidental thereto, if any, by executing the form of transfer provided on the reverse side of the Note and surrendering the Note to the Transfer Agent at its principal office in the City of Toronto, upon which one or more new Definitive Notes will be issued in authorized denominations in the same aggregate principal amount as the Note so transferred, registered in the name or names of the transferee or transferees.

Transfers of beneficial ownership in Notes represented by Global Notes will be effected through records maintained by the Depository for such Global Notes or the Nominee (with respect to the interest of participants) and on the records of participants (with respect to the interest of beneficial owners other than participants). Beneficial owners of an interest in a Note represented by a Global Note who are not participants in the Depository's book-entry system, but who desire to purchase, sell or otherwise transfer ownership of or other interests in Global Notes, may do so only through participants in the Depository's book-entry system. A purchaser's interest in a Note represented by a Global Note will only be exchangeable for Definitive Notes in the limited circumstances set forth under the heading "Global Notes" above and in accordance with the procedures established by the Depository or the Nominee.

The ability of a beneficial owner of an interest in a Note represented by a Global Note to pledge the Note or otherwise take action with respect to such owner's interest therein other than through a participant may be limited due to the lack of a physical certificate.

No transfer of a Note will be registered during the 10 business days immediately preceding any date fixed for payment of interest on such Note or payment of the principal amount thereof.

PLAN OF DISTRIBUTION

Pursuant to the terms of a dealer agreement dated [■], 2017 (the "Dealer Agreement"), the Notes may be offered for sale severally and on a continuous basis by one or more of the Dealers, in each case,

acting as agent of the Company or as principal. Where the Notes are offered by the Dealer(s) as agent(s), the commissions payable by the Company in connection with sales of such Notes shall be agreed from time to time between the Company and any such Dealer(s). Where the Notes are purchased by the Dealer(s) as principal, the Notes shall be purchased at such prices and with such commissions as may be agreed from time to time between the Company and any such Dealer(s) for resale to the public at prices to be negotiated with each purchaser. Such resale prices may vary during the distribution period and as between purchasers. Each Dealer's compensation will increase or decrease by the amount by which the aggregate price paid for Notes by purchasers exceeds or is less than the price paid by the Dealer, when purchasing as principal, to the Company. The commissions payable in connection with sales of Notes will be set forth in a prospectus supplement or pricing supplement which will be delivered to purchasers together with this prospectus. The Company may also offer the Notes directly to potential purchasers pursuant to applicable statutory exemptions at prices and upon terms negotiated between the purchaser and the Company, in which case no commissions will be paid to the Dealers.

The obligations of a Dealer under the Dealer Agreement to purchase any particular issue of Notes as principal may be terminated at its discretion upon the occurrence of certain stated events. Such events are set out in detail in the Dealer Agreement and include, but are not limited to: (i) an event which prevents or restricts the trading in the Notes or any other securities of the Company or the distribution of the Notes; (ii) the occurrence of any material change in the business, affairs, operations, assets, liabilities (contingent or otherwise), capital or ownership of OPG taken as a whole; (iii) a public announcement by DBRS or S&P that it has placed under surveillance or review, with possible negative or uncertain implications, its rating of any debt securities of the Company; and (iv) certain downgrades of the ratings assigned by S&P and DBRS to the long-term debt securities of the Company. In addition, the Company has agreed under the terms of the Dealer Agreement to reimburse the Dealers for certain expenses and to indemnify the Dealers against certain liabilities.

The Company and, if applicable, the Dealers, may reject any offer to purchase the Notes in whole or in part. The Company also reserves the right to withdraw, cancel or modify the offering of the Notes under this prospectus without notice.

In connection with any offering of Notes, the Dealers may over-allot or effect transactions which stabilize or maintain the market price of the Notes offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. In addition, the Dealers may from time to time purchase and sell the Notes in the secondary market but are not obliged to do so. Unless otherwise indicated in a prospectus supplement or pricing supplement, there is no market through which Notes may be resold and purchasers may not be able to resell Notes purchased under this short form prospectus. There can be no assurance that there will be a secondary market for the Notes. The offering price and other terms for such sales in the secondary market may, from time to time, be varied by the Dealers.

The offering of Notes hereunder is directed only to residents of the provinces of Canada and in the United States in certain transactions exempt from the provisions of the United States Securities Act of 1933, as amended (the "Securities Act"). The Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States except to "qualified institutional buyers" in reliance upon Rule 144A under the Securities Act. In addition, until 40 days after the commencement of the offering of an issue of Notes, an offer or sale of that issue within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an exemption under the Securities Act.

Certain of the Dealers may be subsidiaries or affiliates of lenders (the "Lenders") to the Company or its subsidiaries, now or in the future. Proceeds from the sale of particular series or issues of Notes in which such Dealers are acting as principals or Dealer may be used to repay indebtedness owing to one or more of the Lenders. Consequently, if and when there is outstanding indebtedness to any of the Lenders, the Company may be considered a connected issuer of those Dealers who are affiliates of such Lenders for purposes of the securities laws of certain Canadian provinces. The particulars of any such indebtedness will be included in a prospectus supplement or pricing supplement if applicable to any offering of Notes. The decision to distribute the Notes will be made by the Company and the terms and conditions of distribution will be determined through negotiations between the Company and the Dealers. The Lenders will not have any involvement in such decision or determination. Other than payment of their portion of the commissions, if applicable, or as set forth in the applicable prospectus supplement or pricing supplement, none of the proceeds of such offerings of Notes will be applied, directly or indirectly, for the benefit of the Dealers or their affiliates. See "Use of Proceeds".

USE OF PROCEEDS

The net proceeds from the sale of Notes will be added to the general funds of the Company and, together with funding from other sources, including internally generated funds and other external financings, will be used to finance the Company's working capital requirements, to repay outstanding bank loans (which may include indebtedness owing to one or more of the Lenders), debentures, notes or other Indebtedness, to make advances to subsidiaries of the Company, to finance the Company's capital expenditure program, to make acquisitions and for other general corporate purposes. The Company expects that up to $300 million of the net proceeds from the sale of the Notes during the term of this prospectus may be used to finance a portion of the Company's debt investment in the financing entities associated with the Province's Fair Hydro Plan. See "Recent Developments — Ontario Fair Hydro Plan". Where appropriate, a prospectus supplement or pricing supplement will contain more specific information about the use of proceeds from each sale of Notes. All expenses relating to an offering of Notes, including any compensation paid to the Dealers, will be paid out of the Company's general funds or netted out of the proceeds of the particular offering of Notes. The Company may from time to time issue debt instruments and incur additional Indebtedness otherwise than through the issue of Notes pursuant to this short form prospectus.

PRIOR SALES

The Company has not issued Notes or securities convertible or exchangeable into Notes prior to the date hereof.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

General

The following summary describes the principal Canadian federal income tax considerations generally applicable to a purchaser who acquires Notes, including entitlement to all payments thereunder, as a beneficial owner pursuant to this short form prospectus and who, at all relevant times, for purposes of the application of the Tax Act, deals at arm's length with the Company and each Dealer and holds Notes as capital property (a "Holder"). Generally, Notes will be capital property to a purchaser provided the purchaser does not acquire or hold those Notes in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain purchasers resident in Canada may be entitled to make or may have already made the irrevocable election permitted by subsection 39(4) of the Tax Act the effect of which may be to deem to be capital property any Notes (and all other "Canadian securities", as defined in the Tax Act) owned by such purchasers in the taxation year in which the election is made and in all

subsequent taxation years. Purchasers whose Notes might not otherwise be considered to be capital property should consult their own tax advisors concerning this election.

This summary is based on the current provisions of the Tax Act and on an understanding of the current administrative policies and assessing practices of the Canada Revenue Agency published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Proposed Amendments") and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice whether by legislative, administrative or judicial action nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ from those discussed herein.

Depending upon the terms of any offering of the Notes as set forth in an applicable prospectus supplement or pricing supplement, the Canadian federal income tax considerations applicable to a Holder of the Notes at the time of such offering may be different from those described below. Such considerations may be described more particularly when such Notes are offered (and then only to the extent material) in the prospectus supplement or pricing supplement related thereto. In the event the Canadian federal income tax considerations are described in such prospectus supplement or pricing supplement, the description below will be superseded by the description in the prospectus supplement or pricing supplement to the extent indicated therein.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular purchaser. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, prospective purchasers of Notes should consult their own tax advisors having regard to their own particular circumstances.

Currency Conversion

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of the Notes issued in a non-Canadian currency must be converted into Canadian dollars based on exchange rates as determined in accordance with the Tax Act. The amount of interest required to be included in the income of, and capital gains or capital losses realized by, a Holder may be affected by fluctuations in the applicable exchange rate.

Holders Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the application of the Tax Act, is, or is deemed to be, resident in Canada, is not affiliated with the Company or any Dealer and has not entered into and will not enter into, with respect to the Notes acquired by such Holder, a "derivative forward agreement" as defined in the Tax Act (a "Resident Holder").

This portion of the summary is not applicable to (i) a purchaser an interest in which is a "tax shelter investment", (ii) a purchaser that is, for purposes of certain rules (referred to as the mark-to-market rules) applicable to securities held by financial institutions, a "financial institution", or (iii) a purchaser that reports its "Canadian tax results" in a currency other than Canadian currency, each as defined in the Tax Act. Such purchasers should consult their own tax advisors.

On July 18, 2017, the Minister of Finance (Canada) released a consultation paper that included an announcement of the Government's intention to amend the Tax Act to increase the amount of tax applicable to passive investment income earned through a private corporation. No specific amendments to the Tax Act were proposed in connection with this announcement. Holders that are private Canadian corporations should consult their own tax advisors.

Taxation of Interest and other Amounts

A Resident Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on a Note that accrues or is deemed to accrue to such Resident Holder to the end of that taxation year, or becomes receivable or is received by the Resident Holder before the end of such year, to the extent that such interest was not included in computing the Resident Holder's income for a preceding taxation year.

Any other Resident Holder, including an individual and a trust of which neither a partnership nor a corporation is a beneficiary, will be required to include in computing its income for a taxation year any interest on a Note that is received or receivable by such Resident Holder in that taxation year (depending on the method regularly followed by the Resident Holder in computing its income) to the extent that such interest was not included in computing the Resident Holder's income for a preceding taxation year. Such a Resident Holder may also be required to include in the Resident Holder's income, for any taxation year that includes an "anniversary day" (as defined in the Tax Act) of the Note, any interest, or amount that is considered for the purposes of the Tax Act to be interest, on the Note which accrues to the Resident Holder to the end of such day, to the extent that such interest was not otherwise included in computing the Resident Holder's income for the year or a preceding taxation year. For this purpose, an "anniversary day" means the day that is one year after the day immediately preceding the date of issue of a Note, the day that occurs at every successive one year interval from that day and the day on which a Note is disposed of.

Where a Resident Holder is required to include an amount on account of interest on a Note that accrued in respect of the period prior to its date of acquisition, the Resident Holder will be entitled to a deduction in computing income of an equivalent amount. The adjusted cost base to the Resident Holder of the Note will be reduced by the amount which is so deducted.

Any amount paid by the Company to a Resident Holder as a premium, penalty or bonus because of early repayment of all or part of the principal amount of a Note before its maturity will be deemed to be received by the Resident Holder as interest on the Note at that time and will be required to be included in computing the Resident Holder's income as described above, to the extent such amount can reasonably be considered to relate to, and does not exceed the value at the time of payment of, interest that, but for the repayment, would have been paid or payable by the Company on the Note for a taxation year of the Company ending after that time.

Disposition of Notes

On a disposition or deemed disposition of a Note, including a redemption, repayment prior to or on maturity or repurchase, a Resident Holder will generally be required to include in computing its income for the taxation year in which the disposition occurs the amount of interest that has accrued, or that has been deemed to have accrued, on the Note to that time except to the extent that such amount has otherwise been included in the Resident Holder's income for the year or a preceding taxation year.

Generally, on a disposition or deemed disposition of a Note, including a redemption, payment on maturity or purchase for cancellation, a Resident Holder will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any amount included in the Resident Holder's income as interest (as described above) and any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Holder of the Note immediately before the disposition or deemed disposition. Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "taxable capital gain") realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an "allowable capital loss") realized in a taxation year from taxable capital gains realized by the Resident Holder in the year and allowable capital losses in excess of taxable capital gains for the year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years.

Additional Refundable Tax

A Resident Holder that is, throughout its taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be subject to pay a refundable tax on its "aggregate investment income" (as defined in the Tax Act), including amounts in respect of taxable capital gains and interest.

Alternative Minimum Tax

Individuals (other than certain trusts) may be subject to an alternative minimum tax under the Tax Act in respect of net capital gains realized by them.

Holders Not Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the application of the Tax Act (1) is not, and is not deemed to be, resident in Canada, and (2) does not use or hold the Notes in a business carried on or deemed to be carried on in Canada (a "Non-Resident Holder"). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer that carries on an insurance business in Canada and elsewhere or is an "authorized foreign bank" as defined in the Tax Act.

This portion of the summary is not applicable to a Non-Resident Holder that is a "specified shareholder" (as defined in subsection 18(5) the Tax Act) of the Company or that does not deal at arm's length for purposes of the Tax Act with a "specified shareholder" of the Company. Generally, for this purpose, a "specified shareholder" is a shareholder that owns or is deemed to own, either alone or together with persons with which the shareholder does not deal at arm's length for purposes of the Tax Act, shares of the Company's capital stock that either (i) give such shareholders 25% or more of the votes that could be cast at an annual meeting of the shareholders or (ii) have a fair market value of 25% or more of the fair market value of all of the issued and outstanding shares of the Company's capital stock. Such Non-Resident Holders should consult their own tax advisors.

No Canadian withholding tax will apply to interest, principal or premium paid or credited to a Non-Resident Holder by the Company on a Note or to the proceeds received by a Non-Resident Holder on the disposition of a Note including a redemption, repayment prior to or on maturity or repurchase, unless all or any portion of such interest is contingent or dependent on the use of or production from property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any other similar criterion or by reference to dividends paid or payable to shareholders of any class or series

of shares of the capital stock of a corporation (the "Participating Debt Interest"). The interest on Fixed Rate Notes, and on Floating Rate Notes in respect of which the payment of interest is determined by reference to published rates of a central banking authority or one or more financial institutions, or to recognized market benchmark interest rates or to interest rates on Government of Canada bonds is not Participating Debt Interest and, as such, no Canadian withholding tax will apply to interest paid or credited or deemed to be paid or credited on such Notes.

Generally, no other Canadian federal taxes on income or gains will be payable by a Non-Resident Holder on interest, principal or premium paid or credited to a Non-Resident Holder by the Company on a Note or on the proceeds received by a Non-Resident Holder on the disposition of a Note including a redemption, repayment prior to or on maturity or repurchase.

RISK FACTORS

In addition to the other information contained and incorporated by reference in this short form prospectus, a purchaser should consult its own financial and legal advisors and should carefully consider the following risk factors before investing in the Notes. Notes will not be an appropriate investment for a purchaser if the purchaser does not understand the terms of the Notes or financial matters in general. A purchaser should not purchase Notes unless the purchaser understands, and can bear, all of the investment risks involving the Notes. For a discussion of the risks to which the Company's business and industry are subject, please see the section entitled "Risk Factors" in the Company's annual information form, and the section entitled "Risk Management" in the Company's annual MD&A. In addition to those risks, an investment in the Notes is subject to the following additional risks:

Rank of Notes and Corporate Structure

The Notes will be direct unsecured obligations of the Company and will rank *pari passu* with all other unsecured and unsubordinated indebtedness of the Company from time to time outstanding, including, but not limited to, indebtedness of the Company under its $1 billion bank credit facility provided by a syndicate of lenders, an aggregate amount of approximately $3.3 billion senior notes payable to the Ontario Electricity Financial Corporation, and its $700 million general corporate credit facility provided by Ontario Electricity Financial Corporation, each as described in Notes 6 and 7 of the Company's financial statements as at and for the fiscal year ended December 31, 2016, its commercial paper program and Notes of every other series issued pursuant to the Trust Indenture. A default by the Company under the Trust Indenture will constitute an event of default under these credit facilities and Notes. There can be no assurance that sufficient funds would be available to the Company at the time of any such default to make any required payment under the Notes.

A significant portion of the Company's assets are owned on by its subsidiaries. The Company's ability to meet its financial obligations will depend, in part, upon the receipt of interest and principal, management fees, cash dividends and other payments from its subsidiaries, together with funds generated from the Company's operations and proceeds raised by the Company through the issuance of debt. The payment of dividends and the making of loans, advances and other payments to the Company by its subsidiaries may be subject to statutory or contractual restrictions, will depend on the earnings of the subsidiaries and will be subject to various business and other considerations.

The Company's subsidiaries are separate legal entities and have no legal obligation, contingent or otherwise, to pay any amount due under the Notes or to make any amounts available to the Company, whether by dividends, interest, loans or other payments. In addition, these subsidiaries have not guaranteed the Notes. Therefore, the Notes will be effectively subordinated to the current and future liabilities, including trade payables and other indebtedness, of the Company's subsidiaries. The creditors

of those subsidiaries will have the right to be paid before payment on the Notes from any cash received or held by those subsidiaries. In the event of any bankruptcy, dissolution, liquidation or reorganization of one of those subsidiaries, following payment by the subsidiary of its liabilities, the subsidiary may not have sufficient assets to make payments to the Company in its capacity as an equity holder of such subsidiary.

There May Be No Trading Market for the Notes and if One Develops, the Notes May Be Subject to Trading Price Fluctuations

The Notes are new issues of securities for which, unless otherwise indicated in a prospectus supplement or pricing supplement, there is no existing trading market. The Company cannot predict whether any active trading market will develop for the Notes, even if the Notes are listed on a stock exchange.

Even if an active trading market develops for the Notes, the Notes could trade at prices that may be higher or lower than their initial offering prices, depending on many factors, including prevailing interest rates, the Company's results of operations and financial position, the ratings assigned to the Notes and the Company's other debt securities, and the markets for similar debt securities.

If a holder of Notes sells any Notes before their maturity, such holder may have to do so at a substantial discount from the issue price, and as a result such holder may suffer substantial losses.

Additional Debt Financing May be Required

The Company expects to borrow to repay the Notes when required to do so under the terms of the Notes and to fund capital expenditures. The Company's ability to arrange sufficient and cost-effective debt financing could be adversely affected by a number of factors, including financial market conditions, the regulatory environment in Ontario, the Company's results of operations and financial condition, the ratings assigned to the Company and its debt securities by credit rating agencies, the current timing of debt maturities and general economic conditions.

Shareholder Direction

The Province owns all of the Company's issued and outstanding common shares. Accordingly, the Province has the authority to make appointments to the Company's board of directors and is able to influence major corporate and business decisions. The Company is a party to a memorandum of agreement with the Province (the "MOA"), which serves as the basis of agreement between the Company and the Province regarding the Company's mandate, governance, performance and communications, and establishes accountabilities between OPG and the Province. OPG's strategic imperatives are based on the Company's mandate as set out in the MOA. In addition, the Province has in the past, and may from time to time, provide shareholder directives to the Company that can directly influence major decisions, including those related to project development, timing and strategy of applications for regulated prices, asset divestitures, financing and capital structure. Any such directives could require the Company to undertake activities that result in increased expenditures, that reduce revenues or cash flows or that increase the Company's financial or reputational risk exposure, relative to the business activities or strategies that would have otherwise been undertaken. Conflicts of interest may also arise between the Company and the Province as a result of the Province's broader governmental responsibilities and policy-making objectives (including energy regulatory and environmental matters and the Province's initiatives to mitigate the impact of rising electricity prices on consumers) and the Province's financial interests in dividend or proxy tax payments. There can be no assurance that any potential conflict of interest between the Company and the Province will be resolved on terms satisfactory to the Company, which could have

an adverse effect on the Company and its business. Additional information concerning the Company's relationship with the Province is included in the AIF under the section "Interest of Management and Others in Material Transactions – Relationship with the Province and the OEFC".

Investors May Be Subject to the Risk of Exchange Rate Fluctuations

An investment in Notes that are denominated or payable in a currency other than the functional currency of the investor entails significant risks that are not associated with a similar investment in a security denominated in the functional currency of the investor. Such risks include, without limitation, the possibility of significant changes in rates of exchange between the two currencies, the possibility of the imposition or modification of foreign exchange controls in respect of one or both of the currencies, and potential illiquidity in the secondary market. These risks generally depend on circumstances over which the Company has no control including political events, government policy and macroeconomic conditions. These risks will vary depending upon the currency or currencies involved and, where appropriate, will be more fully described in a prospectus supplement or pricing supplement.

In certain circumstances, investors may receive payments in currencies other than the currency in which the Notes are denominated. This may subject investors to exchange rate risk in respect of the conversion of principal and interest payments on the Notes from the currency in which the Notes are denominated to the currency of the payment which they receive, and they may also bear any costs of conversion incurred in connection therewith. For example, to the extent the Company makes a series of Notes eligible with DTC, investors who hold such Notes through DTC where CDS acts as Depository and who do not elect to receive principal and interest payments in Canadian dollars will be subject to exchange rate risk in respect of the conversion of Canadian dollar principal and interest payments to U.S. dollars, and will also bear any costs of conversion incurred in connection therewith.

The Notes will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. A judgment by a Canadian court relating to any Note may be awarded only in Canadian currency and such judgment may be based on a rate of exchange in existence on a day other than the day of payment.

This short form prospectus does not describe all the risks of an investment in the Notes denominated or payable in a currency other than an investor's functional currency, and prospective investors should consult their own financial and legal advisor as to the risks entailed with respect thereto. Notes denominated in currencies other than an investor's functional currency are not appropriate investments for investors who are unfamiliar with foreign currency transactions.

Changes in Interest Rates Will Affect the Market Price or Value of the Notes

Generally, the market price or value of the Notes will decline as prevailing interest rates for comparable debt instruments rise, and increase as prevailing interest rates for comparable debt instruments decline. Fluctuations in interest rates may also impact borrowing costs of the Company which may adversely affect its creditworthiness. It is impossible to predict whether interest rates will rise or fall.

Changes in Creditworthiness or Credit Ratings May Affect the Market Price or Value of the Notes

The perceived creditworthiness of the Company and changes in credit ratings of the Notes may affect the market price or value and the liquidity of the Notes. In addition, negative changes in the Company's credit rating may affect the credit ratings of the Notes.

Floating Rate Notes Are, By Their Nature, Uncertain

Investments in Floating Rate Notes entail risks not associated with investments in Fixed Rate Notes. The resetting of the applicable rate on a Floating Rate Note may result in a lower interest rate as compared to a Fixed Rate Note issued at the same time. The applicable rate on a Floating Rate Note will fluctuate in accordance with fluctuations in the instrument or obligation or other measure on which the applicable rate is based, which in turn may fluctuate and be affected by a number of interrelated factors, including economic, financial and political events over which the Company has no control.

The Notes May Be Subject to Early Redemption

Depending on the terms of the Notes, the Company may have the right to redeem them, or the Notes may be automatically redeemable under some circumstances. If the Notes are redeemed, depending on the market conditions at the time of redemption, a holder of Notes may not be able to reinvest the redemption proceeds in a security with a comparable return.

LEGAL MATTERS

Certain legal matters in connection with any offering hereunder will be passed upon by Torys LLP for the Company and by Blake, Cassels & Graydon LLP for the Dealers. The partners and associates of Torys LLP and Blake, Cassels & Graydon LLP beneficially own, directly or indirectly, less than one percent of the securities of the Company or any associate or affiliate of the Company.

AUDITORS, REGISTRAR AND TRANSFER AGENT

The external auditor of the Company is Ernst & Young LLP, Chartered Professional Accountants, located at 222 Bay Street, P.O. Box 251, Toronto, Ontario M5K 1J7. Ernst & Young LLP has been the Company's auditors since OPG was formed in 1999, and is independent in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

Registers for the registration and transfer of the Notes issued in registered form are kept at the principal offices of the Transfer Agent in the City of Toronto.

PURCHASERS' STATUTORY AND CONTRACTUAL RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

AGENT FOR SERVICE OF PROCESS IN CANADA

William A. Coley, John Herron, Jim Reinsch and James Sheppard, directors of the Company, reside outside of Canada. Messrs. Coley, Herron, Reinsch and Sheppard have appointed Ontario Power Generation Inc., 700 University Avenue, Toronto, Ontario, M5G 1X6, Canada, as agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments

obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

CERTIFICATE OF ONTARIO POWER GENERATION INC.

Dated: August [■], 2017

This short form prospectus, together with the documents incorporated in this short form prospectus by reference, will, as of the date of the last supplement to this short form prospectus relating to the securities offered by this short form prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus and the supplement(s) as required by the securities legislation of all of the provinces of Canada.

(Signed) Jeffrey Lyash
President and Chief Executive Officer

(Signed) Ken Hartwick
Chief Financial Officer and Senior Vice President – Finance

On behalf of the Board of Directors:

(Signed) Bernard Lord
Director

(Signed) George Lewis
Director

CERTIFICATE OF DEALERS

Dated: August [■], 2017

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated in this short form prospectus by reference will, as of the date of the last supplement to this short form prospectus relating to the securities offered by this short form prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus and the supplement(s) as required by the securities legislation of all the provinces of Canada. **[NTD: To updated once syndicate has been confirmed.]**

[BMO Nesbitt Burns Inc.]		**[TD Securities Inc.]**
By: (signed) [■]		By: (signed)[■]
[■]	[■]	[■]
By: (signed) [■]	By: (signed) [■]	By: (signed) [■]
[■]	[■]	[■]
By: (signed) [■]	By: (signed) [■]	By: (signed) [■]

From:	Ken Kandeepan
To:	Scott Nelms (ENERGY)
Cc:	Ronald Kwan; Mike Manning; Carlos Yep
Subject:	OPG Performance fees
Date:	Friday, May 12, 2017 11:24:04 AM

Hi Scott

This issue has come up a couple of times and after discussing with Gadi we felt that you may be able to raise it either directly with OPG or via Energy. As the Financial Services Manager, OPG is proposing a performance fee for itself based beating a benchmark for borrowing costs the Trust incurs in presumably the 51% it seeks to borrow from the capital markets.

OPG argues that the latter of the two fundamental principles, “Power” and “Profit” allowing the Trust to be consolidated with OPG requires the implementation of a performance fee structure. The counter argument is that OPG already has access to profit, by virtue of its position as the funding entity for 44% of the debt incurred by the Trust. OPG uses the funds it receives from the Province’s equity injection, for which it pays no interest, for this purpose.

Upon consolidation with the Trust, OPG’s interest income will therefore increase by the amount of the interest the Trust receives on 44% of its overall debt, a relatively risk free profit source, at least over the duration of the Fair Hydro Plan. While the use of a benchmark is appropriate and contributes to an efficient borrowing program, any performance fees arising from beating the benchmark will effectively be funded by the ratepayers, by increasing the investment asset and the associated debt to be repaid by ratepayers.

Mike and I will be happy to provide any further technical assistance that you may require as you raise this issue.

Thanks

Ken k

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Thanks

Ken k

From: Egberts, Adam
To: "john.s.lee@opg.com"; "OPG - Treasury Group,"; "richard.wong@opg.com"; Mike Manning; "Sheen.Liu@opg.com"; Kevin Shvarts; Linda Smith; "ken.ryfa@opg.com"; Brett Kichiy; "j.hahnparker@opg.com"; "matthew.go@opg.com"; "ken.hartwick@opg.com"
Cc: Brown, Rob; Egberts, Adam; Wetmore, Jamie; Schoroth, Joseph; Murray, Tim
Subject: OPG Weekly Pricing
Date: Monday, June 12, 2017 8:06:14 PM
Attachments: image003.png
image004.png
image005.png
image006.png
image007.png
header.htm
17-06-12 New Issue Summary.pdf
17-06-12 Lower Mattagamy Energy LP Pricing.pdf
17-06-12 OPG Weekly Pricing - vRBC.xls

RBC Capital Markets

Canadian Debt Capital Markets

DCM Weekly Market Update

Monday, 12 June 2017

The Canadian corporate primary market was active last week with C$3.0 billion priced across five investment grade transactions with activity in various sectors. Despite significant supply over the last few weeks, investor appetite continues to be very robust with new issue concessions still flat to low-single-digits, relatively low fill rates and most deals oversubscribed by approximately 2-3 times. Highlighting last week's supply, Enbridge Inc. priced a C$1.2 billion three-tranche offering that was upsized on the back of strong demand, following an opportunistic reverse-inquiry driven transaction a few weeks prior. In addition, RBC acted as a bookrunner on two transactions including Saputo Inc.'s C$300 million 5-year senior unsecured notes, and Caterpillar's C$150 million 3-year offering, both of which priced at the tight end of guidance. In the securitization space, Merrill Lynch Canada's C$1.1 billion MBS transaction represented Merrill Lynch Canada's third deal of the year. On the marketing front, RBC hosted fixed income investor updates for Toronto Hydro as well as its annual C$ High Yield Forum in Toronto which was well attended by issuers and investors. Looking forward, market tone in the credit markets remains constructive as new issues continue to attract notable investor interest.

Away from new issues, the secondary market was active on the back of the new corporate supply. Deposit notes remained topical on the week with a net buying bias, while retail and telco paper traded two-way through the week. NVCC was also active throughout the week on the back of news that NVCC bonds will become eligible for the FTSE TMX Canada Universe Bond index effective July 1st. On the week, corporate credit spreads closed marginally tighter by 1 bp.

Governments were active this week with 3 domestic transactions for C$1.3 billion and one offshore issue for EUR €1.5 billion. On the provincial front Alberta completed a C$900 million re-opening of its December 2048 maturity with RBC as lead, and New Brunswick printed a C$300 million 10-year offering. In municipals Regional Municipality of Waterloo completed a C$45 million 1-20 year serial marking the issuer's return to market following its C$104.55 million serial in September 2016. Outside of the domestic market, Ontario printed a EUR €1.5 billion 7-year offering with RBC as joint lead, marking the Province's return to the Euro market since January 2015. The transaction enjoyed broad distribution and strong investor demand with books in excess of €2.2 billion. In secondaries provincial bonds experienced net better selling while there was net buying in CMBs. Spreads ended the week 0.5-1bp wider in provincials, while CMBs were 0.5-1bp tighter in 5-years

and 1bp wider in 10-years.

EQUITY MARKET UPDATE

North American equity markets finished the week mixed on both sides of the border. A risk-off tone early in the week dominated as markets awaited former-FBI Director James Comey's testimony, the European Central Bank rate decision and the results of the U.K. election. U.S. indices reached intraday records led by financials as markets shrugged off the surprise result of the U.K. general election with the U.K. Conservatives losing majority. The Dow Jones and S&P 500 finished the week +0.3% and -0.3% respectively. NASDAQ was down 1.6% driven by a short seller's comments and a cautious note from Goldman Sachs Group with regard to the technology sector. North of the border, the TSX inched 0.2% higher as gains in healthcare and financials offset weaker oil prices. In commodities, oil fell $1.83 to $45.83 driven by rising stockpiles in the U.S. and Nigeria countering OPEC's production cut. In addition, gold fell $12.41 to $1,266.76 despite Brexit uncertainty continuing to loom, while the Canadian dollar appreciated 0.1% against the greenback to end the week at 1.3470.

Market Highlights

Index	Level		1 Week Δ
S&P/TSX	15,473	▲	0.2%
DJA	21,272	▲	0.3%
S&P 500	2,432	▼	0.3%
NASDAQ	6,208	▼	1.6%
Oil	$45.83	▼	$1.83
Gold	$1,266.76	▼	$12.41
USDCAD	1.3470	▼	0.1%

CANADIAN NEW ISSUES

Corporates

Mon, June 5 – Caterpillar Financial Services Limited (A/-/A) – C$150 million 1.50% 3-year offering at GoC +75bps

Tues, June 6 – Enbridge Inc. (BBB(H)/Baa2/BBB+) – C$1.2 billion three-tranche offering comprised of C$450 million 3.19% 5Dec22 re-opening at GoC +140bps, a C$450 million new 3.20% 10-year at GoC+180bps, and a $300 million 4.57% 11Mar44 re-opening at GoC +230bps

Tues, June 6 – Chartwell Retirement Residences (BBB(L)/-/-) – C$200 million 3.786% 6.5-year offering at GoC +270bps

Wed, June 7 – Saputo Inc. (A(L)/A3/-) – C$300 million 1.939% 5-year offering at GoC +99bps

Wed, June 7 – Merrill Lynch Canada Inc. (AAA/Aaa/AAA) – C$1.1 billion 1.42% 5-year NHA MBS offering at GoC +62bps

Governments

Mon, June 6 – Regional Municipality of Waterloo (-/Aaa/-) – C$45 million 1-20 year serial offering

Wed, June 7 – Province of Alberta (AA(H)/Aa1/A+) – C$900 million 3.050% 32-year at GoC +96.0bps

Fri, June 9 – Province of New Brunswick (A(H)/Aa2/A+) – C$300 million 2.35% 10-year at GoC +89.5bps

NORTH AMERICAN RATES UPDATE

North American bond yields ended the week higher as the risk-off tone faded by the end of the week. Following a mildly dovish ECB statement and James Comey's testimony that ultimately had little market impact, rates were driven by the healthy fundamentals in the U.S. The market is now expecting a rate hike at the next FOMC meeting on June 14 with the probability currently standing at ~96%. This week's FOMC statement is expected to emphasize the overall health of the labour market, despite the headline "miss" in the latest payroll report, and the resilient state of household balance sheets, which should support consumption moving forward. Over the week, the US Treasury curve shifted higher 4-5bps across the curve. In Canada, the BoC conceded that the recent string of better job figures (+276k jobs in the past year) and firmer labour income growth (+3.0% y/y) have provided a "buffer" in facing a possible housing downturn. The GoC curve flattened as yields moved 3-5bps in the short-end, and moved 2bps in the belly and the long-end. Looking ahead, the market will be watching the Fed closely, in particular Chair Yellen's upcoming press

conference.

GoC

Term	Yield (%)	1 Week Δ (bps)
2yr	0.74%	▲ 5
5yr	0.96%	▲ 3
10yr	1.42%	▲ 2
30yr	2.03%	▲ 2

UST

Term	Yield (%)	1 Week Δ (bps)
2yr	1.33%	▲ 5
5yr	1.77%	▲ 5
10yr	2.20%	▲ 4
30yr	2.86%	▲ 5

MARKET IMPLIED BOC RATES

Market Implied Rates

Meeting	Implied Rate
July 12, 2017	0.5175
September 6, 2017	0.5325
October 25, 2017	0.5425

SWAPS

The Canadian swap market was volatile over the course of last week as geopolitical risks, uncertainty surrounding Former FBI Director Comey's testimony, central bank commentary and weak crude prices influenced sentiment. Despite risk-off tone in North American equity markets, government bond yields increased 2-5 bps across the curve with a flattening bias which spurred mixed paying and receiving flows. Overall on the week, 2-, 5- and 10-year swap spreads tightened 1.5 bps, 0.75 bps and 0.5 bps, respectively, while the 30-year tenor widened 0.75 bps on the back of better paying interest from duration sensitive investors. The BA/LIBOR basis curve tightened 0.25 bp -1.75 bps on the back of increased cross border flows.

Swaps

Swaps	Spread (bps)	1 Week Δ(bps)
2yr	32.75	▼ 1.50
3yr	35.75	▼ 0.75
5yr	37.25	▼ 0.50
7yr	34.75	▼ 0.25
10yr	31.00	▼ 0.25
30yr	16.25	▲ 0.75

LOOKING AHEAD

Date	Release	Survey	Prior
Canadian Economic Data			
Thu, Jun 15	Manufacturing Sales MoM	--	1.0%
Thu, Jun 15	Existing Home Sales MoM	--	-1.7%
Fri, Jun 16	Int'l Securities Transactions	--	15.13b
US Economic Data			
Tue, Jun 13	PPI Final Demand MoM	0.0%	0.5%
Wed, Jun 14	MBA Mortgage Applications	--	7.1%
Wed, Jun 14	CPI MoM	0.0%	0.2%
Wed, Jun 14	Retail Sales Advance MoM	0.1%	0.4%
Wed, Jun 14	FOMC Rate Decision (Lower Bound)	1.00%	0.75%
Thu, Jun 15	Initial Jobless Claims	243k	245k
Thu, Jun 15	Industrial Production MoM	0.2%	1.0%
Fri, Jun 16	Housing Starts	1218k	1172k
Fri, Jun 16	U. of Mich. Sentiment	97.1	97.1
International Economic Data			
Tue, Jun 13	UK CPI YoY	2.7%	2.7%
Tue, Jun 13	UK CPI MoM	0.2%	0.5%
Wed, Jun 14	GER CPI YoY	1.5%	1.5%
Wed, Jun 14	GER CPI MoM	-0.2%	-0.2%
Wed, Jun 14	UK Jobless Claims Change	--	19.4k
Thu, Jun 15	FR CPI YoY	0.8%	0.8%
Thu, Jun 15	Bank of England Bank Rate	0.25%	0.25%

SELECTED COMPANIES REPORTING THIS WEEK

Canada

North West Co Inc, Dominion Diamond Corp, Evertz Technologies Ltd

US

Kroger Co, Jabil Inc, H&R Block Inc, John Wiley & Sons Inc, Finisar Corp

Regards,

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RBC Capital Markets®

NEW ISSUE SUMMARY May 29 - June 2, 2017

CORPORATE NEW ISSUANCE

Issuer	Price Date	Ratings D / M / S	Size (CAD)	Maturity	Coupon (%)	Spread (bps)	Lead Dealer(s)
Saputo Inc	7-Jun-17	A(low)/A3/-	300	13-Jun-22	1.939%	+99	BMO CM/RBC CM
Merrill Lynch Canada Inc.	7-Jun-17	AAA/Aaa/AAA	1,100	1-Jun-22	1.420%	+62.2	BoAML/BMO CM
Enbridge Inc.	6-Jun-17	BBB(high)/Baa2/BBB+	300	11-Mar-44	4.570%	+230	CIBC WM/SCI/TDSI
Enbridge Inc.	6-Jun-17	BBB(high)/Baa2/BBB+	450	8-Jun-27	3.200%	+180	CIBC WM/SCI/TDSI
Enbridge Inc.	6-Jun-17	BBB(high)/Baa2/BBB+	450	5-Dec-22	3.190%	+140	CIBC WM/SCI/TDSI
Chartwell Retirement Residences	6-Jun-17	BBB(low)/-/-	200	11-Dec-23	3.786%	+270	CIBC WM
Caterpillar Financial Services Limited	5-Jun-17	A/-/A	150	8-Jun-20	1.500%	+77	TDSI/RBC CM
			2,950 MM				

GOVERNMENT NEW ISSUANCE

Issuer	Price Date	Ratings D / M / S	Size (CAD)	Maturity	Coupon (%)	Spread (bps)	Lead Dealer(s)
Province of New Brunswick	9-Jun-17	A(H)/Aa2/A+	300	14-Aug-27	2.350%	+89.5	TDSCI
Province of Alberta	7-Jun-17	AA(H)/Aa1/A+	900	1-Dec-48	3.050%	+96	RBC CM
Regional Municipality of Waterloo	6-Jun-17	-/Aaa/-	45	Serial - Various	Various	Various	NBF

TOTAL **1,245 MM**

RBC Capital Markets®

Lower Mattagamy Energy LP

DBRS: A(high) Moody's: A2

C$ New Issue Indicative Pricing as at: June 12, 2017

Term	2 Year	3 Year	5 Year	7 Year	10 Year	30 Year
Canada Bond Benchmark	Interp (0.75% 1MAY19 & 1.75% 1SEP19)	Interp (3.5% 1JUN20 & 0.75% 1SEP20)	Interp (2.75% 1JUN22 & 1% 1SEP22)	Interp (2.5% 1JUN24 & 2.25% 1JUN25)	Interp (1% 1JUN27 & 5.75% 1JUN29)	2.75% 1DEC48
Canada Yield (Bid)	0.750%	0.810%	0.985%	1.152%	1.428%	2.037%
Credit Spread (bps)	**53**	**61**	**73**	**85**	**100**	**140**
Offering Yield	1.280%	1.420%	1.715%	2.002%	2.428%	3.437%
Re-Offer Spread to BAs	**21**	**28**	**39**	**52**	**70**	**126**
Re-Offer Spread to USD LIBOR	**45**	**48**	**52**	**59**	**72**	**133**

Hedging future GoC levels with Bond Rate-Lock

Bond Benchmark	CAN 0.75% 1MAY19	CAN 3.5% 1JUN20	CAN 2.75% 1JUN22	CAN 2.5% 1JUN24	CAN 1% 1JUN27	CAN 2.75% 1DEC48
Spot Level	0.744%	0.804%	0.981%	1.150%	1.425%	2.037%
For 3 months to 12-Sep-17	0.885% (+14 bps)	0.891% (+9 bps)	1.035% (+5 bps)	1.197% (+5 bps)	1.465% (+4 bps)	2.059% (+2 bps)
For 6 months to 12-Dec-17	1.132% (+39 bps)	1.021% (+22 bps)	1.106% (+12 bps)	1.254% (+10 bps)	1.511% (+9 bps)	2.083% (+5 bps)
For 12 months to 13-Jun-18	2.804% (+206 bps)	1.518% (+71 bps)	1.306% (+32 bps)	1.402% (+25 bps)	1.623% (+20 bps)	2.136% (+10 bps)

Selected Secondary Trading Comparables

					Bid Spread	
Issue	Amount (C$MM)	Benchmark	Remaining Term (Maturity / Par Call)	Price (Maturity / Par Call)	vs. Bond	vs. Curve
2.228% due 23-Oct-17	200	CAN 1 1/2 09/01/17	0.4 / -	$100.42 (M)	43	41
4.331% due 18-May-21	225	CAN 3 1/4 06/01/21	3.9 / -	$109.93 (M)	72	72
3.416% due 20-Jun-24	200	CAN 2 1/2 06/01/24	7.0 / -	$108.79 (M)	84	84
2.307% due 21-Oct-26	220	CAN 1 1/2 06/01/26	9.4 / -	$99.65 (M)	96	92
5.139% due 18-May-41	250	CAN 2 3/4 12/01/48	23.9 / -	$126.80 (M)	140	140
4.944% due 21-Sep-43	200	CAN 2 3/4 12/01/48	26.3 / -	$126.65 (M)	140	-
4.176% due 23-Feb-46	275	CAN 2 3/4 12/01/48	28.7 / -	$112.58 (M)	140	-
4.175% due 23-Apr-52	225	CAN 2 3/4 12/01/48	34.9 / -	$111.17 (M)	153	-

Pricing is indicative and subject to market conditions

Swapped equivalent levels and Rate Locks are for illustration purposes only and do not include cost of credit

Bank Name	RBC
Date	12/6/2017

Indicative OPG New Issue Spreads	Current			Week over Week		
	30-Year	10-Year	5-Year	30-year	10-year	5-year
Benchmark Canada Bond Maturity	1-Dec-48	1-Jun-27	1-Jun-22			
Benchmark Canada Bond Coupon	2.75%	1.00%	2.75%			
Benchmark Yield	2.04%	1.43%	0.98%	0.01%	0.01%	0.03%
Curve Adjustment (bp)	0.0	0.3	0.4	-	0.20	0.300
Spread to GoC Curve (bp)	**162.0**	**117.0**	**90.0**	-	-	-
Re-Offered Yield	3.66%	2.60%	1.89%	0.01%	0.01%	0.03%
Commission (bp)	2.8	4.6	7.4	0.0	0.0	0.0
All-in Yield	**3.68%**	**2.64%**	**1.96%**	**0.01%**	**0.01%**	**0.03%**

Primary Comparable (S&P/Moody's/ DBRS)	Current			Week over Week		
Spread to GoC Curve (bp)	30-year	10-year	5-year	30-year	10-year	5-year
Hydro One (A(H)/A3/A)	140.0	100.0	73.0	0.0	0.0	0.0

Other Comparables (S&P/Moody's/ DBRS)	Current			Week over Week		
Spread to GoC Curve (bp)	30-year	10-year	5-year	30-year	10-year	5-year
TransAlta Corp (BBB/BBB-)		440.0	280.0		0.0	0.0
Nova Scotia Power (A(L)/-/BBB+)	150.0	110.0	83.0	0.0	0.0	0.0
Bruce Power (BBB/Baa2/BBB)	215.0	165.0	118.0	-5.0	-5.0	-2.0
EPCOR (A(L)/-/A-)	142.0	102.0	75.0	0.0	0.0	0.0
FortisBC (A(L)/Baa1/-)	146.0	106.0	79.0	0.0	0.0	0.0
FortisAlberta (A(L)/-/A-)	141.0	101.0	74.0	0.0	0.0	0.0
TCPL (A(L)/A3/A-)	177.0	135.0	90.0	2.0	10.0	5.0

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Cc: Brown, Rob; Egberts, Adam; Wetmore, Jamie; Schoroth, Joseph; Murray, Tim
Subject: OPG Weekly Pricing
Date: Monday, April 24, 2017 7:12:19 PM
Attachments: image003.png
image004.png
image005.png
image006.png
image007.png
header.htm
17-04-24 Lower Mattagamy Energy LP Pricing.pdf
17-04-24 New Issue Summary.pdf
17-04-24 OPG Weekly Pricing - vRBC.xls

Canadian Debt Capital Markets

DCM Weekly Market Update

Monday, 24 April 2017

The Canadian corporate primary market was active last week with 6 transactions priced for ~C$3.1 billion in aggregate proceeds. Supply on the week was well diversified across all of tenor, rating and sector. In the Maple space, Wells Fargo was first on the week with a C$1 billion 5-year senior trade, which was later followed by a Goldman Sachs 6NC5-year fixed/floating senior callable offering, the latter of which was bookrun by RBC. The two bank deals bring total Maple supply this year to C$4.5 billion across 5 transactions, well ahead of the C$1 billion priced during the comparable period in 2016. Also of note, Aéroports de Montréal printed its first issue since June 2015, coming to market with a C$250 million long bond for which RBC acted as a joint bookrunner. In the real estate space, Allied Properties REIT was in the market with a C$200 million 8-year senior offering, while Laurentian Bank priced a ~C$358 million 5-year NHA MBS deal. The high yield sector was active last week absorbing a C$500 million 8NC3-year senior unsecured notes offering from Parkland Fuel Corporation, which follows the company's recently announced acquisition of Chevron Canada Limited's downstream fuel business and capitalizes on constructive tone in the C$ high yield market. Last week's transactions saw strong order book interest, broad investor distribution and competitive pricing that tightened from marketed ranges. Away from primary supply, RBC hosted a well-attended national investor call for Ford Auto Securitization Trust. Good reception of recent new issuance remains indicative of constructive tone in Canadian credit markets as issuers continue to monitor the market for stable funding windows.

Secondary markets were moderately active last week in sympathy with primary market activity. Deposit notes actively traded two-way on the back of new issuance in the financial space, while telcos, long utilities and energy credits also exchanged hands through the week. On the week, corporate credit spreads closed tighter by ~1bp.

In governments, Province of Quebec printed a C$500 million re-opening of its long-dated December 2048s, and Province of New Brunswick issued a C$300 million re-opening of its August 2048 maturity. In the secondary market, flows were moderate through the bulk of the week, with two-way trading seen across the curve. Provincial spreads ended 1bp wider in the belly and long end, while CMBs closed 0.5-1bp tighter.

EQUITY MARKET UPDATE

North American equity indices rallied through the week despite ongoing geopolitical concerns that loom over the market as US President Trump announced his intention to shift his focus to

international trade, domestic tax reform and financial deregulation. US Treasury Secretary Steven Mnuchin stated on Thursday that the Trump Administration was in the midst of producing an ambitious tax plan, mitigating investor concerns that progress on the domestic front was waning. The S&P 500 and Dow Jones indices rose 0.8% and 0.5%, respectively, as upbeat corporate results and improving market tone propelled US stocks higher with industrials and consumer names outperforming. Canadian equities followed US markets higher with the S&P/TSX index registering a gain of 0.5% on the week. In commodity markets, crude oil fell nearly 7% to close below $50 as rising US shale output drew concerns that OPEC-led supply cuts would be undermined. Gold also fell $2.28 to finish the week at $1,284.44/oz. In currency markets, the Canadian dollar weakened 1.6% against the US greenback to close at 1.3498 USDCAD.

Index	Level		1 Week Δ
S&P/TSX	15,614	▲	0.5%
DJA	20,548	▲	0.5%
S&P 500	2,349	▲	0.8%
NASDAQ	5,911	▲	1.8%
Oil	$49.62	▼	$3.56
Gold	$1,284.44	▼	$2.28
USDCAD	1.3498	▲	1.6%

CANADIAN NEW ISSUES

Corporate

Tues, Apr 18 – Allied Real Estate Investment Trust (BBB(L)/-/-) – C$200 million 3.636% 8-year senior unsecured notes at GoC+230 bps

Tues, Apr 18 – Wells Fargo & Company (AA/A2/A) – C$1 billion 2.094% 5-year senior unsecured notes at GoC+109 bps

Tues, Apr 18 – Laurentian Bank of Canada (AAA/Aaa/AAA)– ~C$358 million 1.35% 5-year (3.82 WAL) NHA MBS at GoC+59 bps

Wed, Apr 19 – Aéroports de Montréal (A(H)/A1/-) – C$250 million 3.360% 30-year senior secured bonds at GoC+120 bps

Wed, Apr 19 – Goldman Sachs (A(H)/A3/BBB+) – C$750 million 2.433% 6NC5-year fixed/floating callable senior notes at GoC+139 bps

Fri, Apr 21 – Parkland Fuel Corporation (BB/-/BB-) – C$500 million 5.625% 8NC3-year senior unsecured notes at GoC+427.6 bps

Government

Wed, Apr 19 – Province of Quebec (A(H)/Aa2/A+) – C$500 million 3.50% 30-year (re-opening) at GoC+88 bps

Fri, Apr 21 – Province of New Brunswick (A(H)/Aa2/A+) – C$300 million re-opening 3.10% 2048 at GoC+114.5 bps

NORTH AMERICAN RATES UPDATE

North American government bond yields initially rose before falling closer to the end of last week as investors sought comfort in safe haven assets leading into the French presidential election over the weekend. The US Treasury curve steepened on the week with the 2-year benchmark yield cutting 3bps while 5-years closed unchanged and the belly and long end of the curve rose 1bp. Of note, several US Fed officials weighed on markets last week with Fed Vice Chair Stanley Fischer reiterating his concurrence with a gradual approach to rate normalization, while Dallas Fed President Robert Kaplan expressed his view that three hikes to the overnight interest rate remained the appropriate course of action for the year. The odds of a rate hike by the June FOMC meeting currently stands at ~50% as implied by US futures markets. North of the border, the Government of Canada curve flattened last week with the short-end falling 1bp while the remainder of the curve fell 2-3bps.

GoC

Term	Yield (%)	1 Week Δ (bps)
2yr	0.72%	▼ 1
5yr	1.01%	▼ 3
10yr	1.47%	▼ 2
30yr	2.14%	▼ 2

UST

Term	Yield (%)	1 Week Δ (bps)
2yr	1.18%	▼ 3
5yr	1.77%	unch
10yr	2.25%	▲ 1
30yr	2.90%	▲ 1

MARKET IMPLIED BOC RATES

Meeting	Implied Rate
May 24, 2017	0.5075
July 12, 2017	0.5175
September 6, 2017	0.5325

SWAPS

The Canadian swap market displayed volatility over the course of the week as uncertainty around US tax reform, a steep decline in oil prices and supportive commentary from the Fed weighed on sentiment. Given the risk-off tone that dominated a majority of session, the decline in government bond yields spurred net better receiving interest from fast money accounts while longer dated tenors saw opportunistic paying from a range of duration sensitive investors. Overall on the week, 2-5-year swap spreads tightened 0.5 bps – 2.75 bps, while the 10-30-year part of the curve ended unchanged to wider 0.75bps. The BA/LIBOR basis curve declined 1.0 bp-1.25 bps across the curve on the back of increased cross border flows.

Swaps	Spread (bps)	1 Week Δ(bps)
2yr	35.00	▼ 2.75
3yr	35.25	▼ 2.50
5yr	32.75	▼ 0.50
7yr	30.50	▼ 0.75
10yr	28.75	unch
30yr	9.75	▲ 0.75

LOOKING AHEAD

Date	Release	Survey	Prior
Canadian Economic Data			
Mon, Apr 24	Wholesale Trade Sales MoM	-1.0%	3.3%
Wed, Apr 26	Retail Sales MoM	-	2.2%
Fri, Apr 28	GDP MoM	0.1%	0.6%
US Economic Data			
Tue, Apr 25	New Home Sales	584k	592k
Wed, Apr 26	MBA Mortgage Applications	-	-1.8%
Thu, Apr 27	Wholesale Inventories MoM	0.3%	0.4%
Thu, Apr 27	Initial Jobless Claims	243k	244k
Thu, Apr 27	Continuing Claims	2010k	1979k
Thu, Apr 27	Wholesale Inventories MoM	0.3%	0.4%
Thu, Apr 27	Durable Goods Orders	1.3%	1.8%
Fri, Apr 28	GDP Annualized QoQ	1.1%	2.1%
Fri, Apr 28	Personal Consumption	0.9%	3.5%
Fri, Apr 28	U. of Mich. Sentiment	98.0	98.0
International Economic Data			
Tue, Apr 25	Aus CPI YoY	2.2%	1.5%
Wed, Apr 26	FR Consumer Confidence	100	100
Thu, Apr 27	Euro Consumer Confidence	-3.6	-3.6
Thu, Apr 27	ECB Main Refinancing Rate	0.0%	0.0%
Thu, Apr 27	ECB Deposit Facility Rate	-0.4%	-0.4%
Thu, Apr 27	Ger CPI YoY	1.9%	1.6%
Fri, Apr 28	Ger Retail Sales YoY	2.4%	-2.1%
Fri, Apr 28	UK GDP YoY	2.3%	1.9%
Fri, Apr 28	Eur CPI Estimate YoY	1.7%	1.5%
Fri, Apr 28	Eur CPI Core YoY	1.0%	0.7%

SELECTED COMPANIES REPORTING THIS WEEK

Canada

AltaGas, Barrick Gold, BCE, Calfrac Well Services, Cameco, CN Rail, CU, Cenovus, Choice Properties REIT, Constellation Software, Crescent Point Energy, Detour Gold, Fairfax Financial Holdings, Imperial Oil, Maple Leaf Foods, MCAP, MEG Energy, Metro, New Gold, Potash Corporation, Precision Drilling, Restaurant Brands International, Suncor Energy, Teck Resources Limited, Teranga Gold, Jean Coutu, Toromont, Western Energy Services

US

3M, AbbVie, Alphabet, Amazon, American Airlines, Amgen, Apollo Global Management, AT&T, Caterpillar, Capital One, The Coca-Cola Company, Dow Chemical, Exxon Mobil, Ford Motor Co, General Motors Co, Iron Mountain, McDonald's, Microsoft, PACCAR, Penske, PepsiCo, Sirius XM Holdings, Southwest Airlines, Starbucks, P&G, Thomson Reuters, T-Mobile, Twitter, Ventas

Regards,

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Index	Level		1 Week Δ
S&P/TSX	15,614	▲	0.5%
DJA	20,548	▲	0.5%
S&P 500	2,349	▲	0.8%
NASDAQ	5,911	▲	1.8%
Oil	$49.62	▼	$3.56
Gold	$1,284.44	▼	$2.28
USDCAD	1.3498	▲	1.6%

GoC

Term	Yield (%)	1 Week Δ (bps)
2yr	0.72%	▼ 1
5yr	1.01%	▼ 3
10yr	1.47%	▼ 2
30yr	2.14%	▼ 2

UST

Term	Yield (%)	1 Week Δ (bps)
2yr	1.18%	▼ 3
5yr	1.77%	unch
10yr	2.25%	▲ 1
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Meeting	Implied Rate
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2yr	35.00	▼ 2.75
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7yr	30.50	▼ 0.75
10yr	28.75	unch
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Fri, Apr 28	Eur CPI Estimate YoY	1.7%	1.5%
Fri, Apr 28	Eur CPI Core YoY	1.0%	0.7%

RBC Capital Markets®

Lower Mattagamy Energy LP

DBRS: A(high) Moody's: A2

C$ New Issue Indicative Pricing as at: April 24, 2017

Term	2 Year	3 Year	5 Year	7 Year	10 Year	30 Year
Canada Bond Benchmark	Interp (0.5% 1FEB19 & 1.75% 1SEP19)	Interp (1.5% 1MAR20 & 3.5% 1JUN20)	Interp (0.5% 1MAR22 & 2.75% 1JUN22)	Interp (1.5% 1JUN23 & 2.5% 1JUN24)	Interp (1.5% 1JUN26 & 1% 1JUN27)	2.75% 1DEC48
Canada Yield (Bid)	0.744%	0.838%	1.071%	1.309%	1.603%	2.175%
Credit Spread (bps)	**56**	**64**	**73**	**84**	**96**	**134**
Offering Yield	1.304%	1.478%	1.801%	2.149%	2.563%	3.515%
Re-Offer Spread to BAs	**21**	**28**	**43**	**62**	**77**	**126**
Re-Offer Spread to USD LIBOR	**40**	**44**	**52**	**65**	**74**	**121**

Hedging future GoC levels with Bond Rate-Lock

Bond Benchmark	CAN 0.5% 1FEB19	CAN 1.5% 1MAR20	CAN 0.5% 1MAR22	CAN 1.5% 1JUN23	CAN 1.5% 1JUN26	CAN 2.75% 1DEC48
Spot Level	0.728%	0.827%	1.046%	1.210%	1.512%	2.175%
For 3 months to 24-Jul-17	0.851% (+12 bps)	0.913% (+9 bps)	1.103% (+6 bps)	1.259% (+5 bps)	1.553% (+4 bps)	2.198% (+2 bps)
For 6 months to 24-Oct-17	1.061% (+33 bps)	1.035% (+21 bps)	1.175% (+13 bps)	1.318% (+11 bps)	1.602% (+9 bps)	2.224% (+5 bps)
For 12 months to 25-Apr-18	2.245% (+152 bps)	1.488% (+66 bps)	1.378% (+33 bps)	1.468% (+26 bps)	1.718% (+21 bps)	2.280% (+11 bps)

Selected Secondary Trading Comparables

					Bid Spread	
Issue	Amount (C$MM)	Benchmark	Remaining Term (Maturity / Par Call)	Price (Maturity / Par Call)	vs. Bond	vs. Curve
2.228% due 23-Oct-17	200	CAN 1 1/2 09/01/17	0.5 / -	$100.61 (M)	40	38
4.331% due 18-May-21	225	CAN 3 1/4 06/01/21	4.1 / -	$110.32 (M)	75	75
3.416% due 20-Jun-24	200	CAN 2 1/2 06/01/24	7.2 / -	$108.36 (M)	85	85
2.307% due 21-Oct-26	220	CAN 1 1/2 06/01/26	9.5 / -	$99.15 (M)	92	88
5.139% due 18-May-41	250	CAN 2 3/4 12/01/48	24.1 / -	$126.23 (M)	134	132
4.944% due 21-Sep-43	200	CAN 2 3/4 12/01/48	26.4 / -	$125.70 (M)	135	-
4.176% due 23-Feb-46	275	CAN 2 3/4 12/01/48	28.9 / -	$111.73 (M)	135	-
4.175% due 23-Apr-52	225	CAN 2 3/4 12/01/48	35.0 / -	$110.87 (M)	145	-

Pricing is indicative and subject to market conditions

Swapped equivalent levels and Rate Locks are for illustration purposes only and do not include cost of credit

RBC Capital Markets®

NEW ISSUE SUMMARY April 17, 2017 - April 21, 2017

CORPORATE NEW ISSUANCE

Issuer	Price Date	Ratings D / M / S	Size (CAD)	Maturity	Coupon (%)	Spread (bps)	Lead Dealer(s)
Goldman Sachs Group Inc.	19-Apr-17	A(high)/A3/BBB+	750	26-Apr-23	2.433%	+139	GS/BMO CM/RBC CM/TDSI/ SCI
Aeroports de Montreal	19-Apr-17	A(high)/A1/-	250	24-Apr-47	3.360%	+120	RBC CM/CIBC WM
Wells Fargo & Co.	18-Apr-17	AA/A2/A	1,000	25-Apr-22	2.094%	+109	TDSI/Wells Fargo/BMO CM/CIBC WM
Laurentian Bank of Canada	18-Apr-17	AAA/Aaa/AAA	358	1-Mar-22	1.350%	+59	LB SEC
Allied Properties Real Estate Investment Trust	18-Apr-17	BBB(low)/-/-	200	21-Apr-25	3.636%	+230	BMO CM/SCI
Parkland Fuel Corporation	21-Apr-17	BB/-/BB-	500	9-May-25	5.625%	+427.6	TDSI/BAML/NBF
			3,058 MM				

GOVERNMENT NEW ISSUANCE

Issuer	Price Date	Ratings D / M / S	Size (CAD)	Maturity	Coupon (%)	Spread (bps)	Lead Dealer(s)
Province of New Brunswick	19-Apr-17	A(H)/Aa2/A+	300	14-Aug-48	3.100%	+114.5	RBC CM
Province of Quebec	21-Apr-17	A(H)/Aa2/A+	500	12-Jan-48	3.500%	+88	NBF
TOTAL			**800 MM**				

Bank Name	RBC
Date	4/24/2017

Indicative OPG New Issue Spreads	Current			Week over Week		
	30-Year	10-Year	5-Year	30-year	10-year	5-year
Benchmark Canada Bond Maturity	1-Dec-48	1-Jun-26	1-Mar-22			
Benchmark Canada Bond Coupon	2.75%	1.50%	0.50%			
Benchmark Yield	2.18%	1.51%	1.05%	0.01%	0.01%	0.01%
Curve Adjustment (bp)	0.0	9.1	2.5	-	-	0.400
Spread to GoC Curve (bp)	**152.0**	**114.0**	**91.0**	(3.0)	-	-
Re-Offered Yield	3.70%	2.74%	1.98%	-0.02%	0.02%	0.02%
Commission (bp)	2.8	4.6	7.4	(0.0)	0.0	0.0
All-in Yield	**3.72%**	**2.79%**	**2.06%**	**-0.02%**	**0.02%**	**0.02%**

Primary Comparable (S&P/Moody's/ DBRS)	Current			Week over Week		
Spread to GoC Curve (bp)	30-year	10-year	5-year	30-year	10-year	5-year
Hydro One (A(H)/A3/A)	134.0	96.0	73.0	-3.0	0.0	0.0

Other Comparables (S&P/Moody's/ DBRS)	Current			Week over Week		
Spread to GoC Curve (bp)	30-year	10-year	5-year	30-year	10-year	5-year
TransAlta Corp (BBB/BBB-)		440.0	280.0		-10.0	-10.0
Nova Scotia Power (A(L)/-/BBB+)	145.0	107.0	84.0	-3.0	0.0	0.0
Bruce Power (BBB/Baa2/BBB)	215.0	165.0	117.0	0.0	0.0	-1.0
EPCOR (A(L)/-/A-)	137.0	98.0	75.0	-2.0	0.0	0.0
FortisBC (A(L)/Baa1/-)	142.0	103.0	79.0	-2.0	0.0	0.0
FortisAlberta (A(L)/-/A-)	137.0	98.0	75.0	-2.0	0.0	0.0
TCPL (A(L)/A3/A-)	170.0	120.0	85.0	-2.0	-2.0	0.0

From: Egberts, Adam
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Cc: Brown, Rob; Egberts, Adam; Wetmore, Jamie; Schoroth, Joseph; Murray, Tim
Subject: OPG Weekly Pricing
Date: Monday, August 21, 2017 6:15:46 PM
Attachments: image003.png
image004.png
image005.png
image006.png
image007.png
header.htm
17-08-21 Lower Mattagamy Energy LP Pricing.pdf
17-08-21 OPG Weekly Pricing - vRBC.xlsx
17-08-21 New Issue Summary.pdf

Canadian Debt Capital Markets

DCM Weekly Market Update

Monday, August 21, 2017

The Canadian corporate primary was active last week with three transactions priced for aggregate proceeds of ~C$3.9 billion, all of which was led by RBC. The highlight of the week was Apple Inc.'s C$2.5 billion 7-year inaugural Maple offering with RBC acting as a joint bookrunner. The transaction priced attractively and registered as the largest non-bank corporate transaction to ever print in Canada, featuring an oversized orderbook with a record number of participating investors for a corporate Maple. The deal adds to a record amount of Maple issuance for the year with total volume currently standing at C$11+ billion. In the financial space, Manulife Financial Corp was in the market with its inaugural C$ capital trade at the holding company, printing C$750 million 12NC7-year subordinated notes with RBC acting as lead left bookrunner; the company concurrently announced the redemption of a series of senior notes. In the energy space, Pembina Pipeline Corp priced a C$600 million dual-tranche tap of its 2024 and 2047 maturities with RBC acting as a bookrunner. All of last week's trades were successful and featured oversubscribed orderbooks, broad investor distribution and balanced aftermarket performance. Despite the narrowing issuance window heading into the final few weeks of August, the market remains supportive of opportunistic trades to get ahead of the typically busy Fall issuance period.

The secondary market was moderately active with trading flow partially driven by new supply on the week. There was good two-way flow to start the week among energy and pipeline credits, while Maples were fairly active on the back of the Apple new issue. Later in the week, the focus shifted to utilities, telecom and retail names, while short-dated deposit notes traded fairly evenly throughout the week. On the week, corporate credit spreads closed 2-3bps wider vs. the prior week.

The government primary market was also active last week, with 3 transactions pricing for an aggregate C$4.75 billion. Canada Housing Trust completed its 5th issue of the year with a C$4.25 billion dual-tranche transaction consisting of a C$2.25 billion re-opening of its 2.35% 10-year due June 2027 and a C$2.0 billion re-opening of the 5-year FRN due September 2022. Issuance from CMHC in 2017 now totals C$25 billion, and the program remains on track to complete C$40 billion by year end. Additionally, Province of Manitoba printed a C$300 million 10-year re-opening, and City of Toronto completed a C$200 million 20-year offering to bring its total borrowing to C$900 million on the year. Government secondaries experienced a notable pickup

last week following relatively modest volumes in the first half of August. Provincials noted better buying in the front end and selling in longs, and closed 0.5-1bp wider through the curve. CMBs saw decent two-way trading on the week and closed 0.5bp wider.

EQUITY MARKET UPDATE

North American equity markets experienced a volatile week, ending lower on both sides of the border as ongoing geopolitical tensions, ongoing uncertainty with respect to the Trump administration's ability to push through its fiscal agenda, and terrorist attacks in Spain added to global concerns and fueled the risk-off sentiment mid-week. Markets initially rose to start the week before collapsing on Wednesday following news that there had been several terrorist attacks on Spanish soil; the Dow Jones index fell 1.2% in the largest one-day decline in over three months. By Friday, US equity markets partially recovered some losses following news that White House official Steve Bannon would be leaving his job as Chief Strategist. On the week, the S&P 500 closed 0.6% in the red, while the Dow Jones ended 0.8% lower. In Canada, the S&P/TSX index fell 0.5% in sympathy with its US counterpart, approaching its lowest close since the start of the year. In commodity markets, crude oil fell $0.09 to end the week at $48.73/bbl, while gold fell $5.25 to close at $1,284.06/oz. In currency markets, the Canadian dollar appreciated 0.7% against the US greenback to close the week at 1.2585 USDCAD.

Index	Level		1 Week Δ
S&P/TSX	14,952	▼	0.5%
DJA	21,675	▼	0.8%
S&P 500	2,426	▼	0.6%
NASDAQ	6,217	▼	0.6%
Oil	$48.73	▼	$0.09
Gold	$1,284.06	▼	$5.25
USDCAD	1.2585	▼	0.7%

CANADIAN NEW ISSUES

Corporate

Mon, Aug 14 - Pembina Pipeline Corporation (BBB/-/BBB) – C$600 million dual tranche offering comprised of a C$350 million re-opening of 2.99% 7-year senior notes at GoC+150bps and C$250 million re-opening of 4.74% 30-year senior notes at GoC+255bps

Tue, Aug 15 - Manulife Financial Corporation (A(low)/-/A-) – C$750 million 3.049% 12NC7-year subordinated debt offering at GoC+132bps

Tue, Aug 15 - Apple Inc. (Aa1/AA+) – C$2.5 billion 2.513% 7-year senior notes offering at GoC+80bps

Governments

Wed, Aug 16 - Canada Housing Trust (AAA/Aaa/AAA) – C$4.25 billion dual-tranche offering comprised of C$2.25 billion 2.35% 15Jun27 re-opening at GoC+44.5bps and C$2.0 billion FRN re-opening due 15Sep22 at 3mCDOR+4.8bps

Wed, Aug 16 - Province of Manitoba (AH/Aa2/A+) – C$300 million 2.60% 2Jun27 re-opening at GoC+76.5 bps

Thu, Aug 17 - Province of Saskatchewan (AA/Aaa/AA) - C$150 million 3.750% 37-year re-opening at GoC +87.0 bps

Fri, Aug 18 – City of Toronto (AA/Aa1/AA) – C$200 million 3.50% 2Jun36 re-opening at GoC+105.5 bps

NORTH AMERICAN RATES UPDATE

North American government bond yields ended the week mixed after several terrorist attacks in Spain mid-week moderated tone and drove investors into safe haven assets. South of the border, the Treasury curve flattened modestly with the front-end higher by 1-2 bps, while 10-years ended unchanged and the long-end fell 1 bp. A risk-on tone initially drove yields higher by 5-8 bps to start the week as political tensions seemed to abate between the US and North Korea. However, there was a partial reversal through the back end of the week as investors retreated to haven securities following the attacks in Spain, a dovish FOMC meeting minutes release, and misses to headline economic numbers including jobless claims. Gyrations in Treasury markets persisted on Friday on news that White House Chief Strategist Steve Bannon, an ardent populist, would be stepping down from his position, which partially reversed haven flows to close the week. In

Canada, the GoC curve also experienced a flattening in sympathy with its US counterpart as the 2-10 year benchmark yields rose 2-3 bps while the 30-year pared 1bp. In the Canadian swaps market, spreads at the 2-, 5-, 10-, and 30-year tenors tightened by 1.5 bps, 2 bps, 3 bps, 4 bps, respectively.

GoC

Term	Yield (%)	1 Week Δ (bps)
2yr	1.24%	▲ 3
5yr	1.49%	▲ 2
10yr	1.87%	▲ 2
30yr	2.29%	▼ 1

UST

Term	Yield (%)	1 Week Δ (bps)
2yr	1.31%	▲ 1
5yr	1.76%	▲ 2
10yr	2.20%	unch
30yr	2.78%	▼ 1

MARKET IMPLIED BOC RATES

Meeting	Implied Rate
September 6, 2017	0.7985
October 25, 2017	0.9550
December 6, 2017	0.9860

SWAPS

Swaps	Spread (bps)	1 Week Δ(bps)
2yr	33.75	▼ 1.50
3yr	36.00	▼ 2.00
5yr	35.25	▼ 2.00
7yr	32.00	▼ 2.75
10yr	27.50	▼ 3.00
30yr	17.00	▼ 4.00

LOOKING AHEAD

Date	Release	Survey	Prior
Canadian Economic Data			
Mon, Aug 21	Wholesale Trade Sales MoM	-0.5%	0.9%
Tue, Aug 22	Retail Sales MoM	0.3%	0.6%
US Economic Data			
Wed, Aug 23	MBA Mortgage Applications	--	0.1%
Wed, Aug 23	Markit US Manufacturing PMI	53.3	53.3
Wed, Aug 23	New Home Sales	610k	610k
Thu, Aug 24	Initial Jobless Claims	237k	232k
Thu, Aug 24	Continuing Claims	1950k	1953k
Thu, Aug 24	Existing Home Sales	5.56m	5.52m
Fri, Aug 25	Durable Goods Orders	-5.8%	6.4%
International Economic Data			
Wed, Aug 23	Markit Eurozone Manufacturing PMI	56.3	56.6
Wed, Aug 23	EUR Consumer Confidence	-1.8	-1.7
Thu, Aug 24	UK GDP YoY	1.7%	1.7%
Thu, Aug 24	Japan CPI YoY	0.4%	0.4%

SELECTED COMPANIES REPORTING THIS WEEK

Canada

Ascot Resources, Canadian Imperial Bank of Commerce, Glacier Credit Card Trust, Hudson Resources, K2 Gold, Manitok Energy, Royal Bank of Canada, Yellow Pages

US

Dollar Tree, HP, Kirkland's, Lowe's Cos, MillerCoors, salesforce.com, Simon Property Group LP, Staples, Tiffany & Co, United Air Lines, Williams-Sonoma

Regards,

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GoC

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UST

Term	Yield (%)	1 Week Δ (bps)
2yr	1.31%	▲ 1
5yr	1.76%	▲ 2
10yr	2.20%	unch
30yr	2.78%	▼ 1

Meeting	Implied Rate
September 6, 2017	0.7985
October 25, 2017	0.9550
December 6, 2017	0.9860

Swaps	Spread (bps)	1 Week Δ(bps)
2yr	33.75	▼ 1.50
3yr	36.00	▼ 2.00
5yr	35.25	▼ 2.00
7yr	32.00	▼ 2.75
10yr	27.50	▼ 3.00
30yr	17.00	▼ 4.00

Date	Release	Survey	Prior
Canadian Economic Data			
Mon, Aug 21	Wholesale Trade Sales MoM	-0.5%	0.9%
Tue, Aug 22	Retail Sales MoM	0.3%	0.6%
US Economic Data			
Wed, Aug 23	MBA Mortgage Applications	--	0.1%
Wed, Aug 23	Markit US Manufacturing PMI	53.3	53.3
Wed, Aug 23	New Home Sales	610k	610k
Thu, Aug 24	Initial Jobless Claims	237k	232k
Thu, Aug 24	Continuing Claims	1950k	1953k
Thu, Aug 24	Existing Home Sales	5.56m	5.52m
Fri, Aug 25	Durable Goods Orders	-5.8%	6.4%
International Economic Data			
Wed, Aug 23	Markit Eurozone Manufacturing PMI	56.3	56.6
Wed, Aug 23	EUR Consumer Confidence	-1.8	-1.7
Thu, Aug 24	UK GDP YoY	1.7%	1.7%
Thu, Aug 24	Japan CPI YoY	0.4%	0.4%

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Lower Mattagamy Energy LP

DBRS: A(high) Moody's: A2

C$ New Issue Indicative Pricing as at: August 21, 2017

Term	2 Year	3 Year	5 Year	7 Year	10 Year	30 Year
Canada Bond Benchmark	Interp (0.75% 1AUG19 & 1.75% 1SEP19)	Interp (3.5% 1JUN20 & 0.75% 1SEP20)	Interp (2.75% 1JUN22 & 1% 1SEP22)	Interp (2.5% 1JUN24 & 2.25% 1JUN25)	Interp (1% 1JUN27 & 5.75% 1JUN29)	2.75% 1DEC48
Canada Yield (Bid)	1.250%	1.332%	1.528%	1.694%	1.876%	2.282%
Credit Spread (bps)	**50**	**58**	**69**	**80**	**97**	**138**
Offering Yield	1.750%	1.912%	2.218%	2.494%	2.846%	3.662%
Re-Offer Spread to BAs	**17**	**23**	**38**	**55**	**72**	**123**
Re-Offer Spread to USD LIBOR	**41**	**43**	**51**	**61**	**74**	**134**

Hedging future GoC levels with Bond Rate-Lock

Bond Benchmark	CAN 0.75% 1AUG19	CAN 3.5% 1JUN20	CAN 2.75% 1JUN22	CAN 2.5% 1JUN24	CAN 1% 1JUN27	CAN 2.75% 1DEC48
Spot Level	1.243%	1.302%	1.497%	1.681%	1.862%	2.282%
For 3 months to 21-Nov-17	1.540% (+30 bps)	1.466% (+16 bps)	1.588% (+9 bps)	1.754% (+7 bps)	1.916% (+5 bps)	2.307% (+3 bps)
For 6 months to 21-Feb-18	2.109% (+87 bps)	1.713% (+41 bps)	1.705% (+21 bps)	1.841% (+16 bps)	1.978% (+12 bps)	2.334% (+5 bps)
For 12 months to 22-Aug-18	7.905% (+666 bps)	2.643% (+134 bps)	2.016% (+52 bps)	2.059% (+38 bps)	2.125% (+26 bps)	2.394% (+11 bps)

Selected Secondary Trading Comparables

					Bid Spread	
Issue	Amount (C$MM)	Benchmark	Remaining Term (Maturity / Par Call)	Price (Maturity / Par Call)	vs. Bond	vs. Curve
2.228% due 23-Oct-17	200	CAN 1 1/2 09/01/17	0.2 / -	$100.19 (M)	32	25
4.331% due 18-May-21	225	CAN 3 1/4 06/01/21	3.7 / -	$108.23 (M)	65	65
3.416% due 20-Jun-24	200	CAN 2 1/2 06/01/24	6.8 / -	$105.90 (M)	77	77
2.307% due 21-Oct-26	220	CAN 1 1/2 06/01/26	9.2 / -	$96.82 (M)	88	86
5.139% due 18-May-41	250	CAN 2 3/4 12/01/48	23.8 / -	$123.41 (M)	135	135
4.944% due 21-Sep-43	200	CAN 2 3/4 12/01/48	26.1 / -	$122.92 (M)	135	-
4.176% due 23-Feb-46	275	CAN 2 3/4 12/01/48	28.5 / -	$109.18 (M)	135	-
4.175% due 23-Apr-52	225	CAN 2 3/4 12/01/48	34.7 / -	$109.13 (M)	140	-

Pricing is indicative and subject to market conditions

Swapped equivalent levels and Rate Locks are for illustration purposes only and do not include cost of credit

Bank Name	RBC
Date	8/21/2017

Indicative OPG New Issue Spreads	Current				Week over Week			
	30-Year	10-Year	5-Year	2-Year	30-year	10-year	5-year	2-year
Benchmark Canada Bond Maturity	1-Dec-48	1-Jun-27	1-Jun-22	1-Aug-19				
Benchmark Canada Bond Coupon	2.75%	1.00%	2.75%	0.75%				
Benchmark Yield	2.28%	1.86%	1.50%	1.24%	-0.04%	-0.02%	-0.01%	0.02%
Curve Adjustment (bp)	0.0	1.4	3.1	0.7	-	0.10	0.400	0.400
Spread to GoC Curve (bp)	**159.0**	**113.0**	**84.0**	**67.0**	2.0	1.0	-	-
Re-Offered Yield	3.87%	3.01%	2.37%	1.92%	-0.02%	-0.01%	-0.01%	0.02%
Commission (bp)	2.8	4.7	7.5	10.3	(0.0)	(0.0)	(0.0)	0.0
All-in Yield	**3.90%**	**3.05%**	**2.44%**	**2.02%**	**-0.02%**	**-0.01%**	**-0.01%**	**0.02%**

Primary Comparable (S&P/Moody's/ DBRS)	Current				Week over Week			
Spread to GoC Curve (bp)	30-year	10-year	5-year	2-Year	30-year	10-year	5-year	2-year
Hydro One (A(H)/A3/A)	140.0	98.0	69.0	50.0	2.0	2.0	2.0	1.0

Other Comparables (S&P/Moody's/ DBRS)	Current				Week over Week			
Spread to GoC Curve (bp)	30-year	10-year	5-year	2-Year	30-year	10-year	5-year	2-year
TransAlta Corp (BBB/BBB-)		430.0	275.0	225.0		5.0	5.0	5.0
Nova Scotia Power (A(L)/-/BBB+)	147.0	106.0	77.0	60.0	2.0	1.0	0.0	0.0
Bruce Power (BBB/Baa2/BBB)	212.0	155.0	110.0		0.0	0.0	0.0	
EPCOR (A(L)/-/A-)	138.0	97.0	69.0	50.0	2.0	2.0	2.0	0.0
FortisBC (A(L)/Baa1/-)	140.0	98.0	70.0	53.0	2.0	0.0	0.0	0.0
FortisAlberta (A(L)/-/A-)	137.0	97.0	68.0	50.0	2.0	2.0	1.0	0.0
TCPL (A(L)/A3/A-)	185.0	127.0	87.0	62.0	10.0	2.0	2.0	2.0

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NEW ISSUE SUMMARY August 14 - August 18, 2017

CORPORATE NEW ISSUANCE

Issuer	Price Date	Ratings D / M / S	Size (CAD)	Maturity	Coupon (%)	Spread (bps)	Lead Dealer(s)
Manulife Financial Corporation	15-Aug-17	A(low)/-/A-	750	20-Aug-24	3.049%	+132	RBC CM/CIBC WM/TDSI
Apple Inc.	15-Aug-17	-/Aa1/AA+	2,500	15-Aug-24	2.513%	+80	HSBC Sec/RBC CM/BMO CM/ Goldman Sachs Canada
Pembina Pipeline Corp	14-Aug-17	BBB/-/BBB	250	21-Jan-47	4.740%	+255	CIBC WM/RBC CM
Pembina Pipeline Corp	14-Aug-17	BBB/-/BBB	350	22-Jan-24	2.990%	+150	CIBC WM/RBC CM
			3,850 MM				

GOVERNMENT NEW ISSUANCE

Issuer	Price Date	Ratings D / M / S	Size (CAD)	Maturity	Coupon (%)	Spread (bps)	Lead Dealer(s)
City of Toronto	18-Aug-17	AA/Aa1/AA	200	2-Jun-36	3.500%	+105.5	NBF
Province of Saskatchewan	17-Aug-17	AA/Aaa/AA	150	5-Mar-54	3.750%	+87	RBC CM
Province of Manitoba	16-Aug-17	AH/Aa2/A+	300	2-Jun-27	2.600%	+76.5	SCI
Canada Housing Trust	16-Aug-17	AAA/Aaa/AAA	2,250	15-Jun-27	2.350%	+44.5	BMO/CIBC/NBF/RBC CM
Canada Housing Trust	16-Aug-17	AAA/Aaa/AAA	2,000	15-Sep-22	FRN	+4.8	BMO/CIBC/NBF/RBC CM
TOTAL			**4,900 MM**				

From:	HAHN PARKER Janet -TREASURY
To:	LEE John -TREASURY; RYFA Ken -TREASURY; LIU Sheen -TREASURY; GRECO Clara -LAWDIV; WONG Leslie -LAWDIV; Mike Manning; Scott Nelms (ENERGY); Anis Hirani
Subject:	OPG/OFA - Financing Issues Relating to the Fair Hydro Trust
Attachments:	disclaimer.html

When: Monday, June 05, 2017 11:00 AM-12:30 PM (UTC-05:00) Eastern Time (US & Canada).
Where: OPG, 700 University Avenue, 19th Floor, CR#1

Note: The GMT offset above does not reflect daylight saving time adjustments.

~~*~*~*~*~*~*~*~*~*

Agenda:

1. Sub Debt
2. Performance Management
3. OPG Equity Injection, and
4. Guarantee

Please come to the 19th floor. No visitor passes required. We will meeting you on 19.

Should you have any questions, please advise. Thank you

Janet Hahn Parker
416 592-6749

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From:	HAHN PARKER Janet -TREASURY
To:	LEE John -TREASURY; RYFA Ken -TREASURY; LIU Sheen -TREASURY; GRECO Clara -LAWDIV; WONG Leslie -LAWDIV; Mike Manning; Scott Nelms (ENERGY); Anis Hirani; JORDA Jenny -FIN & C CTRL; MAUTI John -FIN & C CTRL
Cc:	Graham Monroe; Ken Kandeepan
Subject:	OPG/OFA - Financing Issues Relating to the Fair Hydro Trust
Start:	Monday, June 05, 2017 11:00:00 AM
End:	Monday, June 05, 2017 12:30:00 PM
Location:	OPG, 700 University Avenue, 18th Floor, H18-E5
Attachments:	Draft Subordianted Debt Term Sheet.doc Financing Trust - Performance Fee Recommendation.doc GA Flow Chart May 2.ppt Term Sheet_Master Subscription_draftMay26.docx disclaimer.html

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When: Monday, June 05, 2017 11:00 AM-12:30 PM (UTC-05:00) Eastern Time (US & Canada).
Where: OPG, 700 University Avenue, 18th Floor, H18-E5

Note: The GMT offset above does not reflect daylight saving time adjustments.

~~*~*~*~*~*~*~*~*

Notice Update: 1. Change of Location of Meeting. Meeting moved to the 18th floor, H18 -E5, Please proceed to the 18th floor, no passes required. We will meet you at the elevators on 18.
2. Materials for meeting

Agenda:

1. Sub Debt
2. Performance Management
3. OPG Equity Injection, and
4. Guarantee

Should you have any questions, please advise. Thank you

Janet Hahn Parker
416 592-6749

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Fair Hydro Plan – Subordinated Debt Loan Arrangement
Term Sheet

- Parties: OPG, Fair Hydro Trust, OFA

- In accordance with the Master Subscription Agreement among OPG, OFA and Ministry of Energy, the Province agrees to inject 44% of total funding of GA asset by way of equity subscriptions in OPG, and OPG agrees to use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt (Equity Injection Plan) requirements as part of the Fair Hydro Plan

- OPG will lend the equity injection from the Province to Fair Hydro Trust by way of subordinated debt (one or more mezzanine level)

- Initial credit rating will be assigned to the subordinated debt of Fair Hydro Trust

- Based on monthly funding requirement of GA asset, the Trust will use short term financing, such as bank facilities, and take out bonds once accumulative short term funding reaches certain levels.

- The mechanism to implement Equity Injection Plan will be based on monthly equity injections reflecting funding requirements of GA asset

- Interest rates on the subordinated debt will be established as follows:

    - During the Trust short term financing period when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt

    - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. The process will be similar to the one established for pricing of OPG debt drawn from OEFC facilities.

FINANCING TRUST – PERFORMANCE FEE TO OPG

BACKGROUND

Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest. A performance fee relating to the funding obligations will be meaningful and allow OPG to make decisions that will significantly impact its return. The Act as drafted enables OPG to achieve its accounting objective of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.. The objective therefore is to recommend a reasonable variable performance fee structure for OPG to earn a return from the Trust, and meet the accounting requirement.

ANALYSIS OF ACCOUNTING REQUIREMENT

To support the accounting consolidation, OPG's variable performance return will be accomplished through the followings:

a. The cash flow from the investment asset shall include interest determined based on a relevant benchmark that is appropriate relative to the investment asset, plus an appropriate margin consistent with the relevant market and other risks
b. OPG shall have the authority to determine the financing strategy, which will vary the financing costs with the objective of enabling the Trust to achieve a more favorable return compared to the benchmark for interest on the investment asset
c. The Trust shall establish different classes of debt (senior, subordinated and the most subordinated). The classes would allow the Trust to delineate financing of lower risk investment and investment that would bear higher residual risk. The delineation would limit OPG's self-funded investment to a reasonable level in order to allow OPG to remain a self-sustaining entity.
d. OPG shall, through its ownership of the most subordinated liability, be able to capture and retain the pricing difference between cost of financing and benchmark for interest on the investment asset, or any residual risk of investment asset. The targeted return of the subordinated debt should be reflective of the underlying risks and compensate holders for active management that would be required.

PERFORMANCE FEE ANALYSIS

Based on the accounting requirements, the recommendation is for OPG to establish a variable performance fee structure as follows:

As the Trust may issue both long term bonds and medium term notes, benchmarks based on various terms, will be established on an annual basis, subject to the following methodology:

- Benchmarks will be established as the sum of (1) reference rate, and (2) spread
    - Both reference rate and spread will be term dependant

- For bond/note issuance, reference rate will be GOC rate of equivalent term
- Reference rate will be based on consensus forecast provided by various financial institutions

- Benchmarks will be established based on the weighted average rate of incremental debt issuance at the Trust level
- If the actual weighted average rate is lower than the corresponding benchmark, OPG will realize a gain, otherwise a loss
- Variable performance fee, i.e. gain/loss, is applicable only to OPG's investment in the Trust (5% of the funding requirement), and is capped at benchmark weighted average rate +/-1%

An example illustrating this structure is detailed in Appendix 1

APPENDIX 1

The illustration is based on the expected Trust debt structure as follows:

	Risk Profile	Source	% of Total Funding Requirement
Tranche A Senior Debt	the least risky	Capital Markets	51%
Tranche B Sub Debt	In between A&C	OPG via OEFC	39%
Tranche C Sub Debt	the most risky	OPG via OEFC	5%
		OPG via Capital Markets	5%

1. Benchmark is to be established at each year end for Trust issuance next year. In this example, assuming the following benchmark is established as of end of Yr 1

		Benchmark
Tranche A	51%	4.25%
Tranche B Sub Debt	39%	5.50%
Tranche C Sub Debt	10%	6.50%
Weighted Average Rate		**5.0%**

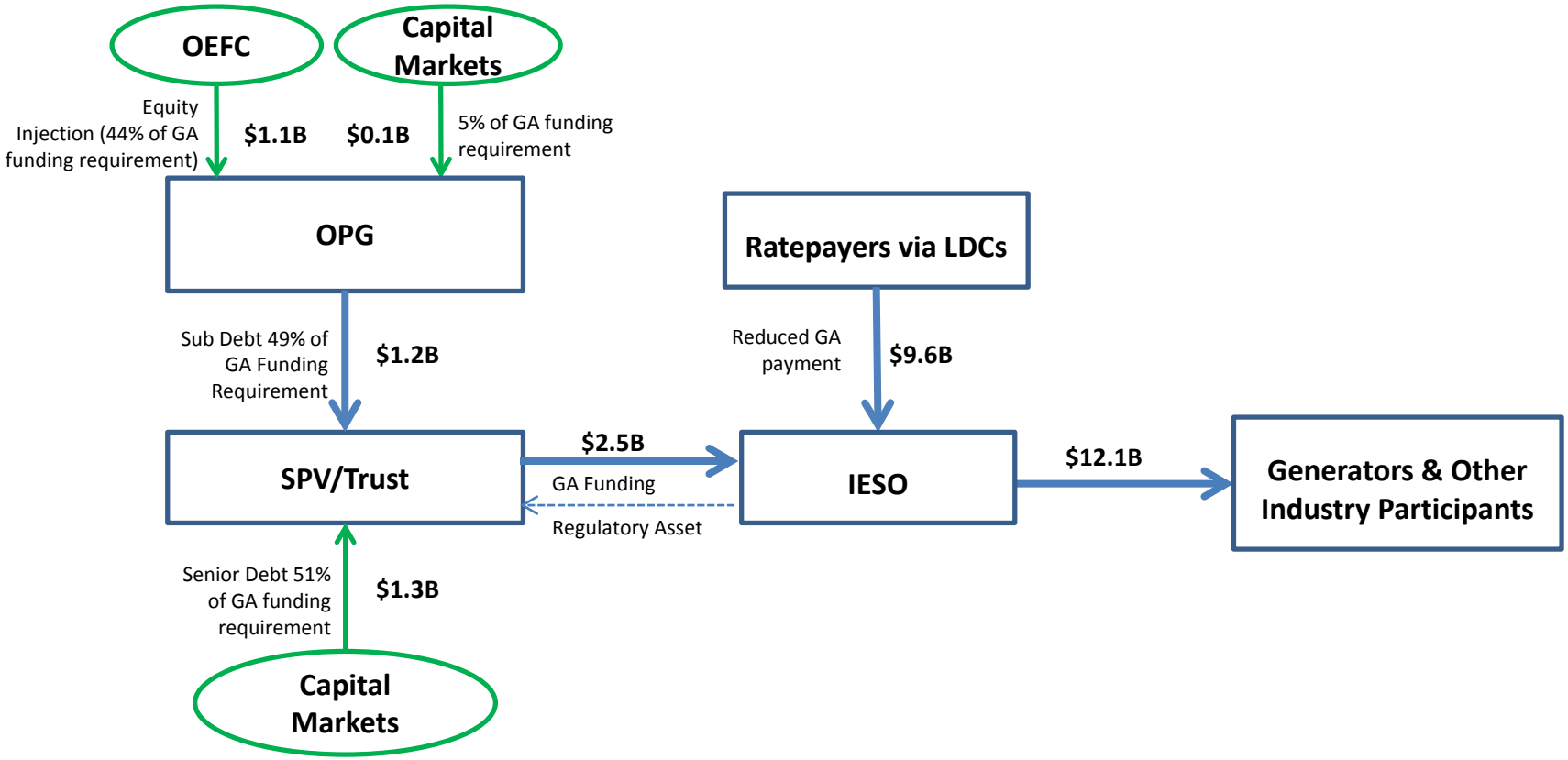
2. By the end of Yr 2, OPG will calculate the actual weighted average rate for all incremental issuance for the year. If the actual weighted average rate is lower than the corresponding benchmark, OPG will realize a gain, otherwise a loss.

	Allocation	Benchmark	Actual
Tranche A	51%	4.25%	5.0%
Tranche B Sub Debt	39%	5.50%	5.60%
Tranche C Sub Debt	10%	6.50%	6.60%
Weighted Average Rate		**5.0%**	5.4%
		Loss	0.4%

3. Variable management fee, i.e. gain/loss, is applicable only to OPG's investment (5% of the Trust funding requirement), and is capped at benchmark weighted average rate +/-1%.

   Based on the example above and assume incremental Trust issuance is $2B, OPG will realize loss of variable performance fee of 0.4M ($2B*5%*0.4%)

Illustration based on $2.5B GA Funding



Fair Hydro Plan –Master Subscription Agreement
Term Sheet

- Parties: OPG, OFA, Ministry of Energy

- The Province agrees to inject 44% of total funding of GA asset by way of equity subscription in OPG, which amount OPG in turn will invest in the Fair Hydro Trust as subordinated debt (**Equity Injection Plan**)

- Minister of Energy/Province approves Equity Injection Plan, and initial equity injection amount for 2017/18 fiscal year, and delegates to appropriate ministry staff authority to implement Equity Injection Plan (**Delegated Authority**)

- Long term, OPG equity requirements will form part of the business planning process in place between OPG and Ministry of Energy, ie, annually OPG to include forecasts of its equity requirements for the upcoming 3 years in its business plan submission -- NOTE: this portion of the business plan is not subject to concurrence by the shareholder

- Ministry of Energy will seek appropriation on an annual basis through PRRT for the amounts requested by OPG for its equity requirements-- NOTE: amount of annual appropriation to cover OPG multi year forecasts

- OPG agrees use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt requirements as part of the Fair Hydro Plan

- OPG will amend its Articles to create an additional class of shares – Class A Shares – which will be non-voting and redeemable at OPG's option

- OPG will issue Class A Shares to the Province monthly at a value per share equal to book value, as determined from OPG's last approved quarterly financial statements -- Value of first Class A shares issued to Province will be based on book value of OPG common shares – ie, existing shareholder's equity

- OPG will have the right to repay equity to the Province, through exercise of its right to redeem the Class A Shares, as principal repayment of the subordinated debt is made commencing in 2027

- Redemption value of the Class A Shares to be based on book value on the redemption date, ie, the equity value per Class A share at the end of the prior financial quarter as set out in OPG's approved financial statements

Monthly Process/Mechanics of Share Subscriptions:

a) OPG notifies OFA and Ministry of Energy of required equity injection and number of shares

   Timing: [same day as notice from Fair Hydro Trust]

   Documents/steps:

   (i) share subscription form,
   (ii) supporting documentation/invoice from Fair Hydro Trust, confirming amount of GA asset purchase for the month

b) OFA and OPG settle equity injection amounts

Timing: [five] business days from notice to OFA to payment/settlement with OPG
[NOTE: timing to be confirmed based on IESO/Trust process requirements]
Documents/steps:
(i) completed/signed share subscription form from OFA/Province to OPG
(ii) funds transfer from OFA to OPG account)
(iii) OPG receipt, together with secretary's certificate confirming issue of shares/update of share register

Longer term Process/Approvals:

1. Equity Requirements Estimates:
    a. Business Plan Submissions
    b. OPG Board Approvals
        - [Bi-annual] Board of Directors' resolutions authorizing equity requirement for period
        - [Bi-annual Shareholder's resolutions authorizing equity requirement for period][NOTE: TBD if needed]

    c. Ministry of Energy appropriations
    [describe annual process]

Share Redemption Process

- TBD -- process to be determined at a later date and appended as Appendix to Master Subscription Agreement

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From:	Thom, Trevor
To:	Mike Manning; Carlos Yep
Cc:	Holloway, Harold; Wolff, Michael; Purkis, Brad; Hilloowala, Maharukh; Thompson, Susan
Subject:	Ontario Fair Hydro Plan - Equity Infusion
Date:	Tuesday, April 25, 2017 11:30:43 AM
Attachments:	Capital Injection Discussion (25-April-17).pdf

Mike & team – please see attached for our analysis on the capital injection.
Let us know when you would like to discuss further. We have a # of folks on the road this week, but happy to accommodate later in the week if that works.

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TD Securities

A Confidential Presentation

Capital Injection Discussion

April 25, 2017

Presented By

Introduction

- The Province of Ontario (the "Province") is considering alternatives to fund its capital injection (the "Capital Injection") into Ontario Power Generation Inc. ("OPG"), which represents 44% of the Global Adjustment deferral financing requirement
- When evaluating the Province's alternatives, TD Securities Inc. ("TD Securities") understands that the Province's objectives are:
  1. **Equity Treatment:** Ensuring that the Capital Injection is treated as equity so as to mitigate the credit rating impact to OPG associated with 100% consolidation of the Special Purpose Vehicle ("SPV")/Trust
  2. **Managing Cash Flows for Interest Payments:** Timing, size, and priority of cash flows to repay interest used to fund the Capital Injection
  3. **Managing Cash Flows for Debt Repayments**: Timing, size, and priority of cash flows to repay the maturing principal for debt used to fund the Capital Injection
- In addition, simplicity is preferred to a complex structure

Capital Injection Options

	Common Equity	Preferred Equity	Fixed-to-Floating Sub. Notes, Convertible to Preferred Equity[1]	Mandatory Convertible Preferred Equity
Characteristics				
Instrument	▪ Equity instrument with no fixed dividend	▪ Preferred equity instrument with a fixed, floating, or resettable dividend	▪ A fixed income instrument with a fixed rate, which automatically converts into floating rate preferred shares, subject to an issuer cash redemption feature	▪ A preferred equity instrument that pays fixed, floating, or resettable dividends, which automatically converts into common equity
Capital Structure Ranking	▪ Lowest priority	▪ Priority to common equity	▪ Until converted, usually ranks higher than preferred equity, but lower than other fixed income instruments	▪ Priority to common equity until converted
OPG Tax Treatment	▪ Dividends are not tax-deductible	▪ Dividends are not tax-deductible	▪ Initial interest payments tax-deductible	▪ Dividends are not tax-deductible
DBRS Equity Treatment Methodology	▪ Considered equity	▪ Allocated an equity percentage (100% to 0%) based on (1) permanence, (2) subordination, and (3) legal implications (default considerations) ▪ Any less "equity-like" features reduce equity weighting allocated to the instrument ▪ Hybrid instruments[2] can receive 100% equity treatment, but limited to a quantity proportionate to 20% of common equity ▪ 100% of preferred dividends or interest payments are subtracted from cash flow credit metrics, regardless of equity treatment ▪ Cannot have a investor cash redemption provision to be considered equity		
S&P Equity Treatment Methodology	▪ Considered equity	▪ Hybrids placed into one of three categories based on equity content for purposes of calculating credit metrics: • High: 100% equity; Intermediate: 50% equity, 50% debt; Minimal: 0% equity ▪ Key considerations are: (1) ongoing payments, (2) permanence, and (3) subordination / credit default cushion ▪ Generally, equity content treatment applies to hybrids in proportions equal to or below 15% of total capitalization ▪ Same equity treatment methodology is applied in calculating cash flow credit metrics ▪ Must have at least 20 years or more remaining to the effective maturity to be given any equity content, subject to other features		
Objectives				
1. Equity Treatment	▪ Considered equity	▪ Typically given 50% and 100% equity treatment by S&P and DBRS, respectively, subject to quantity limits	▪ Recent hybrid sub-debt offerings given intermediate equity content by S&P ▪ Quantity limited by DBRS & S&P	▪ Typically given 100% equity treatment, depending on conversion length ▪ Quantity limited by DBRS & S&P
2. Cash Flows for Interest Payments	▪ By way of dividends ▪ **Dividend Timing:** flexible (monthly, quarterly, yearly) ▪ **Dividend Size:** flexible ▪ **Dividend Priority:** can be deferred indefinitely	▪ By way of preferred dividends ▪ **Dividend Timing:** fixed ▪ **Dividend Rate:** flexible at initiation ▪ **Dividend Priority:** can be deferred indefinitely, but prioritized above common dividends • Cumulative or non-cumulative	▪ By way of fixed interest payments until converted ▪ **Interest Timing:** flexible at initiation ▪ **Interest Rate:** flexible at initiation ▪ **Interest Priority:** can be deferred indefinitely, but prioritized above common dividends	▪ By way of preferred dividends until converted ▪ **Dividend Timing:** flexible at initiation ▪ **Dividend Rate:** flexible at initiation ▪ **Dividend Priority:** can be deferred indefinitely, but prioritized above common dividends until converted
3. Cash Flows for Debt Principal Payments	▪ Special dividends can be utilized to match timing of principal repayments	▪ Little incentive for principal repayment unless other features are added	▪ Interest rate step-up incentivizes redemption by the issuer at conversion, but may affect equity treatment	▪ Once converted, special dividends can be utilized to match timing of principal repayments

(1) Also referred to as U.S. Hybrids, with recent examples including TransCanada's US$1.25B offering in February 2017 and Emera's US$1.2B offering in June 2016
(2) Instruments that have both debt-like and equity-like features

Discussion

- Common equity provides the most flexibility to OPG with respect to:
  - Greater certainty in attaining equity treatment by credit rating agencies
  - Cash flow timing in the event that SPV/Trust payments are delayed
- Hybrid instruments(1) are an alternative in satisfying the Province's Capital Injection into OPG
  - Companies usually issue hybrids for specific purposes related to access to capital markets, credit rating, equity dilution, and tax considerations
- Two considerations required for OPG to consolidate the SPV/Trust that may directly affect the timing and amount of cash available to pay the Province are:
  - **Decision Making** – OPG needs to make funding / dividend decisions independent of the Province
  - **Business Risk** – OPG needs to demonstrate that it has variability of returns
- The two above considerations may result in cash not being distributed from the SPV/Trust to OPG, such that OPG cannot pay a dividend or special dividend to the Province
- Additionally, the dividend / interest rate on the Province's Capital Injection relative to the interest rate of the debt issued by the Province and the debt issued to OPG by the SPV/Trust determines where the excess cash will accumulate

(1) Instruments that have both debt-like and equity-like features, including the preferred equity, fixed-to-floating sub. notes, convertible to preferred equity, and mandatory convertible preferred equity discussed on page 3

Discussion (cont'd)

- Hybrid instruments(1) can be used to increase the Province's certainty of cash flows to cover the interest and principal payments on the underlying debt the Province issues
  - Subordination is less of a concern as the Province owns 100% of OPG
  - Direct trade-off exists between adding debt-like features to the hybrid instruments and reducing their degree of equity treatment for OPG by credit rating agencies
  - However, the instruments have to demonstrate some degree of permanency to warrant equity treatment and the total amount that receive equity treatment is limited by credit rating agencies
- At its simplest, the Capital Injection could take the form of common shares to the Province
  - Normal dividends set by the OPG Board, which the Province has the ability to direct, to equal the interest payments on the underlying debt
  - Repayment of principal through special dividends as cash becomes available at OPG after receiving distributions from the SPV/Trust
- Investing at market value as opposed to book value is more of a concern when allocating value between new and existing shareholders, which in not applicable in this case

The Province should have a detailed discussion with OPG and its auditors, and ultimately, the credit rating agencies when evaluating its alternatives in the context of its objectives

(1) Instruments that have both debt-like and equity-like features, including the preferred equity, fixed-to-floating sub. notes, convertible to preferred equity, and mandatory convertible preferred equity discussed on page 3

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From: Roger Casgrain
To: Mike Manning
Cc: Stephen McHarg CASGRAIN; David Derlachter
Subject: Ontario Funding of Hydro Relief
Date: Tuesday, July 18, 2017 9:36:47 AM
Attachments: image001.png
Halifax-Dartmouth Bridge Commission rating.pdf
HalifaxDartmouth Bridge Commission.pdf
Summary_NWR.PDF
MWRP rating.pdf
Presale rating NWRP.PDF

Hi Mike ,
Following our recent lunch :

- where we discussed Premier Kathleen Wynne's proposal to cut hydro rates by 25 per cent this year while capping increases to the rate of inflation for the next four years
- and of the province's potential assistance in the OPG financing,
- here are two examples of indirect provincial funding for regional projects in Canada for your information.

Should you have any questions, please do not hesitate to call.
Regards! Roger

+++

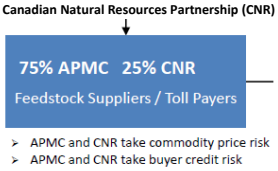
- Nova Scotia -- Halifax Dartmouth Bridges
  - The Halifax Dartmouth Bridges project was realized in order to link 24hour/7 days a week access across the Halifax harbor. This project regroups two bridges : The Macdonald Bridge (1995) and the Mackay Bridge (1970).
    Every year the bridges undergo maintenance fees which amount to many millions of dollars and cannot be fully funded by the tolls.
  - Halifax Harbour Bridges (HHB) entered into a long term loan agreement with the Province of Nova Scotia (in 2007 and again in 2015). The agreement requires that HHB maintain three reserve funds which are Operating, Maintenance & Administrative Fun (OM Fund) , Debt Service Fund. Under the terms of the agreement and Capital Fund. The objective is to reassure the bondholders and create liquidity in case of need.

Loans	Accounts	Conditions	Held in	Value as of March 31, 2016
2007	OM Fund	Maintained at a minimum of 25% of annual budgeted OM Expenses for the following year, or a minimum of $2,500. Can only be used to pay OM expenses. *	Guaranteed Investment Certificate (rate of 0.86%, maturing September 26, 2016)	Market value of $2,500 (2015 - $2,588)
	Debt Service Fund	Maintained at an amount at least equal to 50% of annual interest payments in respect of certain indebtness. Can only be used to pay principal, interest, and fees. *	Guaranteed Investment Certificate (rate of 0.86%, maturing September 26, 2016)	Market value of $479 (2015-$555)
	Capital fund	Deposit a minimum of $900 at initiation and every six months thereafter. Withdrawals permitted to pay amounts owing in respect of the principal or interest on the long-term loan, or maintenance, or improvements, to bridges.	Short-term deposits (rate between 0.77%-0.79% per year)	Market value of $2,707 (2015 - $903)
2015	OM Fund	Use existing account from 2007 satisfies the requirements	--	--
	Debt Service Fund	Maintained at a minimum amount of $1,500 in the 2015 and 2016 fiscal years. Thereafter Funds must be maintained at equal to or greater than debt service amount for the next fiscal year. Only be used to pay principal, interest and other amounts coming due. *	Two Guaranteed Investment Certificate (rate of 0.80% -0.86%, maturing August 8, 2016)	Market value of $2,150 (2015 - $1,500)
	Capital fund	Deposit a minimum of $1,000 to the account starting March 6, 2015 and will continue every six months over four years up to $8,000. Can only be used for payment of costs arising from capital improvements planned for the Bridges, excluding re-decking projects.	Short-term deposits (rate of 0.75%-0.79% per year)	Market value of $3,009 (2015 - $1,000)

  - Please see Halifax-Dartmouth Bridge Commission document pages 17-18 in the attachment for further details.
  - In the September, 2016 S&P rating of A+; the rating reflected the projects stand-alone credit profile as well as S&P's opinion of a low likelihood of the provincial government providing extraordinary support to the commission in the event of a financial distress. Therefore there was no perceived uplift to the rating.
    The S&P rating report is included in the attached file and pertinent passages have been underlined.

+++

- Alberta – North West Redwater Pertnership (NWRP)
  - The NWR Refinery project is located 45 km northeast of Edmonton, in Sturgeon County. The facility is a Heavy oil refinery that will process Bitumen Blend into Refined Products. Sanctioned in November 2012, budgeted facility capital costs are $8.5 billion, financed 80% debt and 20% deemed equity. NWRP entered into two similar toll-based processing agreements with parties hereunder identified.
    - **Alberta Petroleum Marketing Commission (APMC)**
    - **Canadian Natural Resources Partnership (CNR)**



    - APMC and CNR take commodity price risk
    - APMC and CNR take buyer credit risk

  - Please see "Summary NWR" document page 44, for the specifics regarding the direct government funding of the transaction.
  - Alberta approves funding for Sturgeon refinery : Alberta's Ministry of Energy has authorized Alberta Petroleum Marketing Commission (APMC)—an agent of the province as well as feedstock supplier for the project—"to borrow up to $1 billion from the Crown or any other person, as well to lend money, acquire shares, or enter into a joint venture or partnership or provide guarantees" to fund the Sturgeon refinery. Under 30-year processing agreements, APMC (in the rating report "Presale rating NWR.PDF" Province of Alberta and APMC are interchangeable names) will supply 75% of the feedstock. CNRL will supply the rest. The suppliers will receive proportionate shares of the products, the main one of which will be ultralow-sulfur diesel. (*Oil&Gas Journal*, Jan 13 2014, http://www.ogj.com/articles/2014/01/alberta-approves-funding-for-sturgeon-refinery.html[ogj.com])
  - Key convenants from bonds issued were:

Key Covenants:	The Bond Indenture limits the ability of NWRP and its Subsidiaries to, among other things: • assign, terminate, amend, supplement or modify the Processing Agreements; • assign, terminate, amend, supplement or modify either of the SDAs (Subordinated Debt Agreements) or the Partnership Agreement; • create or permit to exist security interests; • incur additional indebtedness; • make certain payments, dispositions and distributions; • engage in transactions with Affiliates; • with respect to NWR Financing, hold assets, become liable for obligations or engage in any significant business activities; • make payment on any subordinated debt; • engage in or carry on certain business activities; and • engage in amalgamations, mergers or consolidations. The Bond Indenture provides that the Co-Issuers shall use and cause each Subsidiary to use commercially reasonable efforts to enforce the material

  - North West Redwater partnership's debt was Downgraded by S&P (A- to BBB+) following a Downgrade of the Province of Alberta rating (AA to A+). Both ratings are related mostly because of the S&P assumption that there is a moderate likelihood of extraordinary support from Alberta, and NWR's stand-alone credit profile is tied to the rating on the project's lowest rated toll-payer, Canadian Natural resources ltd. (S&P: A-2). In the attached file, we have taken the liberty to underline the most interesting passages for your ease of reading.
  - Today: Province of Alberta issued 30 years @ 94.5bps, CNR can issue at a spread of 300bps in the long end and NWRP cost of funding in the same term would be 180bps. Therefore NWRP has a 120bps discount from the CNR issuance and a premium of 85 bps over Province of Alberta debt cost.
  - DBRS Rating of North West Redwater Partnership senior secured is A(low) and Moody's Rating of North West Redwater Partnership senior secured is Baa1.

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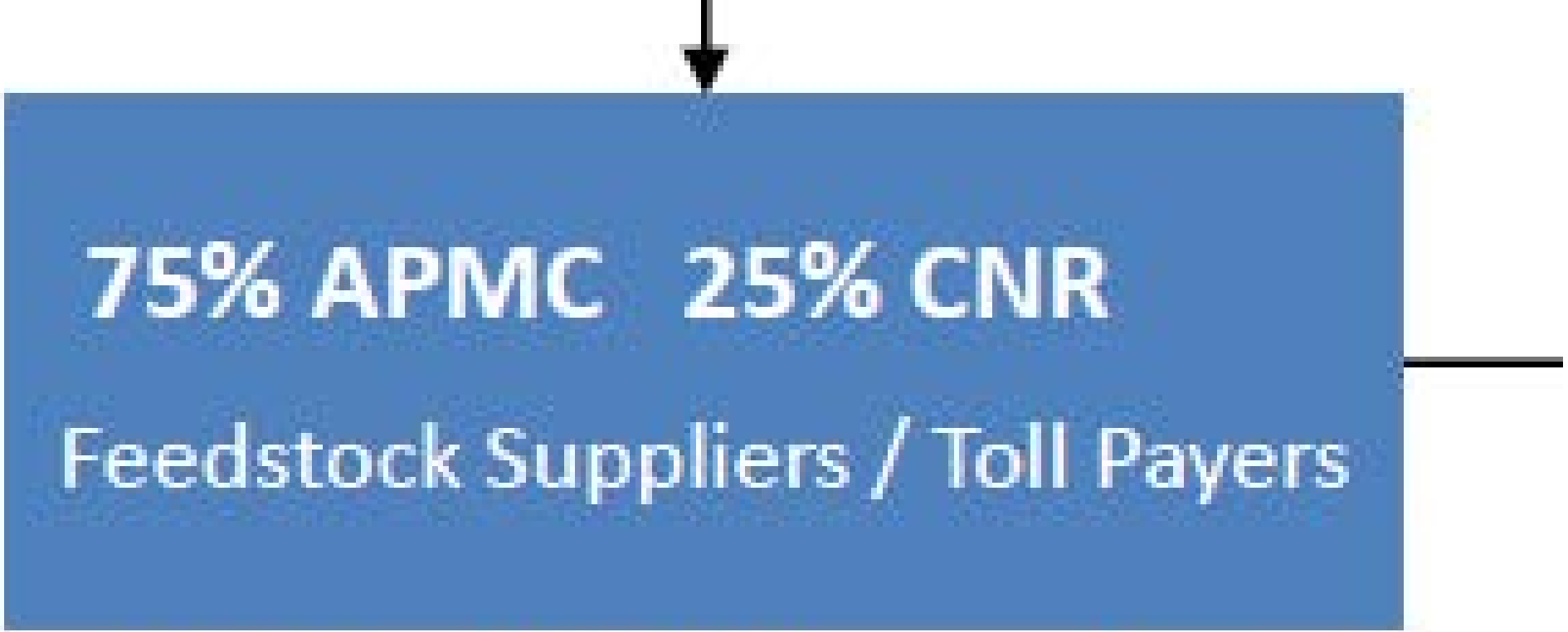

- APMC and CNR take commodity price risk
- APMC and CNR take buyer credit risk

S&P Global
Ratings

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Research Update:

Halifax-Dartmouth Bridge Commission 'A+' Rating Affirmed On Healthy Liquidity Levels; Outlook Stable

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Research Update:

Halifax-Dartmouth Bridge Commission 'A+' Rating Affirmed On Healthy Liquidity Levels; Outlook Stable

Overview

- We are affirming our 'A+' long-term issuer credit rating on Halifax-Dartmouth Bridge Commission (HDBC).
- The rating reflects our view of the commission's near-monopoly status, healthy liquidity levels, stable debt service coverage, high debt burden, and lack of toll-setting autonomy.
- The stable outlook reflects our expectation that HDBC's traffic and revenue growth will be muted in the medium term because of the deck replacement project.
- The outlook also reflects our expectation that the commission's liquidity will continue to be robust and debt service coverage levels will not decline significantly.

Rating Action

On Sept. 26, 2016, S&P Global Ratings affirmed its 'A+' long-term issuer credit rating on Halifax-Dartmouth Bridge Commission (HDBC). The outlook is stable.

Rationale

The rating reflects HDBC's stand-alone credit profile (SACP), which S&P Global Ratings assesses at 'a+'. The rating also reflects our opinion that the likelihood of the provincial government providing extraordinary support to the commission in the event of financial distress is low, resulting in no uplift to the rating.

The SACP primarily reflects S&P Global Ratings' opinion of the commission's near-monopoly status over the primary link between Halifax and Dartmouth; long history of growth in traffic revenues, albeit more modest recently; healthy liquidity; and stable debt service coverage levels. It also reflects the commission's high debt burden because of the deck replacement project and lack of toll-setting autonomy.

HDBC, in Nova Scotia, operates a two-bridge system that is the primary link between Halifax and Dartmouth. We believe the commission benefits from the local economy, which is the largest metropolitan area in the province and Atlantic Canada, and is a regional hub and tourist destination. The Census

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metropolitan area's (CMA) population stood at more than 418,000 in 2015 and rose an average of 0.9% a year for the past decade. We believe that continued economic growth in the CMA will support sound traffic performance in the medium term.

In our view, HDBC's near-monopoly position as the primary link between Halifax and Dartmouth is the foundation of its business position. Because of their strategic location and the lack of significant competitive alternatives, the commission's two bridges represent the fastest and most convenient way for vehicular traffic to move between the two cities, especially during rush hour. Furthermore, we believe that the electronic tolling system benefits traffic flow on the bridges as well.

Traffic volume on the bridges declined a very modest 0.3% to 32.4 million in fiscal 2016, and has tracked at higher levels in first-quarter fiscal 2017. Bridges at full capacity during peak periods and ongoing overnight closures to accommodate the deck replacement project on the suspended span of the Macdonald Bridge explain much of the decline. We expect lower traffic levels while the project is ongoing and that trends will generally track those of the local and provincial economies. Passenger traffic accounts for the majority of crossings but we believe that demand is relatively inelastic to price due to a lack of suitable alternatives.

In line with traffic volumes, operating revenues declined very modestly in fiscal 2016, largely due to lower toll revenues as overnight bridge closures associated with the deck replacement project continue until expected completion in fall 2017. We expect revenues to stabilize, but with the bridges operating at near-capacity during peak hours, we believe material growth in toll revenues is unlikely in the near-to-medium term. A greater reduction in expenses led to an improvement in EBIDA of 2.8% in fiscal 2016. We expect expenses to increase and EBIDA to decline slightly in the medium term, but for the commission to produce stable operating margins of about 68%.

In our view, partially offsetting these factors is HDBC's lack of toll-setting autonomy, given that the Nova Scotia Utility and Review Board (NSUARB) must approve the toll structure. In fiscal 2011, for the first time since 1992, the NSUARB approved a toll increase of 20 cents for passenger vehicles using MACPASS (electronic tolling, phased in over two years), and 25 cents per passenger vehicles paying cash. Both will help fund the bridges' long-term maintenance needs. Although the tolls are relatively low, we do not expect a toll increase in the medium term.

To fund the deck replacement project, total debt outstanding increased significantly in fiscal 2015 due to a C$160 million loan agreement with the province. As of March 31, 2016, total debt was C$178.6 million, or 8.1x EBIDA, and we expect the debt burden to be stable through fiscal 2019. The commission does not plan to issue additional debt in the medium term. The debt service coverage ratio (DSCR; including principal and interest) was 2.6x in fiscal 2016, and we expect the commission to maintain stable coverage in the outlook horizon.

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Similar to the C$60 million loan advanced to the commission in 2007 (C$18.5 million of which is outstanding), the loan agreement has protections in place, including additional indebtedness covenants and contingency accounts for debt service, operations, maintenance and administration, and capital. The requirements for the debt service and capital reserves are stricter under the new agreement, which is positive for the overall credit profile, in our view.

In accordance with our criteria for government-related entities (GREs), our view of HDBC's low level of support reflects our assessment of the commission's limited link with the province and limited role. We assess the link between HDBC and the Province of Nova Scotia as limited based on little government involvement in its day-to-day operations and its strategic planning. The legislation mandates HDBC to be financially self-sustaining. Furthermore, Nova Scotia has never guaranteed the commission's debt. We believe that HDBC plays a limited role in the province. While it is an important transportation corridor for the service area, we assess the commission's individual importance to the government to be less significant compared with that of other GREs (such as the federal Crown corporations, Halifax Port Authority, and Halifax International Airport Authority) that are more important for trade and the economy provincially and nationally. The commission has no public policy role beyond the operation of its two bridges.

Liquidity

HDBC's liquidity levels are healthy, in our opinion. At March 31, 2016, cash balances stood at C$6.7 million. The commission keeps a moderate level of cash, as it relies on its cash flow from operations to fund its restricted assets and capital program. Unrestricted funds consist of unrestricted cash and cash equivalents and the undrawn portion of the C$60 million revolving, unsecured line of credit (there were no draws on the line in fiscal 2016). At fiscal year-end 2016, these represented about 2,580 days of operating expenses and nearly 800% of annual debt service. We expect cash balances to remain stable in the medium term and to cover more than 2,500 days of expenses in the next 12 months.

Outlook

The stable outlook reflects S&P Global Ratings' expectation that HDBC's traffic and revenue growth will remain muted in the next two years because of the deck replacement project, and its DSCR will be about 2.6x in fiscal years 2017-2019. In addition, we expect the commission's relationship with the province to not change.

Material weakening of HDBC's financial profile -- such as a substantial declines in DSCRs resulting from significant drops in traffic volumes and toll revenues or from an unexpected material increase in operating and maintenance costs -- and deteriorating liquidity position could result in downward pressure on the rating.

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Conversely, a significant reduction in debt outstanding and improvement in the DSCR to historical levels of more than 3.5x, coupled with the commission's ability to pass a stress test to be rated above the government, as outlined in our criteria, could result in a positive rating action. However, we view this as unlikely in the next two years.

Related Criteria And Research

Related Criteria

- Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Criteria: Toll Road And Bridge Revenue Bonds In The U.S. And Canada, Feb. 25, 2014
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Ratings List

Rating Affirmed

Halifax-Dartmouth Bridge Commission	
Issuer credit rating	A+/Stable/--

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. All ratings affected by this rating action can be found on the S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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Financial Statements of

HALIFAX DARTMOUTH BRIDGE COMMISSION

Year ended March 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Chair and Commissioners of Halifax Harbour Bridges

We have audited the accompanying financial statements of Halifax-Dartmouth Bridge Commission (operating as Halifax Harbour Bridges), which comprise the statement of financial position as at March 31, 2016, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Halifax-Dartmouth Bridge Commission as at March 31, 2016, and its results of operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Chartered Accountants
June 28, 2016
Halifax, Canada

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HALIFAX DARTMOUTH BRIDGE COMMISSION

Statement of Financial Position

March 31, 2016, with comparative figures for 2015
(in thousands of dollars)

	2016	2015
Assets		
Current assets:		
Cash	$ 6,698	$ 13,632
Receivables	4,173	1,562
Prepaid expenses	230	183
Current portion of Big Lift Fund (note 6)	79,508	42,000
	90,609	57,377
Restricted assets (note 5)	10,845	6,546
Big Lift Fund (note 6)	11,890	91,300
Property, plant and equipment (note 7)	184,574	124,136
	$ 297,918	$ 279,359
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	$ 13,985	$ 7,537
Refundable customer transponder amounts	–	19
Deferred revenue	3,172	3,064
Current portion of unearned revenue	38	108
Current portion of-long-term debt (note 9)	3,000	3,000
	20,195	13,728
Employee future benefits (note 16)	187	199
Unearned revenue	1,591	668
Long-term project holdbacks	1,824	2,203
Long-term debt (note 9)	175,551	178,551
	199,348	195,349
Equity:		
Reserve for restricted assets	10,845	6,546
Retained earnings	87,725	77,464
	98,570	84,010
Commitments (note 18)		
	$ 297,918	$ 279,359

The accompany notes are an integral part of these financial statements.

Approved on behalf of the Commission:

W Mason

Wayne Mason
Chair

Vicki Harnish

Vicki Harnish
Vice Chair

HALIFAX DARTMOUTH BRIDGE COMMISSION

Statement of Comprehensive Income

Year ended March 31, 2016, with comparative figures for 2015
(in thousands of dollars)

	2016 Budget	2016 Actual	2015 Actual
Revenue:			
Toll revenue	$ 30,920	$ 30,976	$ 31,008
Other rate revenue	47	71	184
Other income	301	360	391
	31,268	31,407	31,583
Expenses:			
Operating expenses	7,272	6,601	7,056
Maintenance expenses	3,082	2,837	3,293
Amortization of property, plant and equipment	8,292	6,156	7,793
Loss on disposal of property, plant and equipment	–	357	391
	18,646	15,951	18,533
Operating income	12,622	15,456	13,050
Net finance costs (note 10):			
Finance income	(95)	(168)	(303)
Finance costs	1,110	1,064	4,320
	1,015	896	4,017
Comprehensive income	$ 11,607	$ 14,560	$ 9,033

The accompany notes are an integral part of these financial statements.

HALIFAX DARTMOUTH BRIDGE COMMISSION

Statement of Changes in Equity

Year ended March 31, 2016, with comparative figures for 2015
(in thousands of dollars)

		Restricted Assets				
	Retained earnings	Capital fund	Operations and maintenance (OM) fund	Debt service fund	Total restricted	Total equity
Balance, April 1, 2014	$ 59,074	$ 11,921	$ 2,899	$ 1,083	$ 15,903	$ 74,977
Comprehensive income	8,884	96	37	16	149	9,033
Transfers to (from)	9,506	(10,114)	(348)	956	(9,506)	–
Balance, March 31, 2015	77,464	1,903	2,588	2,055	6,546	84,010
Comprehensive income	14,512	31	9	8	48	14,560
Transfers to (from)	(4,251)	3,782	(97)	566	4,251	–
Balance, March 31, 2016	$ 87,725	$ 5,716	$ 2,500	$ 2,629	$ 10,845	$ 98,570

The accompany notes are an integral part of these financial statements.

HALIFAX DARTMOUTH BRIDGE COMMISSION

Statement of Cash Flows

Year ended March 31, 2016, with comparative figures for 2015
(in thousands of dollars)

	2016	2015
Operating activities:		
Comprehensive income	$ 14,560	$ 9,033
Amortization of property, plant and equipment	6,156	7,793
Interest expense	1,064	1,716
Investment income	(168)	(303)
Unearned revenue	923	629
Premium on long-term debt repayment	–	2,551
Loss on disposal of property, plant and equipment	357	391
	22,892	21,810
Net change in non-cash working capital balances (note 11)	3,809	2,631
	26,701	24,441
Investing activities:		
Purchase of property, plant and equipment, including capitalized interest of $4,307 (note 7)	(66,975)	(33,927)
Proceeds from disposal of property, plant and equipment	24	7
Decrease (investment) in capital fund	(3,813)	10,018
Decrease in OM fund	88	311
Investment in debt service fund	(574)	(972)
Investment in Big Lift fund	(98)	(133,300)
Decrease in accrued employee future benefits	(12)	(6)
Investment income received	168	303
	(71,192)	(157,566)
Financing activities:		
Long-term debt repayments	(3,000)	(20,449)
Proceeds from long-term debt	–	160,000
Increase (decrease) in long-term project holdbacks	(379)	2,203
Premium paid on long term debt repayment	–	(2,551)
Interest paid	(1,064)	(1,716)
Decrease in Big Lift Fund	42,000	–
	37,557	137,487
(Decrease) increase in cash	(6,934)	4,362
Cash, beginning of year	13,632	9,270
Cash, end of year	$ 6,698	$ 13,632

The accompany notes are an integral part of these financial statements.

1. Reporting entity

The Halifax-Dartmouth Bridge Commission (the Commission), operating as Halifax Harbour Bridges (HHB) was created in 1950 by a statute of the Province of Nova Scotia (now the Halifax-Dartmouth Bridge Commission Act - Statutes of Nova Scotia, 2005, c.7). HHB's address and principal place of business is 125 Wyse Road, Dartmouth, Nova Scotia, B3A 4K9.

HHB is a self-supporting entity in which the principal business is the operation and maintenance of two toll bridges across the Halifax Harbour; the Angus L. Macdonald Bridge and the A. Murray MacKay Bridge. Under the Halifax-Dartmouth Bridge Commission Act, Section 27 (1) - With the approval of the Governor in Council, HHB may construct, maintain and operate a transportation project across Halifax Harbour and the North West Arm, or either of them. The Province of Nova Scotia or the Halifax Regional Municipality may request HHB to investigate the sufficiency of the means of access to Halifax provided by the Bridges or the present or future need of a transportation project as stipulated under the Halifax-Dartmouth Bridge Commission Act, Section 27 (2).

Under the Halifax-Dartmouth Bridge Commission Act, Section 27 (3) - Any costs incurred by HHB under this Section are expenses of operating the Bridges or a transportation project in respect of which HHB is collecting tolls, fees, rates and other charges.

The audited financial statements were approved by the Board of Commissioners on June 28, 2016.

2. Basis of financial statement preparation

(a) Statement of compliance

HHB, which is a provincially controlled public sector entity, is reporting as a government business enterprise as defined in the CPA Canada Public Sector Accounting Handbook. Government business enterprises are required to use International Financial Reporting Standards (IFRS) for profit-oriented entities.

The financial statements are prepared on a going concern basis and have been presented in Canadian dollars. The financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board (IASB) and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention.

2. Basis of preparation (continued)

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, the functional currency for HHB.

(d) Use of estimates and judgments:

The preparation of financial statements conforming to IFRS, requires the use of accounting estimates and management's judgment to determine the appropriate application of accounting policies. Estimates and assumptions are required to determine the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to accounting estimates are recognized in the period in which the estimate was revised and any future periods affected.

The following judgments and estimates are those deemed by management to be material to HHB's financial statements:

Judgments

(i) Capitalization and componentization

Judgment is used when determining if components of a construction project are of a capital or repair nature and as to what components constitute a significant cost in relation to the total cost of an asset and whether these components have similar or dissimilar patterns of consumption and useful lives for purposes of calculating depreciation. Among other factors, these judgments are based on past experience, as well as information obtained from HHB's internal and consulting engineers.

(ii) Depreciation and amortization

Judgment is used when determining the estimated useful lives of property, plant, and equipment. Among other factors, these judgments are based on past experience, as well as information obtained from HHB's internal and consulting engineers.

Estimates

(i) Depreciation and amortization

Depreciation and amortization is calculated to write off the cost, less estimated residual value, of assets on a systematic and rational basis over the expected useful life of the asset. Estimates of residual value and useful lives are based on past experience, as well as information obtained from HHB's internal and consulting engineers. Expected useful lives and residual values are reviewed annually for any change to estimates and assumptions.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Revenue recognition

HHB recognizes revenue at the time a vehicle crosses a bridge. HHB's bridge toll rates are regulated by the Nova Scotia Utility and Review Board (NSUARB). Customer prepayments of their Electronic Toll Collection (ETC) crossings are initially recorded as deferred revenue. When the customer crosses a bridge, revenue is recognized and the deferred ETC account is reduced accordingly.

b) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

c) Financial Instruments

Financial instruments are classified into one of the following categories: loans and receivables, held to maturity or other financial liabilities. All financial instruments are initially recorded at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate method.

The Commission’s financial instruments are comprised of the following:

Financial instrument	Classification
Cash	Loans and receivables
Receivables	Loans and receivables
Restricted assets	Loans and receivables and held to maturity
Accounts payable and accrued liabilities	Other financial liabilities
Long-term debt	Other financial liabilities

3. Significant accounting policies (continued)

(i) Financial assets

HHB initially recognizes loans and receivables on the date that they originate. All other financial assets are recognized initially on the trade date at which HHB becomes a party to the contractual provisions of the instrument.

HHB derecognizes a financial asset when the contractual right to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows of the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial assets that is created or retained by HHB is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, HHB has a legal right to offset the amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

Financial Assets classified as Held to Maturity Investments

A financial asset is classified as a Held to Maturity Investment if they are non-derivative financial assets with fixed or determinable payments and fixed maturity that HHB intends to hold to maturity.

The OM Fund, Debt Service Fund and Capital Fund contain short-term investments such as Guaranteed Investment Certificates and Bankers Acceptances that are classified as held to maturity investments and initially recorded at fair value plus any directly attributable transaction costs.

Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest rate method over the terms of the related debt, less any impairment cost. The Big Lift Fund portion of restricted assets consists of promissory notes due from the Province of Nova Scotia that are classified as loans and receivables.

3. Significant accounting policies (continued)

Cash

Cash includes cash on hand and balances with banks. Interest is received on funds in the general bank account at a rate of prime minus 1.95%.

(ii) Financial liabilities

HHB initially recognizes debt securities issued and subordinate liabilities on the date that they originated. All other financial liabilities are recognized initially on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

The corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

(iii) Other financial liabilities

Other financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Payables, lines of credit and long-term debt are classified as other financial liabilities. Direct and indirect costs that are attributable to the issue of other financial liabilities are presented as a reduction from the carry amount of the related debt and are amortized using the effective interest method over the term of the debt. These financial liabilities are deemed to have been issued at prevailing market rates at the date of advance; accordingly no adjustment for fair value has been made.

d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated amortization and any accumulated impairment losses. Land was recorded at deemed cost as of April 1, 2010, as per the optional election made on the transition to IFRS.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes; the cost of materials and direct labor, any other costs directly attributable to bringing the asset to working condition for its intended use, the cost of dismantling and removing the items, and restoring the site on which they are located. Borrowing costs related to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. When funds are temporarily invested pending their expenditure on qualifying assets, any such interest income earned on such funds is deducted from the borrowing costs incurred.

3. Significant accounting policies (continued)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Any gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognized net within profit or loss.

(ii) Repairs and maintenance

Repairs and maintenance costs are charged to expense as incurred, except when these repairs significantly extend the life of the asset or result in an operating improvement. In these instances the portion of these repairs relating to the betterment is capitalized as part of plant and equipment.

(iii) Amortization of property, plant & equipment

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset.

Amortization commences in the year an asset is put in use. Amortization methods, useful lives and residual values are reviewed at each financial year end, based on consultation with HHB's internal and external consulting engineers, and adjusted if appropriate. Land is not depreciated. The estimated useful lives for the current and comparative periods are as follows:

Asset	Rate
Buildings	5 - 50 years
Bridge and bridge components:	
Angus L. MacDonald	5 - 125 years
A. Murray MacKay	5 - 125 years
Electronic toll transponder	8 years
Other assets	2 - 25 years
IT Computer and other equipment	5 - 25 years
Mobile equipment	5 - 10 years

3. Significant accounting policies (continued)

e) Impairment

(i) Financial assets (including receivables)

A financial asset not carried at fair value through profit and loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the corporation on terms that the Corporation would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carry amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on an impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amount of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

An impairment loss is recognized if the carrying amount of the asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

3. Significant accounting policies (continued)

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

f) Application of new and revised standards:

The Commission adopted the following accounting standards and amendments to accounting standards effective April 1, 2015:

Annual Improvements to IFRS

Amendments were made to clarify the following in their respective standards: the definition of "vesting condition" in IFRS 2, "Share-based payment"; classification and measurement of contingent consideration and scope exclusion for the formation of joint arrangements in IFRS 3, "Business combinations"; measurement of short-term receivables and payables and scope of portfolio exception in IFRS 13; "Fair value measurement"; definition of "related party" in IAS 24, "Related party disclosure"; and inter-relationship of IFRS 3 and IAS 40 in IAS 40, "Investment property". Special transitional requirements were set for amendments to IFRS 2 and IAS 40. The adoption of these changes did not have a significant impact on the Commission's financial statements.

g) New accounting standards and interpretations issued but not yet adopted

The International Accounting Standards Board ("IASB") and International Financial Reporting Interpretation Committee ("IFRIC") issued the following standards that have not been applied in preparing these financial statements as their effective dates fall within annual periods beginning subsequent to the current reporting period. This listing is of standards and interpretations issued which HHB reasonably expects to be applicable at a future date. HHB intends to adopt these standards when they become effective.

Revenue from contracts with customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. The new standard is effective for annual reporting periods beginning on or after January 1, 2018 and permits early adoption. IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets for Customers, and SIC 31 Revenue – Barter Transactions involving Advertising Services. The standard establishes principles for reporting the nature, amount timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. New estimates and judgemental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

3. Significant accounting policies (continued)

The Commission intends to adopt IFRS in its financial statements for the fiscal period beginning on April 1, 2017. The extent of the impact of the adoption of the standard on the Commission's financial statements has not yet been determined.

Financial instruments

In July 2014, the IASB issued IFRS 9 (IFRS 9 (2014)), Financial Instruments which will replace IAS 39, Financial Instruments: Recognition and Measurement. The replacement standard provides a new model for the classification and measurement of financial instruments. The IASB has determined the revised effective date for IFRS 9 will be for annual periods beginning on or after January 1, 2018. The extent of the impact of the adoption of the standard on the Commission's financial statements has not yet been determined.

Presentation of Financial Statements

On December 18, 2014 the IASB issued amendments to IAS 1, Presentation of financial statements as part of its major initiative to improve presentation and disclosure in financial reports. These amendments will not require any significant change to current practice, but should facilitate improved financial statement disclosures. The amendments are effective for annual periods beginning on or after January 1, 2016 and early adoption is permitted. The Commission intends to adopt these amendments in its financial statements for the fiscal period beginning on April 1, 2016. The extent of the impact of the adoption of the amendments has not yet been determined.

Annual Improvements to IFRS

Narrow-scope amendments were made to clarify the following in their respective standards: changes in method for disposal under IFRS 5, "Non-current assets held for sale and discontinued operations"; and disclosure of information 'elsewhere in the interim financial report' under IAS 34, "Interim financial reporting". The Commission intends to adopt these amendments in its financial statements for the annual period beginning on April 1, 2016. The extent of the impact of adoption of the amendments has not yet been determined.

Leases

On January 13, 2016 the IASB issued IFRS 16, "Leases". The new standard is effective for annual period beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15, "Revenue from contracts with customers" at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17, "Leases".

3. Significant accounting policies (continued)

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.

Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided.

The extent of the impact of adoption of this standard has not yet been determined.

4. Harmonized sales tax (HST) and income tax status

As a public sector entity controlled by the Province of Nova Scotia, HHB is not subject to Federal or Provincial income taxes, and is entitled to rebates of 100% of the HST it expends on goods and services.

5. Restricted assets

	2016	2015
Capital fund – 2007 loan	$ 2,707	$ 903
Capital fund - 2015 loan	3,009	1,000
OM fund – 2007 loan	2,500	2,588
Debt service fund – 2007 Loan	479	555
Debt service fund – 2015 Loan	2,150	1,500
	$ 10,845	$ 6,546

5. Restricted assets (continued)

2007 Loan

HHB entered into a long term loan agreement with the Province of Nova Scotia on July 25, 2007. This agreement requires that HHB maintain two reserve funds effective December 4, 2007 which are the Operating, Maintenance & Administrative Fund (OM Fund) and Debt Service Fund. Effective June 4, 2008, a Capital Fund was also established.

Under the terms of the loan agreement, the OM Fund must be maintained at an amount at least equal to 25% of the annual budgeted OM expenses for the following year subject to a minimum balance of $2,500. This fund can only be used to pay OM expenses, although any amount in the fund in excess of the required balance can be transferred to HHB's unrestricted accounts. At March 31, 2016, the OM Fund was held in a Guaranteed Investment Certificate at a rate of 0.86% per annum, maturing September 26, 2016 and had a market value of $2,500 (2015 - $2,588).

Under the terms of the loan agreement, the Debt Service Fund must be maintained at an amount at least equal to 50% of annual interest payments required in respect of certain indebtedness. This fund can only be used to pay principal, interest, and fees, although any amount in the fund in excess of the required balance can be transferred to HHB's unrestricted accounts. At March 31, 2016, the Debt Service Fund was held in a Guaranteed Investment Certificate at a rate of 0.86% per annum, maturing September 26, 2016 and had a market value of $479 (2015 - $555).

Under the terms of the loan agreement, HHB established and deposited a minimum of $900 to a Capital Fund commencing June 4, 2008, and every six months thereafter for the duration of the loan. Withdrawals are permitted from the Capital Fund to pay amounts owing in respect of the principal or interest on the long term loan, or for the maintenance of, or improvements to, the bridges. In October 2014, $12,913 was withdrawn from the 2007 loan Capital Fund and applied against the principal of the 2007 loan. At March 31, 2016, the Capital Fund, held by the Province of Nova Scotia, had a market value of $2,707 (2015 - $903) and was invested in short-term deposits earning between 0.77% - 0.79% per annum.

5. Restricted assets (continued)

2015 Loan

HHB entered into a long term loan agreement with the Province of Nova Scotia on February 06, 2015, for the capital project to replace the suspended span of the Macdonald Bridge. This agreement requires that HHB maintain an OM Fund, a Debt Service Fund, and a Capital Fund. The existing OM Fund for the 2007 loan satisfies the requirements for the 2015 loan.

Under the terms of the loan agreement, the Debt Service Fund must be maintained at a minimum amount of $1,500 in the 2015 and 2016 fiscal years. Following this period, the fund is to be maintained at equal to or greater than the debt service amount for the next fiscal year. This fund can only be used to pay principal, interest, and other amounts coming due, although any amount in the fund in excess of the required balance can be transferred to HHB's unrestricted accounts. At March 31, 2016, the Debt Service Fund was held in two Guaranteed Investment Certificates with a rate of 0.80% - 0.86% per annum, maturing August 8, 2016 and had a market value of $2,150 (2015 - $1,500).

Under the terms of the loan agreement, HHB established and deposited a minimum of $1,000 to a Capital Fund commencing March 6, 2015, and will continue every six months over four years to accumulate the required Capital Fund balance of $8,000. This fund can only be used for payment of costs arising from any capital improvements planned for the Bridges, excluding re-decking projects. At March 31, 2016, the Capital Fund, held by the Province of Nova Scotia, had a market value of $3,009 (2015 - $1,000) and was invested in short-term deposits earning 0.75% – 0.79% per annum.

6. Big Lift Fund

The Big Lift Fund consists of proceeds from the 2015 loan not yet expended on the Macdonald Bridge suspended span replacement project. Under the terms of the loan agreement, these amounts have been invested in term promissory notes issued by the Province of Nova Scotia. The promissory notes mature monthly, through September 2017, in various amounts, to enable HHB to make payments to third parties within the following 30 days in respect of capital improvements to the Macdonald Bridge. Amounts expected to be drawn down in the next 12 months to fund expenditures have been included in current assets.

7. Property, plant and equipment

Cost	Land	Buildings	Bridge ALM	Bridge AMM	ETC	Other	Comp Equip.	Mobile Equip.	WIP	Total
Balance, March 31, 2015	$ 9,184	$ 7,920	$ 72,664	$ 42,672	$ 5,706	$ 14,423	$ 9,559	$ 1,777	$ 51,775	$ 215,680
Additions	68	100	1,101	46	333	257	325	519	64,226	66,975
Retirements	-	-	(1,175)	(57)	(1)	-	(40)	(41)	(361)	(1,675)
Transfers	-	-	1,594	1,877	-	1,100	4	-	(4,575)	-
Balance, March 31, 2016	$ 9,252	$ 8,020	$ 74,184	$ 44,538	$ 6,038	$ 15,780	$ 9,848	$ 2,255	$ 111,065	$ 280,980

Accumulated amortization	Land	Buildings	Bridge ALM	Bridge AMM	ETC	Other	Comp Equip.	Mobile Equip.	WIP	Total
Balance, March 31, 2015	$ -	$ 2,468	$ 47,580	$ 22,643	$ 4,174	$ 5,452	$ 7,991	$ 1,236	$ -	$ 91,544
Amortization expense	-	238	1,191	1,725	529	1,259	1,055	159	-	6,156
Retirements	-	-	(1,185)	(47)	-	-	(40)	(22)	-	(1,294)
Balance, March 31, 2016	$ -	$ 2,706	$ 47,586	$ 24,321	$ 4,703	$ 6,711	$ 9,006	$ 1,373	$ -	$ 96,406
Net Book Values										
Balance, March 31, 2015	$ 9,184	$ 5,452	$ 25,084	$ 20,029	$ 1,532	$ 8,971	$ 1,568	$ 541	$ 51,775	$ 124,136
Balance, March 31, 2016	$ 9,252	$ 5,314	$ 26,598	$ 20,217	$ 1,336	$ 9,069	$ 842	$ 881	$ 111,065	$ 184,574

Included in current year additions to WIP is capitalized interest of $4,307 (2015 - $636). Included as an offset to current year WIP additions is interest income earned on the Big Lift Fund of $853 (2015 - $144)

8. Accounts payable and accrued liabilities

	2016	2015
Trade payables	$ 2,540	$ 3,235
Accrued expenses	3,866	2,843
Project holdbacks	7,608	2,601
Accrued liabilities	1,795	1,061
	15,809	9,740
Less: long-term portion of project holdbacks	(1,824)	(2,203)
	$ 13,985	$ 7,537

9. Long-term debt

	2016	2015
Province of Nova Scotia – 2007 Loan	$ 18,551	$ 21,551
Province of Nova Scotia – 2015 Loan	160,000	160,000
	178,551	181,551
Less: current portion	(3,000)	(3,000)
	$ 175,551	$ 178,551

Long-term debt consists of two separate loans from the Province of Nova Scotia:

2007 Loan

A $60,000 unsecured loan issued July 25, 2007 bearing interest at an average rate of 5.19%. The loan was to assist with (i) the payment on maturity of $100,000 5.95% Toll Revenue Bonds Series 1, due December 4, 2007 and (ii) repayment of advances under a committed revolving credit facility established with the Province of Nova Scotia. The 2007 Loan requires annual principal repayments of $3,000 due December 4th of each year with a final principal payment of $9,551 due on maturity on December 4, 2019. Interest is paid semi-annually on June 4th and December 4th. HHB is in compliance with a rate covenant contained in the loan that requires certain interest coverage ratios be maintained.

On October 22, 2014, HHB made a prepayment of $17,449 which was applied against the final loan principal maturity due in 2019. The prepayment was made at the market value of the principal repaid as determined in the repayment note. The prepayment required a total cash payment of $20,000 which included a market make-whole premium of $2,551 recorded as finance costs on the 2015 statement of comprehensive income (note 10).

9. Long-term debt (continued)

2015 Loan

A $160,000 unsecured loan issued February 6, 2015 bearing interest at an average rate of 2.80%. The loan is to facilitate capital improvements to the Angus L. Macdonald Bridge as contemplated by the Angus L. Macdonald Bridge Suspended Span Replacement Project ("the Project"). The 2015 loan is to be repaid over twenty years starting June 1, 2019 with annual principal repayments of between $4,000 and $10,000. Interest is paid semi-annually on June 1st and December 1st of each year. A portion of the interest charges related to this loan are included with the cost of the Project during construction in property, plant and equipment.

Line of Credit

A $60,000 revolving, unsecured line of credit with the Province of Nova Scotia issued June 30, 2008, maturing on December 5, 2019. Interest is charged on outstanding balances at a rate equal to the arithmetical average of the discount rates on Canadian Dealer Offered Rate (CDOR) Banker's Acceptances applicable on the date of the requested advance payable at maturity. As at March 31, 2016, the balance drawn was $nil (2015 - $nil).

Operating Loan Facility

A $5,000, unsecured, operating loan facility with a chartered bank which bears interest at the bank prime rate minus 0.5% per annum. As at March 31, 2016, the balance drawn was $nil (2015 - $nil) and no advances were outstanding during the year.

10. Finance income and finance costs

	2016 Budget	2016	2015
Interest income on restricted assets	$ (928)	$ (925)	$ (345)
Investment income	(25)	(96)	(102)
Less amounts capitalized to property, plant and equipment	858	853	144
Finance income	(95)	(168)	(303)
Interest expense on long-term debt	6,150	5,371	2,352
Realized loss on investments	–	–	53
Market make-whole premium on long-term debt prepayment	–	–	2,551
Less amounts capitalized to property, plant, and equipment	(5,040)	(4,307)	(636)
Finance costs	1,110	1,064	4,320
Net finance cost recognized in profit or loss	$ 1,015	$ 896	$ 4,017

10. Finance income and finance costs (continued)

For the year ended March 31, 2016, interest charges of $4,307 (2015 - $636) have been included in property, plant and equipment.

11. Net change in non-cash working capital balances

	2016	2015
Decrease (increase):		
Receivables	$ (2,611)	$ (1,256)
Prepaid expenses	(47)	–
Increase (decrease):		
Accounts payable and accrued liabilities	6,448	3,759
Deferred revenue	108	129
Refundable customer transponder amounts	(19)	(1)
Current portion unearned revenue	(70)	–
Net change	$ 3,809	$ 2,631

12. Financial risk management

The Commission has exposure to the following risks from its use of financial instruments:

- Credit risk
- Interest rate risk
- Liquidity risk

a) Credit risk

HHB provides credit to certain non-toll revenue customers in the normal course of its operations. In order to reduce its credit risk, HHB has adopted credit policies including the monitoring of customer accounts.

HHB has credit risk exposure related to contributions due from partners for the Macdonald Bridge suspended span replacement project. The counterparties involved are government controlled entities.

12. Financial risk management (continued)

a) Interest rate risk

The long term debt has fixed interest rates for the entire terms of both loans and consequently, there is no risk of higher interest rates in the future. The line of credit and operating loan facility are floating rate facilities with the interest rate set on the date of advance as per note 9 which consequently entails interest rate risk exposure on any outstanding balances.

c) Liquidity risk

HHB is exposed to liquidity risk arising primarily from its long-term debt with the Province of Nova Scotia. The 2007 loan requires a balloon principal repayment of $9,551 on December 4, 2019 and the 2015 loan requires annual repayments of principal, ranging between $4,000 and $10,000, beginning on June 1, 2019.

HHB manages liquidity risk by monitoring short and long-term cash flows and by controlling the level of operating and capital expenditures. The 2007 loan requires annual contributions to a capital fund of $1,800 which may be used to repay principal and interest on the debt. The 2015 loan requires annual contributions to a capital fund of $2,000 to a minimum of $8,000 that is to be maintained for the life of the loan. HHB believes the establishment and continued growth of the 2007 loan capital fund partially offsets the risk associated with the future balloon payment for this loan.

HHB’s cash, restricted assets and Big Lift Fund investments are invested in liquid interest-bearing investments.

13. Capital management

HHB's capital management objective is to ensure there is adequate cash flow to meet its operational requirements, fund capital expenditures and make required debt payments.

HHB regularly reviews its projected future toll revenues in conjunction with its current cash position and borrowing ability in order to finance significant future projects that are required to upgrade and maintain its property, plant and equipment. There were no changes to HHB's approach to capital management during the year.

14. Related party transactions

As a provincially controlled public sector entity, HHB is considered to be related to the Province of Nova Scotia. HHB is also related to the City of Halifax by virtue of Halifax's right to appoint four members of HHB's Board of Commissioners.

HHB has applied the modified disclosure requirements under IAS 24, Related Party Disclosures, which exempt government-related entities from providing all of the disclosure about related party transactions with government or other government-related entities.

HHB has a long-term loan for $60,000 from the Province of Nova Scotia. Interest on the 2007 long-term debt for the period ended March 31, 2016 was $1,064 (2015 - $1,716), of which $310 (2015 - $356) was payable at year end.

HHB has a long-term loan for $160,000 from the Province of Nova Scotia. Interest on the 2015 long-term debt for the period ended March 31, 2016 was $4,307 (2015 - $636), of which $1,438 (2015 - $636) was payable at year-end.

HHB has a $60,000 revolving, unsecured line of credit from the Province of Nova Scotia. There were no draws on the facility during the year ended March 31, 2016. During the year ended March 31, 2015, HHB drew and repaid $16,200 on this facility.

HHB collects toll revenue from the province and HRM and makes purchases from HRM in the normal course of business.

15. Pension plans

HHB sponsors a defined contribution pension plan for all permanent employees. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

HHB recognized an expense of $154 for the period ended March 31, 2016 (2015 - $159). No future contributions are required in respect of past service at March 31, 2016.

.

16. Accrued employee future benefits

HHB's policy is that all employees whose age and years of service total 80 or more, or who become disabled at any age, will be paid a retirement benefit equal to one month's salary for their first ten years of service, plus one month's salary for each additional five full years of service as of March 31, 2015. The benefit is based on the salary in effect at March 31, 2015. The benefit does not increase after March 31, 2015. HHB has recorded a liability of $187 in accrued employee benefits at March 31, 2016 (2015 - $199). A total of $13 (2015 - $20) was allocated to operating and maintenance expenses for the period.

17. Fair value measurement

The fair value of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position are as follows:

	March 31, 2016				March 31, 2015			
	Carrying value	Fair value			Carrying value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Assets								
Cash	$ 6,698	$ 6,698	$ –	$ –	$ 13,632	$ 13,632	$ –	$ –
Receivables	4,173	–	–	4,173	1,562	–	–	1,562
Restricted assets	10,845	10,845	–	–	6,546	6,546	–	–
Big Lift Fund	91,398	91,398	–	–	133,300	133,300	–	–
Liabilities								
Trade and other payables	13,985	–	–	13,985	7,537	–	–	7,537

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

18. Commitments

HHB has entered into contracts for the 2017 fiscal year for the continued maintenance and capital improvement of the bridges in the amount of $75,593.

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Contract obligations	$ 144	$ 65	$ 65	$ 16	$ nil
Capital contract obligations	75,449	12,827	nil	nil	nil
Total contract obligations	$ 75,593	$ 12,892	$ 65	$ 16	$ nil

19. Comparative information:

Certain comparative information for March 31, 2015 have been reclassified to conform with the financial statement presentation adopted for March 31, 2016.

Enhance Energy Inc. and North West Redwater Partnership

KNOWLEDGE SHARING REPORT

DIVISION A:
SUMMARY REPORT
Calendar Year 2015

Submitted on:
March 31, 2016

Green River, by Tom Milosz

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Certification Letters

Certification on behalf of Enhance Energy Inc.
CERTIFIED on behalf of Enhance Energy Inc., named in the "CCS Funding Agreement – The Alberta Carbon Trunk Line Project", to be true, accurate and complete, to the best of my knowledge, based on reasonable inquiry and due diligence, as of the date of this certification. This Certification applies to the information supplied by Enhance Energy Inc. only and does not imply certification of information supplied by other Recipients.

Per: Enhance Energy Inc
Blair Eddy
Senior Vice President, Operations

March 31/16
Date

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NWR
NORTH WEST REDWATER PARTNERSHIP

CERTIFICATION ON BEHALF OF NORTH WEST REDWATER PARTNERSHIP

CERTIFIED on behalf of the North West Redwater Partnership, named in the "CSS Funding Agreement - The Alberta Carbon Trunk Line Project," to be true, accurate and complete, to the best of my knowledge, based on reasonable inquiry and due diligence, as of the date of this certification.

The Certification applies to the information supplied by the North West Redwater Partnership only and does not imply certification of information supplied by other Recipients.

Per: _____ Date: Mar 28/16

Larry Vadori
Senior Vice President
Operations and Development

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Part A – Executive Summary

Enhance Energy Inc. ("Enhance") and North West Redwater Partnership ("NWR" or "NWRP") are developing a fully integrated Carbon Capture and Storage ("CCS") project, the Alberta Carbon Trunk Line ("ACTL"), incorporating:

- CO_2 capture from the existing Agrium Redwater fertilizer plant;
- CO_2 capture from the North West Sturgeon Refinery project under development using gasification and Rectisol® synthesis gas purification and conditioning technology;
- A 240 km CO_2 transportation trunk line; and
- Storage, including Enhanced Oil Recovery ("EOR").

The ACTL project will provide critical CO_2 gathering and distribution infrastructure to enable the cost-effective management of CO_2 emissions. The project also represents an opportunity to showcase how the Province's vast bitumen resources can provide competitive and environmentally sustainable energy amid tightening environmental standards.

This Summary Report will highlight the information contained in the attached Division B Detailed Report. The status and progress of each component (see Figure 1 below) of the ACTL will be summarized, as well as the relevant financial information.

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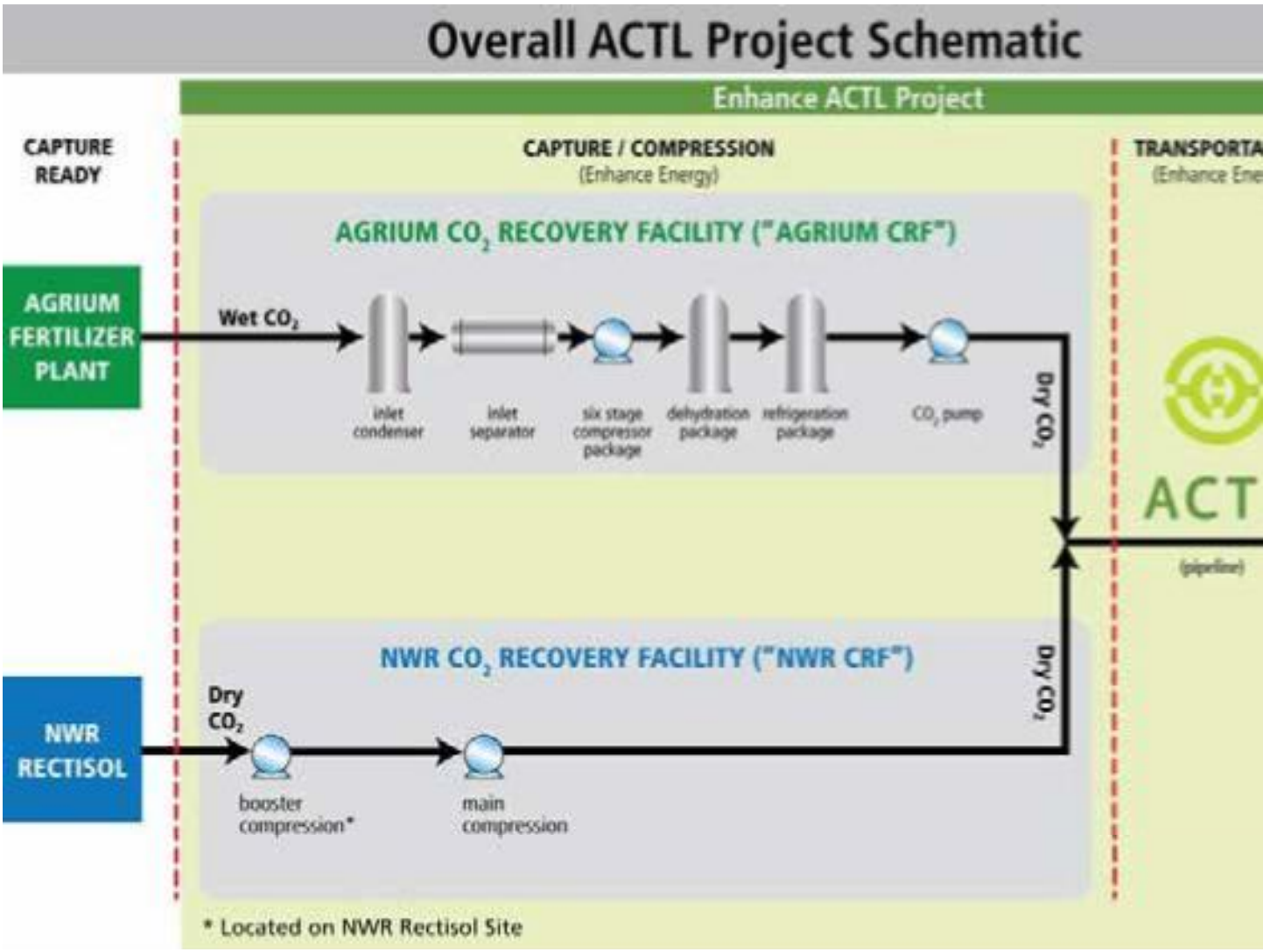

Figure 1 - Overall ACTL Project Schematic

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terms.

Substantial progress has been made on the ACTL project, particularly the NWR portion. The ACTL is forecast to start-up with Agrium volumes in early 2017, and NWR volumes coming on-stream in mid-2017. An updated timeline as of December 31, 2015 is shown in Section 11: "Project Timeline".

Key activities achieved during the 2011 year include:

Agrium CO_2 Recovery Facility:

- Detailed Engineering and Design completed
- Tie-in of the CO_2 supply line within the Agrium fertilizer plant site
- Ordering of major equipment, including compressor
- Compressor manufacture significantly underway

NWR Rectisol:

- Completion of Design Basis Memorandum ("DBM")
- Engineering Design Specification ("EDS") nearing completion (as of April 2012)
- Transitioning to Detailed Engineering stage

NWR CO_2 Recovery Facility:

- CO_2 Booster Compression unit
    - Completion of DBM
    - EDS nearing completion (as of April 2012)
    - Transitioning to Detailed Engineering Design
- CO_2 Main Compression unit
    - Development of DBM
    - Preliminary cost estimates completed
    - Transitioning to Detailed Engineering Design

Transportation:

- Approval of Alberta Energy Regulator ("AER") construction license
- 98% of Right of Way from landowners acquired
- Right of Way survey completed
- Environmental assessments completed
- Detailed alignment sheets significantly completed
- Horizontal Directional crossing designs significantly completed
- Pipe material testing completed

Storage:

- Pressure survey analysis completed

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- Geological characterization of sedimentary succession above the oil reservoir underway

Key activities achieved during the 2012 year include:

Agrium CO_2 Recovery Facility:

- Delivery and receipt of major equipment, including:
  - Stainless steel piping and fittings
  - Two inlet condenser units
  - Inlet separator vessel
  - CO_2 transfer pump
  - CO_2 booster pump
  - Facility isolation valves
- Signed contract with Fortis Alberta to design and build dedicated power line for facility
- Signed contract with Coronado Gas Coop to provide fuel gas pipeline and metering for facility
- CO_2 Compressor manufacturing progress:
  - Completed manufacturing of bull gears, pinion shafts and impellers
  - Completed dynamic testing of all three rotor sets
  - Completed casting and machining of stage volutes and main gear box housing
  - Completed assembly and testing of lubrication oil package
  - Main drive motor assembled and ready for run test
  - Completed FAT (factory acceptance testing) for main control panel
- Vessel fabrication for the dehydration package has commenced
- Vessel fabrication and purchase of all major components for the refrigeration package has commenced, including purchase of ammonia compressor, main drive motor and ammonia condensers
- Glycol recirculation pumps are assembled and ready to ship from factory

NWR Rectisol:

- Announcement on November 8, 2012 of Owner's approval for construction of Phase 1 of North West Sturgeon Refinery
- Updated Engineering Design Specifications including Cost Estimate and Schedule
- Initiated Cost Containment review
- Adoption of Rectisol design modernization
- Contract awarded for Air Separation Unit (in support of Gasifier)

NWR CO_2 Recovery Facility:

- CO_2 Booster Compression unit
  - Finalized location of CO_2 facility within Gasifier unit
  - Finalized CO_2 discharge piping route within refinery
  - Finalized technical specification and data sheet for booster CO_2 compressor
  - Currently evaluating bids from four vendors for compressor

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- CO_2 Main Compression unit
    - Drafting technical specification and data sheet for main CO_2 compressor

Transportation:

- 100% of the Right of Way landowners now acquired
- Delivery and receipt of major equipment, including:
    - Pipeline valves and actuators
    - Pipe for major river crossing

Storage:

- Completed fourth report on geological characterization of the injection field, conclusions from that report are currently being evaluated

Key activities achieved during the 2013 year include:

Agrium CO_2 Recovery Facility:

- Completed mechanical run and performance testing of Six Stage Siemens compressor
    - After testing, compressor was disassembled for inspection and prepared for storage/shipment
    - Compressor motor completed and tested – in storage yard
- Optimized plant layout to reduce footprint and incorporate contractor suggested constructability improvements
    - Significant reduction in structural, piping and electrical materials due to more efficient layout
- Completed construction Request for Proposal (RFP) packages
    - Received construction proposals and conducted review and clarification process
    - Construction proposals within range of internal cost estimate

NWR Rectisol:

- Announcement on December 4, 2013 of NWR update to Sturgeon Refinery cost estimate, Bitumen Processing Agreements, and capital structure
- Finalized Engineering Design Specifications
- Gasifier unit Class 3 cost estimate and Level 3 resource loaded schedule were established as baseline for project execution
- All major equipment purchase orders placed
- 30% Model Review was completed for Gasifier unit

NWR CO_2 Booster Compression unit

- Completed Vendor Technical Submission evaluations for CO_2 booster compressor and completed clarification meetings
    - 17,000 hp, three stage Integrally Geared Centrifugal compressor

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- Negotiated staged contract for booster compressor due to NWR project schedule.
- CO_2 Compressor was ordered from MAN Diesel & Turbo SE in Germany
- Completed Hazard Operability review and 30% 3-D design model review

CO_2 Main Compression unit

- Conducted starting/utility demand studies for Fortis Alberta
- Selected CO_2 compressor
    - 13,000 hp, five stage Integrally Geared Centrifugal compressor
- Finalized surface land acquisition for main compression site
- Worked extensively with Sturgeon County to establish utility corridor between NWR and Fort Hills

Transportation:

- Completed Phase 1 of Clearing of the ACTL right-of-way in Q1
- Received approval of Clearing and Reclamation Plan from Alberta Environment
- Prepared pipeline construction RFP documents
- Received Construction proposals and prepared for clarification and review process
- Significantly completed Issued for Construction drawings – minor revisions required in the Alberta Industrial Heartland (AIH) area (12" line) due to ability to parallel NWR product lines across North Saskatchewan river
- ROW routed through Suncor/AIH:
    - Finalization of the CP corridor route
    - Enhance continued discussions with the AIH counties regarding by-law discussions for pipeline corridors

Storage:

- Enhance has signed a Purchase and Sales Agreement with Santonia Energy Inc., which closed on September 17th, 2013. This now fully secures the storage site under Enhance's control.
- Alberta Innovates Technology Futures (AITF) were engaged to begin work on developing a baseline monitoring program that will feed into the project's Monitoring Measurement and Verification (MMV) plan
- Engineering underway for CO_2 recycle and storage
- Detailed engineering of injection site completed
- Draft EOR application submitted to the Alberta Energy Regulator (AER)
- Alberta Innovates – Technology Futures is examining the saline formations, potable aquifers, surface water accumulations and potable water wells
- Baseline CO_2 concentrations in these aquifers, water bodies and wells, as well as the overlying soil and air will be part of the MMV program

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Key activities achieved during the 2014 year include:

Agrium CO_2 Recovery Facility:

- Design of tie in for Agrium Plant 1 – all required engineering drawings completed and issued for construction.
- Specification of required blower and compression equipment to be added to both Agrium and Enhance Energy sites.
- Long lead equipment ordered for the turnaround of the Agrium Plant 1 facility – scheduled for March 2015.

NWR Rectisol:

- Completed 60% model review, and significant progress on 90% model reviews with completion in the 1st quarter 2015.
- Detailed engineering is over 80% complete reaching 100% by mid-year 2015.
- Procurement is over 50% with all major equipment orders placed, bulk material orders and various construction contracts in progress.
- Module fabrication is just beginning and will continue through 2015.
- Site wide civil work is complete. Gasifier unit area was turned over to the gasifier construction team in mid-2014.
- Piling and foundation work commenced in 2014 and was approximately 30% complete by year end 2014. Now forecasting May 2015 completion and achievement of the first funding milestone.

NWR CO_2 Booster Compression unit

- NWR Booster Compressor ordered in February 2014 – manufacturing approximately 20% complete.
- Air cooled exchangers ordered in June 2014. Other related equipment orders complete.
- Equipment fabrication in progress with expected delivery dates in the 3rd and 4th quarters of 2015.
- Completed revised EPC contract with NWR for Booster Compressor and related equipment installation.
- 60% model review completed with 90% model review underway.
- Piling and other site construction progress integrated with NWR Rectisol as above.

CO_2 Main Compression unit

- Purchase and sale agreement executed with CP Rail for the main compressor site.

Transportation:

- Major utility crossing agreements sent out for approval – approximately 80% have been approved.
- Detailed hydraulic modeling of the pipeline has been completed – incorporated detailed elevations from survey data.

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- Transmission and gathering line amendments accepted by Alberta Energy Regulator ("AER") for incorporation into existing pipeline licence. These revisions reflected individual landowner and route optimization through the detailed engineering process.

Storage:

- Presently working on Phase IV of MMV plan in conjunction with AITF.
    - Phase IV involves assessing all available information to develop a program to acquire data for the various aspects, such as air quality, soil gas, groundwater chemistry and surface flux.
    - Sampling program is being identified and will be scheduled as part of the overall project execution.

Key activities achieved during the 2015 year include:

Agrium CO_2 Recovery Facility:

- Installation of the tie in for Agrium Plant 1 which included the stack diverter valve, capture line isolation valve and blower recycle valve was completed in April 2015.
- Electrical Specifications required for the blower packaged equipment for the Agrium site were completed. Delivery of the two electrical transformers also occurred.
- An engineering assessment for the routing of the CO_2 capture piping to utilize existing Agrium pipe racks was completed.
- Vessel fabrication for the dehydration package was completed, and the package was assembled and housed to approximately 95% of completion.
- Vessel fabrication and purchase of all major components for the refrigeration package was completed, including delivery of ammonia compressor, main drive motor and ammonia condensers, heat exchangers, and pumps. Package assembly was approximately 90% complete.
- Issue For Bid electrical packages and specifications were completed.
- Request for Proposal packages were sent to potential construction contractors to obtain updated pricing for the complete construction of the CO_2 Recovery Facilities ("CRF").
    - Included obtaining pricing for remaining materials and equipment.

NWR Rectisol:

- Completed 90% model review.
- Engineering is over 95% complete.
- Procurement is over 75% with all major equipment orders placed, bulk material orders and various construction contracts in progress.
- Module fabrication is nearly complete with several modules delivered to site.
- Piling and foundation work completed in September 2015.

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NWR CO_2 Booster Compression unit

- NWR Booster Compressor manufacturing was completed, along with mechanical run tests and performance test. Unit was then shipped to NWR site from Germany along with the main motor.
- Air cooled exchanger assembly and module integration has started along with installation of the pipe rack modules that support the CO_2 pipeline out of the capture facility.
- P&ID's were completed; 90% model review completed; IFC isometric stick build piping drawings completed.
- IFC Electrical drawings were completed along with procurement activities of long lead components.
- Building 3D model along with IFC building architectural, structural and foundation drawings were completed.
- Piping fabrication for stick build was underway.
- Piling and foundations were completed for the compressor and compressor building.

CO_2 Main Compression unit

- To optimize connecting pipeline routing, scouting activities were renewed to search for alternate sites.
    - An agreement was reached with NWR to move the main site onto NWR lands, resulting in a reduction of nearly 5000m of pipeline.
    - A purchase and sale agreement was cancelled with CP Rail for the previous contemplated main compressor site.
- A Class 3 capital cost estimate was developed for long lead mechanical items and construction of facility.

Transportation:

- Continue to obtain remaining outstanding major utility crossing agreements.
- Public consultation newsletter sent out in Q2
- Revised and updated pipeline construction Request for Proposal documents
- Received updated Construction proposals and prepared for clarification and review process.

Storage:

- Enhance continued to develop the Clive Leduc development scheme to identify and characterize reservoir flow paths to determine movement of CO_2 bank through the flood life.
- This technical work will be utilized in a formalized risk assessment process to determine monitoring, measurement and verification requirements.
- Worked on Phase IV of Measurement, Monitoring & Verification Plan.

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- Phase IV involves assessing all available information to develop a program to acquire data for the various aspects, such as air quality, soil gas, groundwater chemistry and surface flux.
- Sampling program is being identified and will be scheduled as part of the overall project execution.

Part B – Project Status Overview and Commentary

The NWR portion of the project is now in full execution and construction with the majority of the equipment purchased, modules constructed and site preparation complete. Piling work at NWR was completed in 2015 allowing the installation of the various modules in 2016/17.

The 2015 Agrium interconnection was successfully completed on schedule and significantly under budget. Typically an interconnection into an existing plant results in unexpected scope changes due to the challenges of an older operating facility. Our key learning was proper integration and project definition with the operations team. Engaging the engineering and operations team on the key project drivers resulted in reduced project scope and changes as risks to design and execution were mitigated prior to construction.

Continued refinement of the ACTL engineering and construction plan has resulted in reduced schedule. Detailed interaction with the pipeline contractors at the engineering level has resulted in a well-defined scope of work. Several construction recommendations from the contractors have been incorporated into the pipeline design, enabling better construction practises.

Integration of engineering and construction teams will continue to minimize project execution and cost risks.

The ACTL project will employ technologies that are commercially mature. The primary innovation of the project is its scope and integration of various existing technology to demonstrate an economic carbon solution for Alberta.

Section 1: Facility Design

A) AGRIUM CO_2 Recovery Facility ("Agrium CRF")

Design of the CRF Facility (to date)

The design basis for the new Agrium Capture Facility is for economic recovery of CO_2 from the fertilizer plant's CO_2 emission streams. The streams pass through inlet cooling, separation, compression, dehydration, and refrigeration. This process produces liquefied CO_2 that is then pumped into the Alberta Carbon Trunk Line ("ACTL") at a pressure of 17,926 kPag [2,600 psig], which transports the CO_2 to EOR fields at the end of the line for permanent storage.

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The facility was designed to recover the highest percentage of CO_2 from the incoming feed stream. Various process options were discussed before arriving at the proposed process design. This current design utilizes a "fit for purpose" philosophy by incorporating typical oilfield/industrial technology, sourced and serviced locally.

Plot Plan and Facility Location

The plot plan (shown below) illustrates the layout of the CRF, which is located just outside the boundaries of Agrium's fertilizer plant in the Alberta Industrial Heartland.

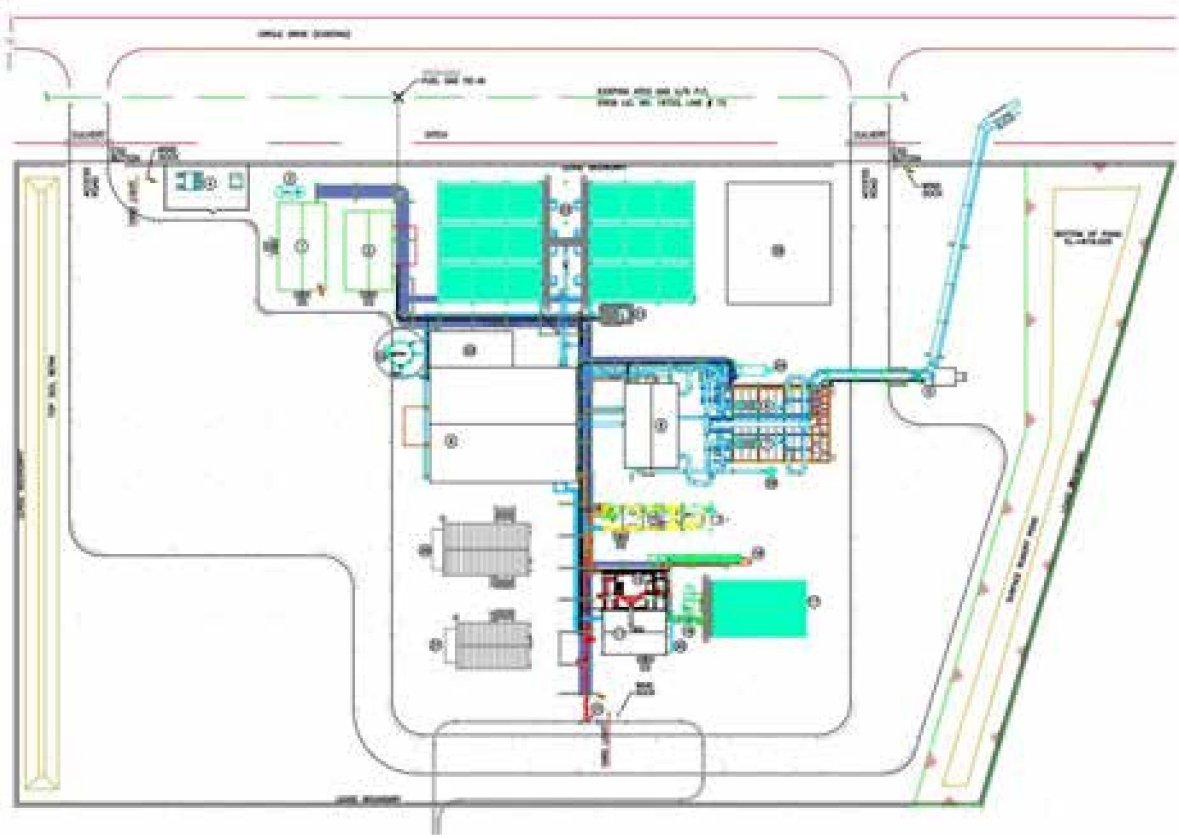

Figure 2 - Agrium CRF Plot Plan

** A higher resolution plot plan with more detail is available in Appendix vi of the Detailed Knowledge Sharing Report*

Separation Process Type and Description

As the CO_2 Enhance receives from Agrium is wet, a separation process is needed at the Agrium CRF before the CO_2 can be put into the pipeline. Accordingly, the cooled two-phase stream flows into a carbon steel inlet separator that separates the condensed water from the wet CO_2 gas stream. One electric driven produced water pump maintains the level in the inlet separator and pumps the condensed water to a waste drain at the Agrium site. Produced water disposal

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volumes will be metered. The produced water will be disposed through the Agrium facility into their existing deep disposal well system.

B) NWR Rectisol®

The NWR CO_2 capture system is heavily integrated into the design of the refinery's Gasification hydrogen supply unit. The Gasification unit uses the unconverted petroleum bottoms (asphaltene) generated in upgrading as a feedstock to produce synthesis gas (syngas). The technology selected to condition the syngas is the Rectisol® acid gas removal process licensed from Lurgi, a German engineering and construction firm. When operational, the Rectisol® unit will produce over 3,600 tonnes per day of pure CO_2. Rectisol® is a physical absorption process carried out at low temperatures and high pressures using cold methanol as an absorption medium. The Rectisol® process is a mature technology that has been used for decades in the coal gasification, fertilizer and refinery industries. Increased demand for products derived from synthesis gas since 2000 has led to resurgence in Rectisol® installations around the world.

The NWR refinery will be built in the industrial heartland of Sturgeon County, approximately 45 km north-east of Edmonton. The plot plans shown below indicate the location of the gasification unit and Rectisol® unit within the refinery.

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North West Sturgeon Refinery Plot Plan

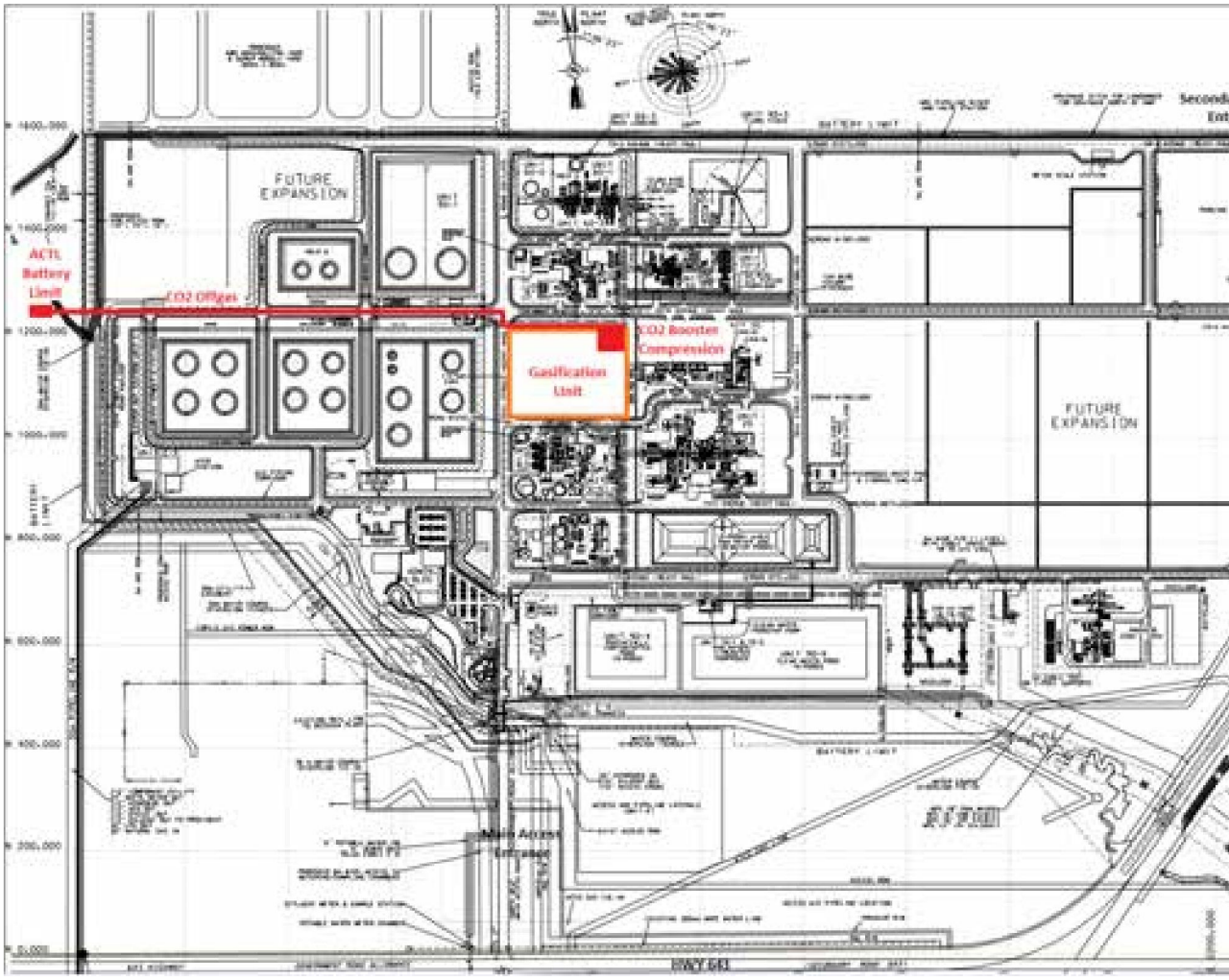

Figure 3 – North West Sturgeon Refinery Plot Plan

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terms.

Gasifier Unit Plot Plan

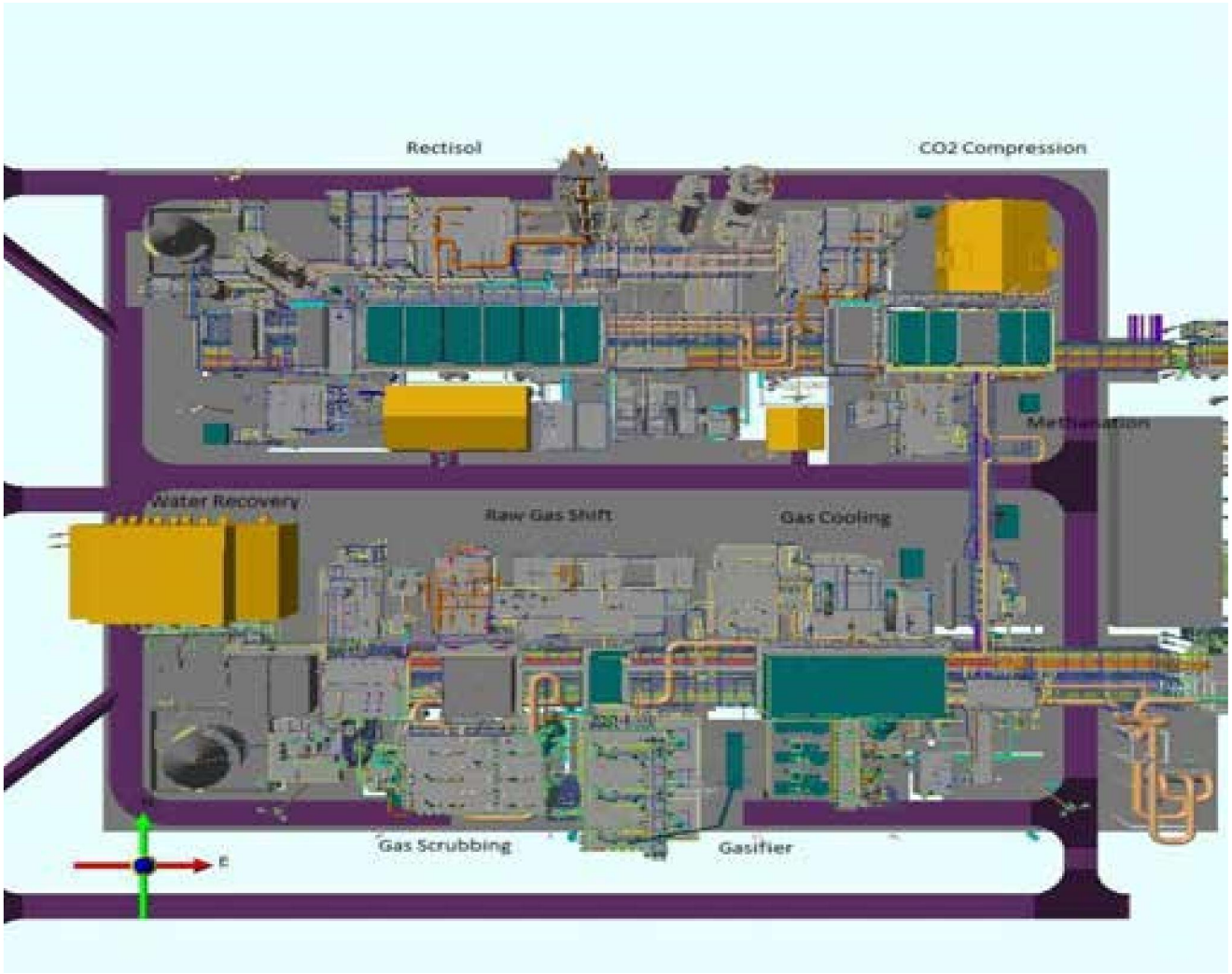

Figure 4 – Gasifier Unit Plot Plan

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Rectisol® 3D South View

Figure 5 – Rectisol® 3D South View

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terms.

C) NWR CO_2 Recovery Facility ("NWR CRF")

The NWR CRF consists of a three stage CO_2 booster compressor unit to be located in the north-east corner of the Gasifier site and a five stage main compressor unit which will be located on the perimeter of the refinery. The booster compressor raises the NWR CO_2 from close to atmospheric pressure to approximately 1,400 kPag (203 psig) while the main compressor further increases the pressure of the CO_2 to 18,000 kPag (2600 psig) necessary for pipeline transportation.

D) Pipeline Facility

The ACTL pipeline will be 240 kilometers in length, and will begin in the Alberta Industrial Heartland, by the Agrium and NWR CRFs, and go south ending at the Clive storage field (shown in Figure 6). The detailed alignment sheets for the pipeline are 99% complete as are the construction plans and Horizontal Directional Drill ("HDD") crossing designs. 100% of the Right of Way ("ROW") has been acquired from landowners. Procurement of materials is underway. Pipe specifications have been finalized and pipeline valves and actuators have been delivered.

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Figure 6 - ACTL Route Map

E) Injection Facility

The injection facility will be located at the end of the ACTL pipeline at the Clive storage site (shown in Figure 6).

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Section 2: Facility Construction

A) Agrium CO_2 Recovery Facility ("Agrium CRF")

Enhance completed the tie-ins on the existing Agrium plant 9 in June of 2011, during a scheduled shutdown of the plant for maintenance. This timing was strategically planned to minimize any inconvenience to Agrium.

B) NWR Rectisol®

Construction of the Gasifier unit, including Rectisol®, started in August 2014, and is currently underway with expected completion by the Q2 2017. The Gasifier construction schedule and in-service date are interdependent on the overall refinery project development with other process units proceeding in parallel.

C) NWR CO_2 Recovery Facility ("NWR CRF")

Construction and operation of the Enhance CO_2 Booster Compressor is tied to the construction of the NWR Rectisol® unit, as it is located within the Gasifier boundary limits. Construction and operation of the Enhance Main Compressor is also tied to the construction of the Rectisol® unit, but will be located outside the NWR fence line. Construction of the NWR Booster Compressor is ongoing. Civil and underground work have been significantly completed, compressor and coolers have been ordered; the compressor has been delivered. Additional piping/fabrication contracts were awarded in 2015.

D) Pipeline Facility

Major equipment with long lead times, such as valves and actuators, have been purchased and delivered. Initial construction scoping along the pipeline route began in the first calendar quarter of 2013, including the scoping of the major horizontal directional crossing and initial clearing and timber removal of portions of the line. The main construction for the ACTL will begin in mid-2016.

E) Injection Facility

Well location and facility design is underway. The construction of the injection facility is set to begin in mid-2016.

Section 3: Geological Formation Selection

Storage for Enhance's ACTL project will take place at the depleted hydrocarbon reservoir at Clive.

<u>Summary of reasons for selecting the final site</u>

Practical suitability

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There are many practical reasons which make Clive a suitable storage site for CO_2. The Clive reservoirs are mature waterflooded oil reservoirs. In this context, they provide:

- Containment for CO_2 due to the fact that they have contained hydrocarbons for millions of years,
- Capacity for CO_2 storage due to significant production of oil and gas providing voidage,
- Injectivity for CO_2 due to substantial water injection operations for five decades, and
- Residual oil production to provide for economic support of large scale CO_2 sequestration.

The Clive reservoirs are also unitized, enabling common ownership and royalty interests across the reservoirs. This provides the opportunity to take advantage of the unique geology, with minimal complications due to competitive ownership interests, in order to maximize oil recovery and maximize sequestration of CO_2.

Geographical suitability

The storage site was also attractive due to its geographic location. As Clive is not adjacent to large residential developments, it makes it easier for surface access to design, build and operate a CCS EOR project with minimal disruptions to residents.

Potential EOR benefits

The potential EOR benefits of CO_2 sequestration sites are important criteria for consideration in the site selection process. This is due to the fact that the economic gains associated with EOR, and specifically the sale of incremental oil production, will financially support the cost of an expensive CCS scheme.

The EOR benefits extend beyond Enhance. Albertans benefits from this project through increased royalties to the Province and job creation. It is estimated that the project will create $19 billion in royalty revenue for the Alberta government over the next 30 years.

Additional social benefits are created through revitalization of economic activity in an oil and gas field that is near abandonment. Job creation for the initial ACTL project is estimated at 2,000 direct jobs during peak construction and an additional 8,000 indirect jobs over the life of the project. To date, it is estimated that approximately 222,000 man-hours have been expended by suppliers, contractors and internal efforts. Ongoing job creation as the ACTL system expands is forecast to run in the tens of thousands.

Key characteristics of the geological formation

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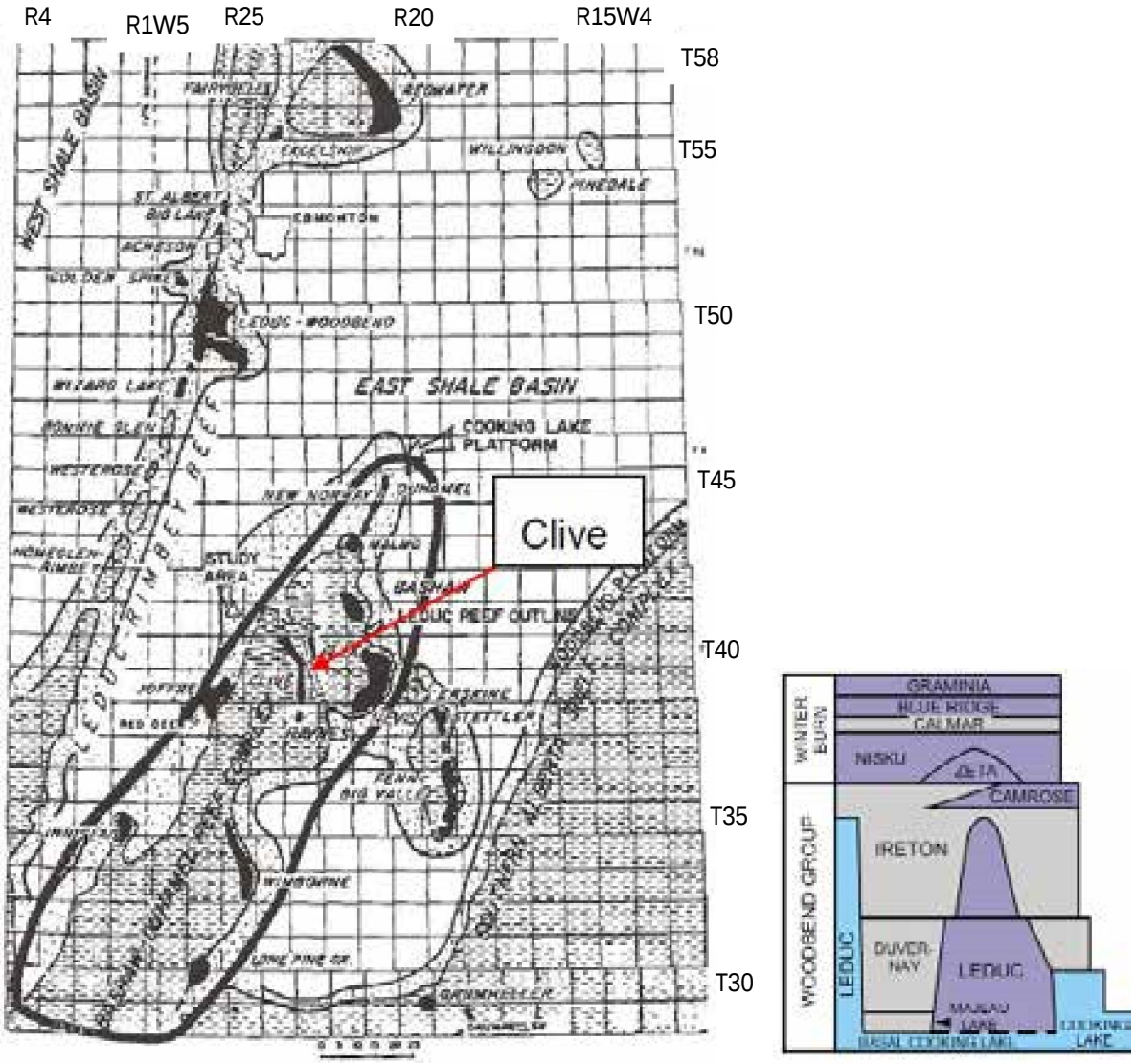
Location of injection reservoir: CO_2 will be injected into Clive, as shown in Figure 7.



Source: *Tsang, G. and Springer, S.J, —Innisfail-Clive-Nevis Reef Chain Revisited‖, CIM Paper 83-34-24, presented at the 34 ATM of the Petroleum Society, May 10-13, 1983, Banff.*

Figure 7 - Relative Location of Clive Reservoirs and its Stratigraphy

Depth and thickness of the reservoir

Comprehensive maps showing an interpretation of the storage formation's porosity tops, which also illustrate sub-sea depth and thickness at the reservoir, are found in section 3.4 of the detailed report.

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This relates to a depth from surface of 1,775-1,915 m (mean: 1,831 m), with an average thickness
of 6.4 m for the Nisku reservoir, and a depth from surface of 1,845–1,938 m (mean: 1,874m), with an average thickness of 8.75 m for the Leduc reservoir.

Injectivity of reservoir

Injectivity of CO_2 is derived from historical performance of water injection. The Clive reservoirs have shown tremendous capacity for water injectivity. Typical determination of injectivity is based on equivalent volumes at the same reservoir pressure and reservoir temperature.

Water injection wells for the Clive reservoirs have not seen any rate limitations as they have been able to take water on vacuum. Thus, CO_2 injectivity at any Clive reservoir is not expected to be constrained by reservoir parameters but may be impacted by wellbore configuration or surface facility design.

Porosity and permeability of the reservoir

Enhance contracted a study of the Clive reservoirs (Nisku and Leduc) in 2008 and in part, an examination was undertaken to determine the porosity, permeability and its interdependence for the Nisku and Leduc reservoirs. The following two graphs are a representation of this analysis.

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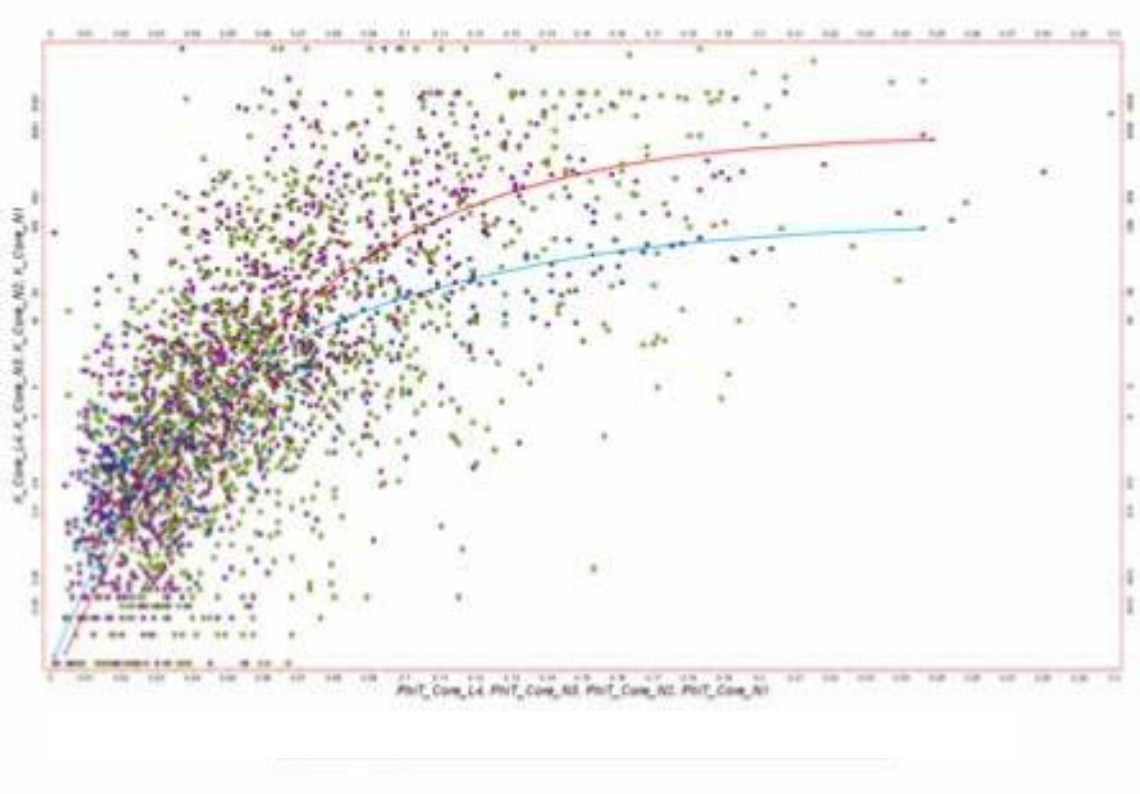

Figure 8 - Graph of Porosity, Permeability and its Interdependence at Nisku

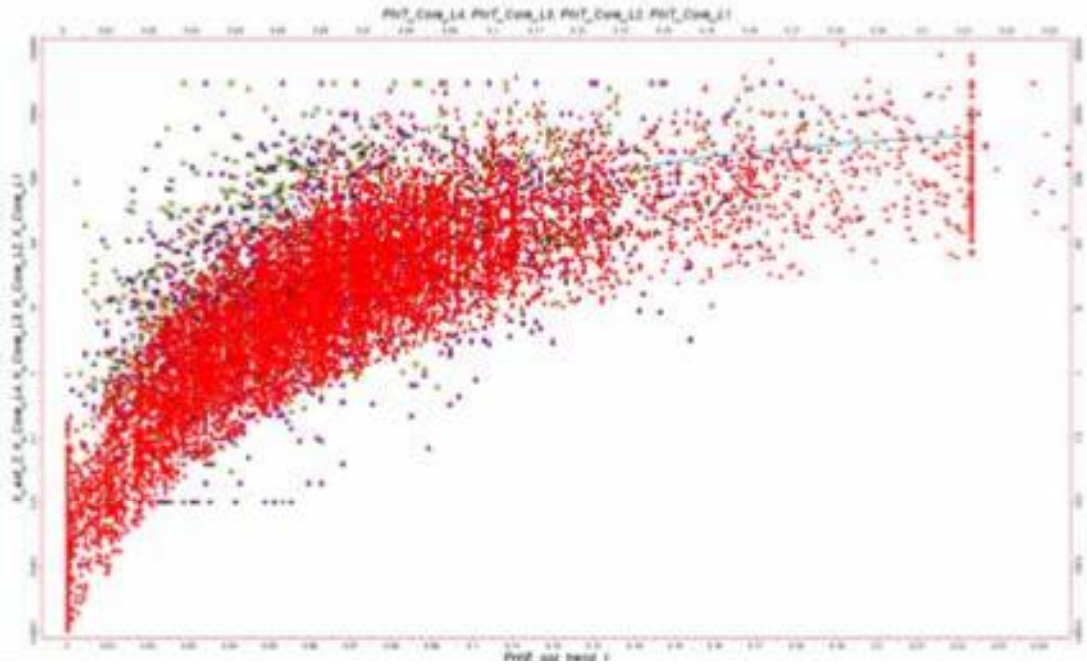

Figure 9 - Graph of Porosity, Permeability and its Interdependence at Leduc

Initial pressure and temperature: The temperature at the Clive reservoirs is 69°C (156°F) and its pressure 1,900 psia (13,086 kpaa).

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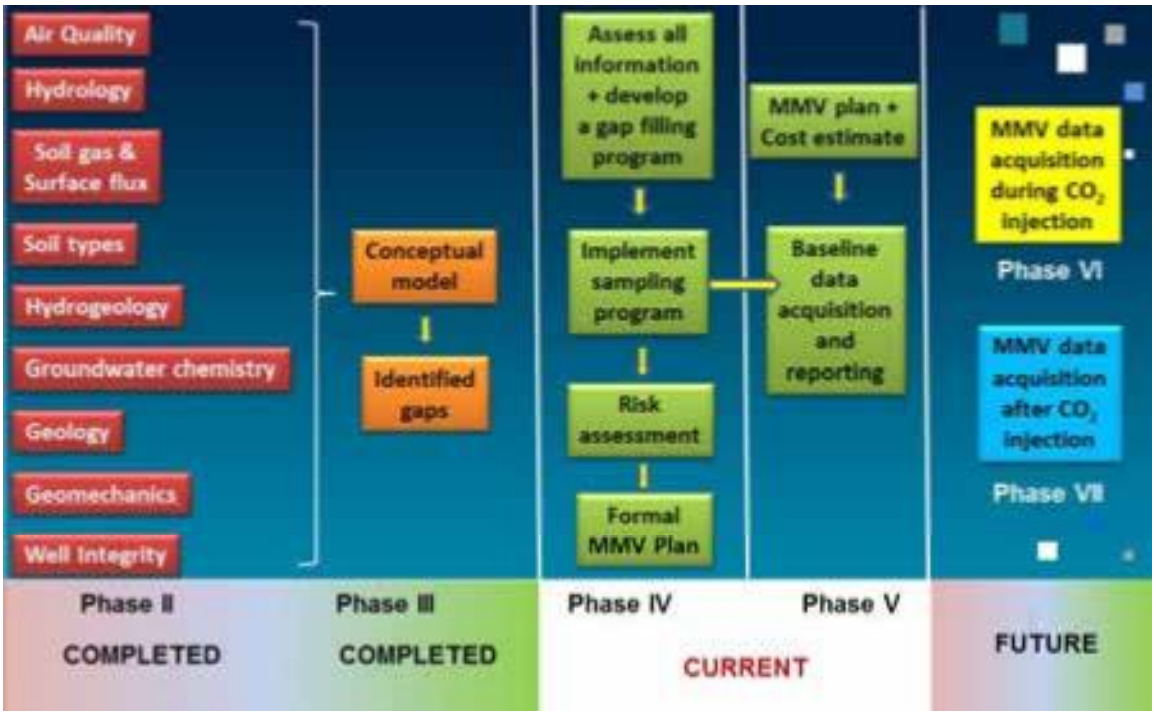
Estimate of storage potential: The total CO_2 storage capacity at Clive due to replacement of produced oil and gas is estimated at 18.8 million tonnes ("MT") (a more detailed calculation of this estimate is found in section 3.2 of the detailed report.)

Risks of storage into the geological formations and the measures implemented to manage and reduce such risks:
Storage for Enhance's ACTL project will take place at the depleted hydrocarbon reservoir at Clive. As depleted hydrocarbon reservoirs have securely contained fluids for millions of years, these reservoirs are very well suited for containment and safe storage of injected CO_2 and pose very minimal risk of leakage. Depleted hydrocarbon reservoirs in Alberta have typically undergone waterflood operations whereby water has been used to replace produced hydrocarbons. The injectivity of CO_2 is typically estimated to be the same as injectivity of water at reservoir conditions. Such waterfloods have been conducted at Clive, again minimizing any risk of storage in this field.

Enhance completed conducting comprehensive geological and geomechanical studies on the rock (from the bottom of the well to the well head). The outcome of this technical work will be utilized in a formalized risk assessment process to determine monitoring, measurement and verification requirements. The first three phases of the MMV program have been completed with AITF. Phases IV & V and will be executed in conjunction with the complete ACTL project. The following pictorial illustrates the overall program.



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The next pictorial illustrates the context of the MMV study area and various components that potentially may be quantified.

Section 4: Facility Operations – Capture

As the project is still in its design phase, the CO_2 capture facilities have yet to start-up. Information regarding the efficiency of each step, impact upon the operating efficiency of the base facility, and purity of the CO_2 is not available at this time.

Section 5: Facility Operations – Transportation

In its first phase, the pipeline will transport captured, compressed CO_2 from the Agrium fertilizer plant and the North West Sturgeon Refinery plant to selected EOR fields at the end of the pipeline.

Flow capacity: The maximum flow capacity of the pipeline, once filled to its full capacity, is 14.6 million tonnes of CO_2 a year.

Pipeline diameter: The pipeline will be 16" in diameter.

Design pressure and temperature: The maximum operating pressure is 17,926 kPag (2,600 psig). The operating temperature design of the pipeline is between -18°C to 60°C.

Wall thickness: The line pipe is a Nominal Pipe Size ("NPS") at 14.3 mm wall thickness.

Length: The pipeline will be 240 kilometers long.

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Material: The 16" ACTL pipeline will be made of electric resistance welded (ERW) carbon steel. The pipe specification shall be Grade 448, Category II M18^{o}C ERW pipe. Pipe supplied shall be fully kilned, fine grained, continuously cast steel. The maximum carbon equivalent calculated shall be as described in CSA Z245.1.

Expected lifetime: The pipeline has an expected lifetime of 100 years or more.

Cathodic protection: A cathodic protection system will be installed as part of the corrosion reduction program. The design of this system is underway as a part of the detailed design for the project. The system will incorporate the following considerations:

- Length of system and segments
- Coating specifications
- Locations of block valves
- Soil analysis and resistivity data
- Water table
- Proximity to other utilities

The pipeline will require cathodic protection test stations to be installed along the route of the pipeline at regular intervals. The pipeline will be fitted with insulating flanged gaskets at each end of the system.

The carbon dioxide water dew-point specification is less than 162mg/m^3 (10 lbs/MMscf); therefore, free water is not present during normal operating conditions, and corrosion due to the formation of Carbonic acid cannot occur. Post hydrostatic testing procedures will be incorporated to ensure the pipeline is dry prior to commissioning and operation. In the event the water dew-point is exceeded at the source, an on-line hydrometer signals an emergency shutdown valve ("ESDV") to close diverting the off-spec gas to vent.

Section 6: Facility Operations – Storage and Monitoring

No CO_2 has been injected and stored, as the project is still in its design phase. Therefore there is no data regarding the injection and storage of CO_2 and its direct monitoring to report at this time.

The planned CO_2 injection rate is the entire available CO_2 supply volume currently estimated at 4,300 tonnes of CO_2 per day. The minimum requirements for the CO_2 injection stream composition, pressure and temperature are as follows:

95 mol percent minimum CO_2
No more than 2 mol% hydrocarbons with a dewpoint not exceeding -20°F
No more than 3 lb/mmscf of glycol or amines or ammonia or methanol
No more than 10 lb/mmscf of water
No more than 4 ppm H_2S by volume
No more than 16 ppm total Sulphur by volume

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Less than 1.0% N_2, H_2, CO, AR, or CH_4 each and total inerts less than 4% by volume
Less than 0.1% O_2
Less than 100 ppm SOx or NOx by volume
Less than 1 ppb Hg by volume
No solid particles
No free liquids including lube oils or glycol
CO_2 shall be delivered at less than 25°C (77°F) and at 2,600 psig (17,926 kPag).

Monitoring techniques that will be employed at the injection site are storage site specific and are still being developed with the assistance of technical experts and this work is currently underway. The individual well injection rates will range from 200 to greater than 1000 tonnes CO2 per day. CO_2 recycle rates will be finalized as project moves into operations – initial reservoir modelling indicates up to 5000 tonnes CO2 per day. Atmospheric CO_2 emissions in the scheme are limited to screwed connections for pipe 2" and smaller and flanged connections for pipe 3" and larger. Some emissions to the atmosphere will also occur during facility shutdowns and start-up. However, these emissions are considered to be fugitive emissions and are negligible.

Section 7: Facility Operations – Maintenance and Repairs

As the ACTL is not yet operational, there are no maintenance and repair activities to report at this time.

Section 8: Regulatory Approvals

Enhance Approvals

No unusual hurdles were encountered throughout the application and approval process. The following table indicates approvals obtained by Enhance for the ACTL project:

Consent/Permit	General Timeline of Approval Receipt	Additional Hurdles Encountered
Canadian Environmental Assessment Agency ("CEAA")	Submitted: January 2010 Approved: September 7th, 2010	None
Development Permit (County Level)	Currently finalizing submission for Agrium Typically two months from submission for review and approval	None

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Alberta Historical Resources Foundation ("AHRF")	Submitted: May 13th, 2009 Approved: August 17th, 2012	Ongoing routing changes delayed application process
AER Directive 56 Pipeline Installation Approval (incorporates Alberta Environments and Parks approval)	Public consultation process: October 2008 – March 2009 Applied: March 20, 2009 Approved: April 26, 2011 License Number: 53252	On-going consultation required after approval
Conservation Reclamation Plan (Alberta Environments and Parks)	Submitted: March 18th, 2009 Approved: April 17th, 2013	None
Alberta Energy Regulator ("AER") (Draft EOR Scheme)	Submitted in December 2013 and reviewed by AER. A formal Scheme will be submitted closer to the drilling phase.	None
Alberta Energy Regulator ("AER")	Minor amendments to transmission and gathering line accepted September 2014; Licence #53252	None
Alberta Energy Regulator ("AER")	Minor compressor station (Agrium Capture Facilities) amendments accepted October 2014; Licence #53252	None
Alberta Energy Regulator ("AER")	North Saskatchewan River spare pipeline approved November 2014; Licence #56775	None

Table 1 - Enhance Regulatory Approvals Table

NWR Approvals

All necessary regulatory approvals have been obtained to proceed with the construction and operation of the North West Sturgeon Refinery project. The table below describes the approvals obtained by NWR.

BODY/ACT/ REGULATION	APPROVAL/PERMIT/ DESCRIPTION	UPDATE/NOTES
Energy Utilities Board (now AER)/Oil and Gas Conservation Act/	Upgrader Approval No. 10994 dated September 6, 2007 / For construction and Operation of an oil sands bitumen upgrader, no expiry	Approval has been transferred to North West Redwater Partnership Holdings Corp. from North West Upgrading Inc.

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Energy Utilities Board (now AER)/Oil and Gas Conservation Act	Decision 2007-058 dated August 7, 2007 / Application to Construct and Operate an Oil Sands Upgrader in Sturgeon County. NOTE that this is a DECISION document respecting public interest determination, and is NOT an approval, so transfer to NWR - Newco should not be required	None
Alberta Environment (now Alberta Environment and Sustainable Resource Development)/Environmental Protection and Enhancement Act	Approval No. 217118-00-00 dated September 20, 2007 to construct, operate and reclaim upgrader, as amended by Approval No. 217118-00-01 dated February 13, 2008, and as amended again by Approval No. 217118-00-02 dated December 04, 2012. Approval expires September 1, 2017	Amendment application submitted Dec 2013 for administrative matters and minor technical updates. DRAFT Approval received as at March 13, 2014. Approval is being transferred to North West Redwater Partnership Holdings Corp from North West Upgrading Inc.
Alberta Environment (now Alberta Environment and Sustainable Resource Development)/Water Act	Approval No. 00227771-00-00 as amended by Approval No. 00227773-00-00 dated February 13, 2008 and as amended again by Approval 00227771-00-01 dated October 15, 2012 to divert of water from site Precipitation and North Sask River for process. Approval expires September 1, 2017	Amendment application submitted Dec 2013 for increase to Phase 1 water use (no increase over 3 phases), as well as groundwater management procedures. Approval expected summer 2014
Sturgeon County/Land Use Bylaw 819/96	Development and Building Permits (Various expiry dates, each valid for one year from date of issue, until initiated, then valid to completion – NOTE each has been extended as required during project inactivity period, with expiry now ranging from Q4/13 through Q1/14)	Sturgeon County/Land Use Bylaw 819/96
Sturgeon County/The Inspections Group Inc/Safety Codes Act and Codes	Permit No. 305305-11-E0300 as issued Nov 24, 2011 for temporary electrical connection of construction trailers and facilities. Expires upon removal of temporary facilities	North West Redwater Partnership applied for and is approved by the Safety Codes Council to administer Safety Codes Act approvals required for the Project as at May 2013
Alberta Transportation/Highways Development and Protection	Roadside Development Permit 2511/049/10. Expires one year from issue, and has been extended as required	RDP 2511/049/10 has been extended as required to complete the approved

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Act	per project delay. Note that there is another Roadside Development Permit applicable to Range Road 220 modifications, but that has been issued to Sturgeon County as the 'owner' of the road allowance	scope. Alberta Transportation has issued RDP 2511/310/13 in respect of the complete construction and operation of Phase 1 of the Project
Alberta Sustainable Resource Development/Public Lands Act	Temporary Field Authorization for water course realignment. TFA 126500 as issued November 19, 2012. Expires April 15, 2013	TFA 134963 was issued Jul 22 2013 extending water course realignment authorization to June 30 2014, by which time the scope is scheduled to be complete
Alberta Community Development/ Historical Resources Act	Clearance Letter (note that his resulted in the AER Public Interest Determination, and these clearance letters should not require re-issue to NWR – Newco). Release Date: February 1, 2006, Release Date: November 29, 2006	No Change
Industry Canada/Radio Communication Act and Regulations	Mobile radio licence for use by construction workforce – Such Licences are already issued to NWR, not NWU, as they were issued recently enough to be done through the Partnership	No Change
Energy Resource Conservation Board	Pipeline licences for lines across North Saskatchewan River as per recent Bennett Jones assistance re applications. Have been issued to NWU	All required Pipeline Licences have been transferred to North West Redwater Partnership Holdings Corp. from NWU

Table 2 - NWR Regulatory Approvals Table

Note: Permits with expiry dates prior to initialization will be reapplied for as required to meet the construction schedule

Section 9: Public Engagement

Enhance

Enhance has undertaken an extensive and open public engagement program working with all directly or potentially impacted landowners and occupants, local authorities, industry stakeholders, and provincials regulators. Open houses were held in eight locations along the proposed pipeline route. A detailed account of Enhance's public engagement is found in Appendix xii of the detailed report.

Below is a table of the main questions and concerns raised at meetings and open houses along with Enhance's responses.

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QUESTION	ENHANCE RESPONSE
How deep in the ground does the pipeline get constructed?	Typical construction practice of 1.2 meters unless special conditions warrant a change to cover depth.
What is the operating pressure of the pipeline?	In response this concern Enhance shared the following information with interested parties: - The proposed line pressure, which is 2600 psi; - The proposed wall thickness; and - The planned corrosion protection plan, including the intended inspection of the pipeline regulatory requirements.
How is the post construction vegetation going to be managed?	The Right of Way and Temporary Work Space lands will be fenced on pasture lands or lands identified by a landowner for a two year growing season to ensure proper regrowth.
Regarding fencing on the quarter section boundary line (existing and new), would Enhance clean up the brush on fence lines and establish new fence boundaries?	Fence lines would be established by way of survey and new fence will be constructed during final clean up if required.
What will be the means of access across the Right of Way during construction?	The necessary measures will be put in place (gates, plugs etc.) as required and arranged during initial acquisition process, and would also be discussed with the landowner during the pre-construction meeting.
Are there going to be Above Ground Structures?	No installation of any above ground structures required unless previously communicated and negotiated and accepted by the landowner.
What are the setbacks from the pipeline Right of Way?	The pipeline does not have any regulated setbacks other than the Right of Way boundary and outside of the regulated 30 meter safety zone.
What are the conditions of the Right of Way through a treed area/bush land?	The Right of Way will be left in a condition that would allow the landowner to work the land as with the adjoining lands on the quarter. Pasture land would be left as pasture, with the exception of any grazing lease lands, which under current regulations, have less stringent cleanup requirements but are still governed by best use land policy.
How is trespassing managed – What measures are in place to keep the workers within the	All boundaries are staked out by the survey team, workers are informed of the work area limits and

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area of construction activities?	under normal circumstances workers will not be outside of the staked area. Landowners were advised that they (the landowners) are another set of eyes to monitor the situation, and if the workers are beyond the staked limits, the landowners should be contacting a company representative.
How much restriction will I (the landowner) endure with respect to moving farming equipment across the pipeline after it's in the ground?	Normal/Typical farming practises will be permitted to cross the pipeline Right of Way.

Table 3- Main Questions and Concerns

NWR

A commitment to extensive public consultation by NWR for use in project decision making was made in 2005 at the outset of the environmental impact assessment ("EIA") and regulatory application process. At that time, CCS solutions for the project were not well advanced. Subsequently, the project was described in regulatory applications and communications with stakeholders as being carbon capture ready with the view that reducing the CO_2 emissions for the project was an important goal.

NWRP conducted personal consultations with all stakeholders within the local area, as well as with any person or organization that expressed a direct interest in the project. A confidential stakeholder contact list was prepared and is maintained to facilitate stakeholder communications.

Open houses in Redwater, Alberta were held in February 2005 upon public disclosure of the project and in November 2005, after collection of environmental data. The two open houses were attended by over 300 persons representing a range of interests and which generated hundreds of questions and comments.

Issues and concerns expressed by stakeholders were primarily in regards to government policy including the need for new regulatory requirements, municipal land use planning, and civil and other social infrastructure including roads that support anticipated development in the industrial heartland area. NWR has committed to constructively participate with stakeholders, residents, industry and governments in the region to understand their ongoing issues concerns and develop workable solutions.

The AER Decision Report 2007-058 (August 7th, 2007) notes that "The Board considers North West's participant involvement program to be extensive. North West was proactive in its approach to involve the public at the early stages of project development and included both those potentially affected by the proposed project and others who expressed an interest in the

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project…. The board concludes that North West has met and exceeded the Board's public consultation requirements."

Since receiving AER approval to build the project in 2007, Project personnel have continued stakeholder consultation through personal consultations, participation in community advisory panel meetings, public information sessions and periodic public newsletters.

NWR is also a participant in multi-stakeholder committees facilitated by Alberta Environment and Parks related to Cumulative Effects Management in Alberta generally, and the Industrial Heartland area specifically. CCS is one of the topics discussed, along with other emissions and project effects.

Section 10: Costs and Revenues

Cost per tonne values methodology to be provided by the Province.

The project is not yet operational, so there is no actual operational expenditure data available yet.

Enhance Energy Capital Costs

Capital Cost Estimates	Total($MM)	Spend to Date ($MM)	Forecast to Complete ($MM)
Agrium CRF	$ 48	$ 21	$ 27
NWR CRF (Booster and Main Compression)	$ 80	$ 27	$ 53
Pipeline	$ 245	$ 30	$ 215
Clive CO_2 Injection	$ 100	$ 2	$ 98
Total	**$ 473**	**$ 80**	**$ 393**

Table 4 - Enhance Capital Costs

The capital costs above are for the project costs for each component of the ACTL. They do not include the corporate costs (Overhead, G&A) required to develop the overall project.

Enhance has incurred approximately $100.0 Million of expenditures under the CCS Funding Agreement to date, including corporate costs (December 31st, 2015) .

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Revenues

To date there has been no revenue generated by the project.
Enhance has received $56.9 MM of Federal funding through the ecoETI and CEF programs. Enhance has also received the first milestone payment from the Provincial CCS program of $4.5 MM, which is secured by a Letter of Credit to the provincial government.

NWR Rectisol®

NWR Rectisol® Unit

The Rectisol® cost estimate prepared in 2013 is shown in Table 6 and 7.

CAPEX

Table 6 – Rectisol® CAPEX Estimate

Rectisol® Cost Estimate 2013 ($MM)	
DBM/EDS Engineering	7.0
Detailed Engineering	32.5
Equipment	82.5
Material	71.5
Construction	104.7
Commissioning & Startup	18.9
Contingency	10.2
Owners	10.5
Total	337.8

Table 6 - Rectisol® Capital Costs

Canadian Content

The local socio-economic activity from on-site construction of the gasifier unit and off-site module fabrication is expected to be significant. An international firm with significant operations and history in Alberta has been selected to bring integrated engineering, design,

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procurement, module fabrication, construction and site management services to the project. A forecast of Canadian content for the Rectisol® unit will be prepared as construction planning progresses.

OPEX

The operating cost of the Rectisol® unit is provided for informational purposes and should not be used for comparing or benchmarking against other CCS projects.

Table 7 – Rectisol® OPEX Estimate (not for inclusion in carbon capture cost profile)

Categories	$/tonne CO_2	Percent
Direct Operating Costs		
Steam and Electricity[2]	7.46	52
Solvent	0.11	1
Total Direct Costs	**7.57**	**53**
Indirect Operating Costs		
G&A	2.41	17
Maintenance	2.87	20
Turnaround	1.03	7
Water Services	0.34	2
Total Indirect Costs	**6.65**	**47**
Total Operating Cost	**14.22**	**100**

1) Based on forecast avoided emissions of 1,211,341 tonnes/year.
2) Assumed cost of electricity is $80/MWh.

Table 7 - Rectisol® Operating Costs

Revenues

No industry benchmarks are available at this time. There is no revenue to report at this time other than $9.9MM payment from the first milestone under the Provincial CCS Program, which is secured by a Letter of Credit to the provincial government.

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Section 11: Project Timeline

Enhance Timeline

Shifts in the timeline during 2015 were made to accommodate NWR's construction timeline and to avoid prolonged increased costs of operating the pipeline without full initial volumes. These changes allow for the most efficient and cost effective method of raising and spending capital leading up to Commercial Operations.

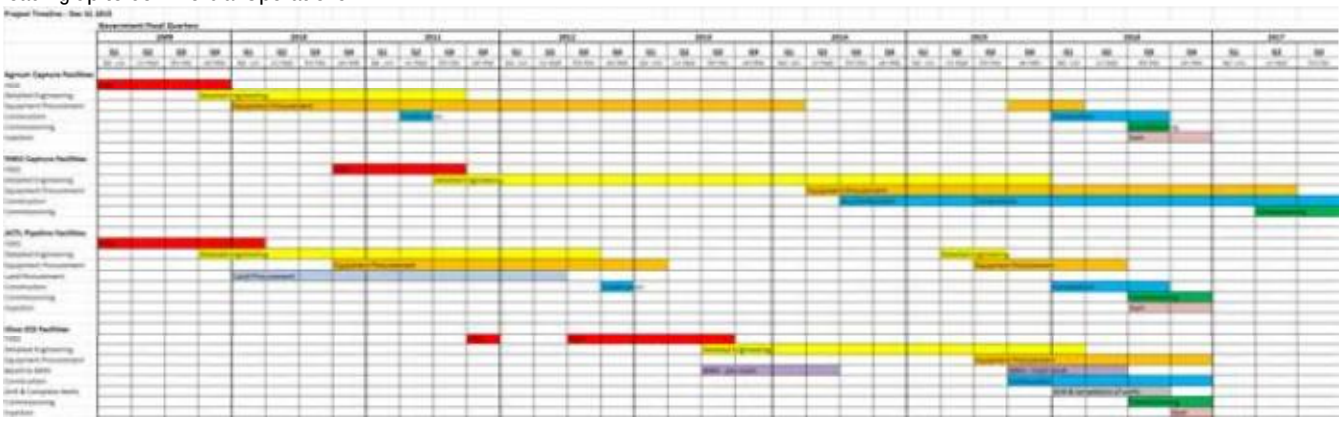

Figure 10 - Enhance Project Timeline

Above is the Enhance timeline as of December 31st, 2015 (a higher resolution version of the timeline can be found in Appendix xi of the detailed report).

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NWR Timeline

NWR Timeline

The NWR schedule of project milestones is shown below. Funding milestone 1 was achieved in September 2015. Funding milestones 2 & 3 have slipped into the subsequent calendar quarter based on the current project updates. This slippage is a result of ongoing refinement and revision of forecasted work and normal construction delays.
Final start-up date has shifted to the end of September of 2017.

Figure 11 - NWR Project Timeline

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Section 12: General Project Assessment

Successes and learnings arising from the project

The ACTL project is expected to encourage the development of an eco-industrial petrochemical cluster of additional value-added upgrading, refining, and petrochemicals projects that take advantage of sustainable and cost-effective solutions for CO_2 emissions. Once operational, the ACTL is strategically positioned to launch an integrated CCS sector and establish Alberta as a globally recognized leader for CCS and EOR technology. To date, the project has been successful in passing through key commercial, public consultation, regulatory, financial and design hurdles. Enhance and NWR will build on these successes as the project moves into its construction and operation phases.

Landowner acceptance
There are approximately 400 landowners along the ACTL who have been externally supportive of the project. This is a significant achievement and it highlights public support for the ACTL. Enhance's strong commitment to community engagement is evident in the fact that landowners readily accept the pipeline being built underneath their land. This level of acceptance occurs once all community questions and concerns have been adequately addressed and risks have been shown to be minimal.

Procurement of major equipment
Significant pieces of equipment have been purchased for both the Agrium facilities and the pipeline. The two inlet condensers, inlet separator, six stage compressor, dehydration package, and refrigeration package (shown in Figure 12) have been completed.

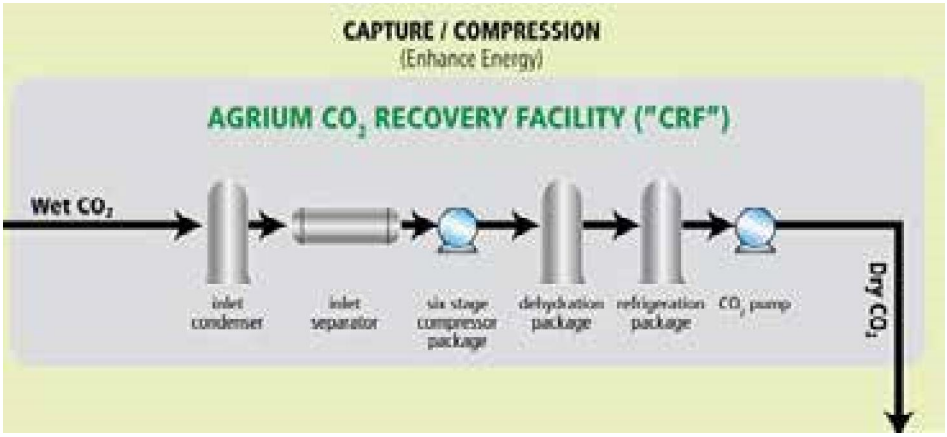

Figure 12 - Agrium CRF Equipment Diagram

Pipeline valves and actuators have also been delivered.
The Booster Compressor for the NWR capture system has been purchased.

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Regulatory approvals in place for pipeline
Enhance received its CEAA approval on September 7, 2010 and its AER permit to construct on April 26, 2011. A major accomplishment was receiving the AER permit. The Board granted the ACTL a permit as the project met all of the requirements of Directive 56, and there were no relevant outstanding issues or concerns. This is very significant for a large-scale project. It stresses Enhance's compliance to regulations pertinent to CO_2 transportation and storage.

Achievement of the project's first milestone
Enhance met its first project milestone, "Issue of Construction Drawings for the Agrium Capture Facilities", in early 2012. Meeting this milestone was a large undertaking, resulting in over 850 detailed issued for construction drawings and required more than 30,000 engineering man-hours. Approximately 26,000 of those man-hours were expended in Alberta. Completing this aspect of the project helped finalize the front end engineering stage of the project and acts as an important stepping stone as the ACTL proceeds with the project.

NWR met its first milestone, "Rectisol Unit pilings completed" during 2015.

Knowledge sharing
Enhance and NWR have committed to provide updates and deliver presentations to the community, industry and government in order to promote awareness about the ACTL project and highlight its benefits to a wide audience. As part of this commitment, Enhance and NWR have spent considerable time preparing knowledge sharing reports for the provincial and federal governments and the general public.

Government funding
The ACTL project has benefited from both the Province of Alberta and Government of Canada funding. Province of Alberta funds are paid once specific milestones are met; $4.5 million (out of a total $495 million) has been received to date. The Government of Canada funds are released on a quarterly basis as the project progresses (the Project has incurred sufficient eligible costs such that the contribution of $63.2 million (less 10% holdback) has been received from Natural Resources Canada). The opportunity to access Federal funds early in the project has been critical to moving the project forward during an economic downturn in capital markets. Having access to the capital early in the project has supported the purchase of equipment and helped move the project from its design phase towards construction.

Electricity Power Requirements
Acquiring power for a project in Alberta from the Alberta Interconnected Electrical System (AIES) can be a very long process, and usually takes a minimum of two years. Understanding the long lead time for this aspect of the project, and proactively ensuring that the ACTL project remains on track, Enhance has begun to work closely with the local power distribution service provider. The Enhance engineering team has finalized power delivery infrastructure for both Agrium and NWR sites.

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Direct economic benefits to Alberta

The ACTL has already had a direct economic impact in Alberta, through the creation of jobs and procurement of equipment, even though the project is still in its design stage. These benefits are measured in terms of man-hours expended and equipment manufactured in the Province. Approximately 222,000 man-hours have been expended to date on the project. 26,000 of those hours are engineering work done in 2011 to complete the first milestone "Issuance of Construction Drawings for the Agrium Capture Facilities." An additional 14,000 man-hours were required to complete the Agrium CRF tie-ins in June 2011, and over 50,000 man-hours have been expended to date on the pipeline. Being a small Alberta based company; Enhance has always been committed to supporting more Alberta businesses. Direct efforts have been made to keep the majority of work in the Province. As shown in the two tables below, the majority of equipment for the pipeline and the large of the equipment for the Agrium CRF were procured for the project within the Province.

ACTL Pipeline Procurement

Equipment/Service	Vendor	Location
Engineering	SAW Engineering	Alberta
Environmental Assessment	Worley	Alberta
Environmental Planning	BOSS Environmental	Alberta
Regulatory	CH2M Hill	Alberta
Valves	KTI Limited	Alberta
Survey	Focus Surveys	Alberta
Geotechnical Assessment	Surface Search	Alberta
Land Acquisition	LandSolutions	Alberta

Table 8 - ACTL Pipeline Procurement List

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Agrium CRF Procurement

Equipment/Service	Vendor	Location
Inlet Separator	Bilton Welding	Alberta
Inlet Piping	Comco	Alberta
Pipe, Valves, Fittings	Comco & Pinnacle	Alberta
Dehydration Skid	Ensign/Opsco	Alberta
Air Cooled Exchangers	Exchanger Industries	Alberta
Glycol Pump	Smith Cameron Pump	Alberta
Refrigeration Skid	Startec	Alberta
CO_2 Transfer Pump	National Process Equipment	Alberta
Environmental Planning	BOSS Environmental	Alberta
Regulatory	CH2M Hill	Alberta
Inlet Condenser	Alfa Laval	Ontario
CO_2 Booster Pump	Clyde Union Canada	Ontario
Compressor	Siemens	Germany
Electrical Engineering and Controls	Beta Tech Inc.	Alberta

Table 9 - Agrium CRF Procurement List

Economic benefit to Canada

Enhance bought two pieces of equipment not manufactured in Alberta from Ontario. Unable to find manufacturers for the inlet condenser and the CO_2 Booster Pump in Alberta, Enhance preferred to have a Canadian supplier for these pieces so as to extend as much benefit as possible to Canadians.

Opportunity to build expertise

One piece of equipment that Enhance has had to order for the project from outside of Canada is the six-stage compressor for the Agrium CRF, which is being designed in Germany by Siemens. A Canadian manufactured compressor would have been preferred, however the technology and manufacturing capability has been built up in Germany over 50 years, and is hard to replicate here in a short time frame.

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Indirect economic benefits of the project for Alberta and Canada
Enhance commissioned the Canadian Energy Research Institute to conduct a study on the economic impact of the ACTL project. The study concluded that the estimated economic value of the overall integrated project, at design capacity, could increase Canada's total economic output by $231 billion (approximately 80% of the impact in Alberta) and provide an additional 848,800 person-years of employment (approximately 70% of the impact in Alberta).

No additional project learnings for the 2015 reporting period.

Section 13: Next Steps

The North West Sturgeon Refinery Project is proceeding as planned with construction well underway. Significant progress was made in 2015 with the project meeting most of its performance targets. Detailed engineering was completed as well as the 90% model review. Overall construction was 36 % complete at year-end 2015.

Enhance is focused on many varied tasks for the 2016 calendar year. The main area of focus will be finalizing construction contracts and procurement of major equipment such as pipe and compression as well as initiating relevant construction activities. We are in the process of preparing the Clive central Leduc development scheme. The MMV plan will be competed and initial baseline data collection planned to occur in mid-2016.

Changes in the project plan and timeline

NWR's Sturgeon Refinery is currently forecast to begin early operations in the 3rd quarter of 2017 with full commercial operations by the 4th quarter 2017. The ACTL is forecast to start-up with Agrium volumes in early 2017 and NWR volumes coming on-stream thereafter.

Since the project's inception, the only changes to the project plan have been timeline changes with respect to alignment of the project activities. The most up to date schedules are shown in Figures 10 and 11 above.

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Research Update:

North West Redwater Partnership Senior Secured Debt Downgraded To 'BBB+' From 'A-' Following Downgrade To Alberta

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Research Update:

North West Redwater Partnership Senior Secured Debt Downgraded To 'BBB+' From 'A-' Following Downgrade To Alberta

Overview

- We are lowering our issue-level rating on North West Redwater Partnership (NWR)'s senior secured debt to 'BBB+' from 'A-'.
- The downgrade reflects that on the Province of Alberta on May 26.
- The relative rating differential between Alberta and NWR means that there is no longer any notching for extraordinary government support.
- The stable outlook reflects our view that we expect a moderate likelihood of extraordinary support from Alberta, and that NWR's stand-alone credit profile is tied to the rating on the project's lowest rated toll-payer, Canadian Natural Resources Ltd.

Rating Action

On May 30, 2017, S&P Global Ratings lowered its issue-level rating on North West Redwater Partnership's (NWR) senior secured debt to 'BBB+' from 'A-'. The outlook is stable.

Rationale

The rating action follows our downgrade to the Province of Alberta to 'A+' from 'AA' on May 26. (For more information, see "Province of Alberta Downgraded To 'A+' From 'AA' On Continuing Budgetary Performance Deterioration And Growing Debt," published May 26, 2017, on RatingsDirect.) The smaller rating differential between the two means that NWR no longer receives any rating uplift for extraordinary support from the province.

The moderate likelihood of extraordinary support from Alberta is unchanged, as are our assessments of the project's important role and limited link to the government.

NWR is a 50-50 partnership between NWU L.P. and CNR (Redwater) Ltd., a subsidiary of Canadian Natural Resources Ltd. (CNRL). NWR is building and will operate an upgrading and refining facility that can process approximately 78,000 barrels per day (bpd) of bitumen blend. The refinery will be in Sturgeon County, the industrial heartland of Alberta, about 40 kilometers northeast of Edmonton.

NWR has entered separate tolling agreements with Canadian Natural Resources

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Partnership (CNRP; a core holding of CNRL) and the Alberta Petroleum Marketing Commission (APMC). Under the tolling agreements, CNRP will supply the project with 12,500 bpd and APMC will supply 37,500 bpd of raw bitumen, plus associated diluents. NWR will be responsible for refining and marketing the products, for which it will receive a cost-of-service toll.

The 'bbb+' SACP reflects S&P Global Ratings' view of the project's very strong contractual structure, which transfers effectively all project risk during both construction and operations to the toll payers. The SACP further reflects the counterparty dependency assessment of what is indirectly the lowest-rated tolling agreement counterparty, CNRP.

Given the tolling agreement's nature, we believe that the toll-payers are irreplaceable. Although many parties might be interested in having access to the refinery, given the obligations under the tolling agreement, it is unlikely they would take on the agreement until the project's economics achieved certainty in operation. Accordingly, we link the project SACP to the lower of the two toll-payers' counterparty dependency assessments.

Outlook

The stable outlook reflects our expectation of a moderate likelihood of extraordinary support from Alberta, and view that NWR's stand-alone credit profile is tied to the rating on the lowest rated toll-payer, CNRL. The negative outlook on CNRL does not flow to NWR, because a one-notch lowering of the SACP would be offset by a one-notch uplift from extraordinary government support, given the 'A+' rating on the province.

Downside scenario

We would likely lower the rating on NWR if we were to lower the rating on CNRL to below 'BBB', or if our view of the moderate likelihood of extraordinary support from Alberta were to change. Any downward movement on the province rating will no longer affect the rating on NWR due to the smaller rating differential between the two.

Upside scenario

We could raise the rating if we were to raise the ratings on CNRL or if we strengthened our view of the likelihood of support from Alberta through APMC. We would adjust the project's SACP in lock-step with any upgrade to CNRL. The rating on NWR would continue to reflect our view of the moderate likelihood of extraordinary support from the province through APMC, and any potential upgrade to the ratings on Alberta would flow to NWR.

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Related Criteria

- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Criteria - Corporates - Project Finance: Key Credit Factors For Oil And Gas Project Financings, Sept. 16, 2014
- Criteria - Corporates - Project Finance: Project Finance Operations Methodology, Sept. 16, 2014
- Criteria - Corporates - Project Finance: Project Finance Transaction Structure Methodology, Sept. 16, 2014
- Criteria - Corporates - Project Finance: Project Finance Framework Methodology, Sept. 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Criteria - Corporates - Project Finance: Project Finance Construction Methodology, Nov. 15, 2013
- Criteria - Structured Finance - General: Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Criteria - Corporates - Project Finance: Project Finance Construction And Operations Counterparty Methodology, Dec. 20, 2011

Ratings List

Downgraded

	To	From
North West Redwater Partnership		
Senior secured	BBB+/Stable	A-/Negative
NWR Financing Company Ltd.		
Senior secured	BBB+/Stable	A-/Negative

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Presale:

North West Redwater Partnership

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Profile

- C$3.5 billion senior secured credit facility due 2018: A-/Stable

Transaction Description

North West Redwater Partnership (NWR) is a 50-50 partnership between NWU L.P. and Canadian Natural Upgrading Ltd. NWR will build and operate an upgrading and refining facility that will have the capacity to process approximately 78,000 barrels per day of bitumen blend. The NWR refinery is in Sturgeon County, the industrial heartland of Alberta, about 40 kilometers northeast of Edmonton. NWR selected the area to provide ready access to feedstock through existing and proposed pipeline projects. It will process the bitumen blend using conventional and commercially proven technologies.

NWR has entered into separate tolling agreements with Canadian Natural Resources Partnership (CNRP; a core holding of Canadian Natural Resources Ltd. [CNRL]) and the Alberta Petroleum Marketing Commission (APMC). Under the tolling agreements, CNRP will supply the project with 12,500 barrels per day (bpd) and APMC will supply 37,500 bpd of raw bitumen, plus associated diluents. NWR will be responsible for refining and marketing the refined products for which it will be paid a cost of service toll.

Transaction Summary

Table 1

North West Redwater Partnership -- Key Items

Participants	
Project company	North West Redwater Partnership (NWR)
Toll payers	Alberta Petroleum Marketing Commission and Canadian Natural Resources Partnership (core holding of Canadian Natural Resources Ltd.)
Issuer	NWR
Co-lead arrangers and joint book-runners	Canadian Imperial Bank of Commerce, J.P. Morgan Chase & Co., and RBC Capital Markets
Administrative agent	Royal Bank of Canada
Lenders' technical advisor	Lummus Consultants International

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Table 1

North West Redwater Partnership -- Key Items (cont.)	
Equity sponsors	North West Upgrading Inc. (50%) and Canadian Natural Upgrading Ltd. (50%)
Subordinated debt lenders	APMC and Canadian Natural Upgrading Ltd.
Key features	
Sector	Oil and gas -- refining
Project description	Construction of upgrader-refinery to refine approximately 50,000 barrels a day of bitumen
Bankruptcy-remote	Yes
Security collateral	All NWR assets
Key milestones	
Financial close and start of construction	Early summer 2014; construction has already started
Target commercial operation date	September 2017
Tolling commencement date	Scheduled for September 2017; June 2018 at the latest
Construction period	
Length	Approximately 38 months remaining
Operations period	
Length	30 years
Payment mechanism	See tolling agreement
O&M	The project will carry out its own O&M and subcontract work as needed
Reserve accounts	
Debt service reserve account	Six months; supported by a letter of credit; available during construction and operations
Financial metrics	
Minimum DSCR (Standard & Poor's base case; x)	3.51
Average DSCR (Standard & Poor's base case; x)	5.46
Debt-equity ratio (%)	80-20
Distribution lockup	N/A
Other liquidity	See Tolling Agreement and Trust Agreement sections

N/A--Not applicable.

Rationale

The preliminary 'A-' issue-level rating on NWR's C$3.5 billion senior secured credit facility due June 2018 reflects Standard & Poor's Ratings Services' view of the project's contractual structure, which substantially transfers the risk of the project to the toll payers; our assessment of the likelihood of extraordinary support of NWR by the Province of Alberta through APMC; and the complexity of the construction and operations task.

Strengths

- A hell-or-high water tolling agreement that covers debt service, operating costs, and a return on and of equity, regardless of the capital costs
- Monthly debt toll payments that start on toll commencement date (TCD) whether or not commercial operations (COD) is achieved

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- Debt toll payments to maturity that happen whether or not the tolling contracts are terminated -- including if the plant is abandoned
- All revenue from the sale of feedstock and processed bitumen goes first to debt charges (principal and interest), subject to the previous payment of trustee fees and goods and services tax
- An 'AAA'-rated government feedstock supplier for 75% of capacity, and a 'BBB+'-rated supplier for the remaining 25%
- The likelihood of extraordinary government support of the project in situations of credit stress
- Established technology with proven contractors
- A well-located facility: Feedstock supply and ability to sell end products are not a concern given the large North American energy market; there is significant infrastructure to support operation of facility
- Commitment from 'AAA' and 'BBB+'-rated entities as to their shares of subordinated debt (50% each)
- No commodity risk -- the contract is based strictly on a fee for service

Weaknesses

- The greenfield construction risk of a complex hydrocarbon refinery
- A single asset that relies heavily on the contractual framework, particularly during the construction phase

Liquidity

The project benefits from adequate liquidity support during construction and operations. It will have access to the C$3.5 billion credit facility during construction, which management will use for both funding facility capital costs and debt service costs until the TCD.

Outlook

The stable outlook reflects our view of the project's stand-alone credit profile based on the proposed tolling arrangements and the counterparty dependency assessments. The outlook also reflects the moderate likelihood of extraordinary provincial support.

Upside scenario

We could raise the rating if we were to raise the ratings on CNRL or if we strengthened our view of the likelihood of support from Alberta through APMC. The project's SACP would be adjusted in lock-step with any upgrade to CNRL, the lower-rated tolling counterparty. The rating on NWR would continue to reflect our view of the likelihood of extraordinary support from Alberta through APMC.

Downside scenario

We would likely lower the rating on NWR if we were to lower the rating on CNRL or if our view of the likelihood of extraordinary support from Alberta were to diminish. We could also downgrade the project debt if the rating on the Province of Alberta were to fall below 'AA-'.

Contractual Structure

The project is owned 50% by NWU LP, a limited partnership owned by North West Upgrading Inc., a privately held company; and 50% by Canadian Natural Upgrading (see chart).

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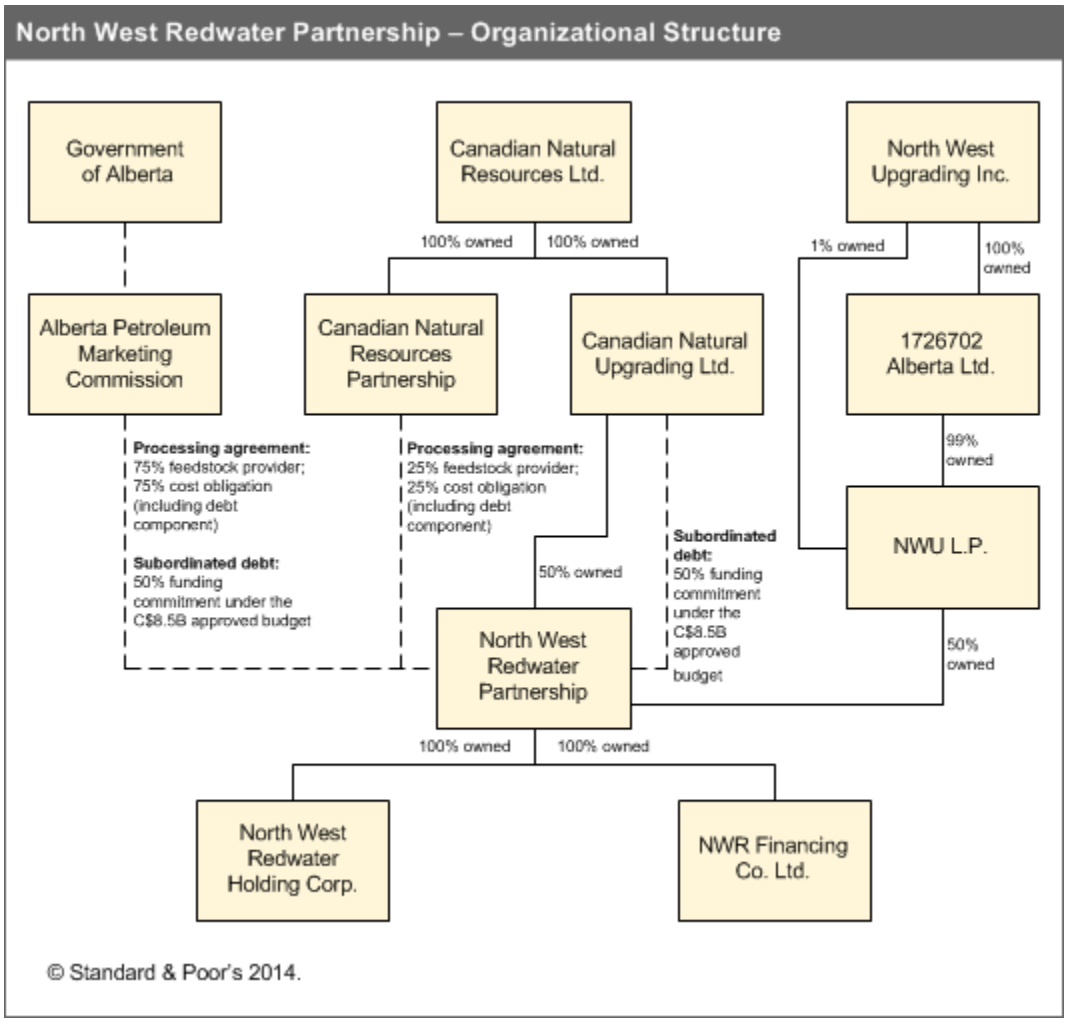

We believe the project's key credit strength is the contractual framework. This framework consists principally of the tolling agreements, the proceeds trust arrangements, and the subordinated debt arrangements. We believe the project's credit risk lies in the respective parties' ability and willingness to honor their commitments under the agreements. The ratings on the parties capture this ability and willingness, which is a primary determinant of the stand-alone credit profile.

Tolling agreements

NWR has entered a tolling agreement with APMC whereby APMC committed to supply NWR with 37,500 bpd of bitumen to be refined by NWR who will also market the refined products. NWR has also entered a tolling agreement on almost identical terms with CNRP whereby the latter committed to supply NWR with 12,500 bpd of bitumen that it will refine and market.

In consideration of refining the bitumen blend the toll payers supply, under the tolling agreements, the project is entitled to a toll payment that is broadly composed of three components -- the debt toll component, the operating toll component and the equity component. The key components of each of the toll components are as follows:

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Debt toll component. This is structured to ensure that the project receives from the toll payers an amount sufficient to service debt interest and repay principal. The debt's actual cost, including any costs related to foreign exchange or interest rate risk, will be fully reflected in the debt toll component.

A key element of the debt toll is that there is no limit on the amount of debt that it will cover. Based on an 80-20 debt-to-equity capital structure, whatever debt is necessary to complete the project will become subject to the toll thus effectively covering all increases in the amount of debt used to finance increases in facility capital costs. Moreover, the toll will commence at the earlier of the project's COD or June 1, 2018, and will continue until the debt is fully repaid. Therefore, the toll payers are responsible for the debt toll regardless of whether the project is completed or if the tolling agreements are terminated.

Operating toll component. The operating toll component compensates NWR for the facility's operating cost, similar to a cost-of-service regulatory regime. Approximately 60% of the costs are a direct flow-through, under which NWR is paid for its actual costs; 40% are benchmarked to the relevant Alberta price indices. We believe the risk of nonrecovery of operating cost overruns is not likely to be material, based on the contractual terms that allow for benchmarks and budgets to be updated to reflect changing circumstances.

Moreover, under the subordinated debt agreements, in certain circumstances, the subordinated lenders will lend money to NWR by way of subordinated loans to fund any unbudgeted benchmarked operating costs to avoid any working capital liquidity event once the refinery is operating.

Equity toll component. This includes a fixed 5% return on the equity component as well as a return of the equity component. The return of equity is zero for the first 132 months and equal to 1/228 the original equity amount per month after.

Under the toll agreements, NWR is responsible to operate the refinery with a view to maximizing the profitability of the refined products. However, the company does not have any performance thresholds that it must meet to qualify for its toll payment. Still, if NWR is able to operate the facility above its design capacity, it is entitled to a significant share of the incremental profits. If the plant is not able to operate, the toll payers are still required to deliver their respective quantities of bitumen, which NWR will sell on their behalf. The cash flow from the sale of this bitumen is also available for debt service.

Pursuant to the toll agreements, NWR is only acting as agent on behalf of the toll payers with respect to the bitumen and to the refined products, and never takes title to the commodity. As such NWR is not exposed to commodity or purchase credit risk, which remains with the toll payers as owner of the commodity.

Subordinated debt agreements

During the past year, the project underwent a significant increase in its budget for the facility capital cost. In light of the increased capital costs and to ensure that NWR has sufficient funding, APMC and CNUL have agreed to provide subordinated debt, which is treated as equity, to allow the project to maintain the 80-20 debt-to-equity capital structure as per the toll agreements.

APMC and CNUL have each committed to the partnership to supply 50% of the subordinated debt necessary to maintain the 80-20 debt to equity capital structure. This subordinated debt will be contributed to NWR in stages. The first contribution of C$225 million was made on April 9, 2014. A further C$225 million will come Jan. 2, 2015, and a

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further C$199 million Jan. 4, 2016.

Should facility capital costs exceed the C$8.5 billion approved budget, APMC and CNUL have further committed to each other that they will supply subordinated debt to fund the amount required to maintain the 80-20 structure. CNRL has guaranteed CNUL's obligations under these arrangements. The guarantee meets our criteria for guaranteed obligations, so we equalize the willingness and ability of CNUL with the rating on CNRL.

To the extent that senior debt is not available based on acceptable spread, as outlined in the subordinated debt agreement, or this debt is not investment-grade, APMC and CNUL have committed to supply subordinated debt sufficient to fund facility capital costs and debt service costs sufficient to complete construction of the project to the COD. In addition, in some circumstances, subordinated debt is available to fund any unbudgeted benchmarked operating costs to avoid any working capital liquidity event once the refinery is operating. Although APMC and CNUL have committed to fund all subordinated debt on a 50:50 basis, APMC has the option to fund up to 75%.

Through the subordinated debt agreements, we believe that NWR has certainty of all required financing to complete the project. Under our rating methodology, we use a weak-link approach, so our perspective of the likelihood of sufficient equity under these agreements is consistent with the rating of CNRL.

Trust agreements

A further strength to the contractual structure is the project cash flow mechanism under the initial proceeds trust Agreement and the Debt Repayment Trust Agreements. These agreements create a cash water fall that ensures there is a robust level of cash with which to service debt.

Initial proceeds trust agreement

Gross proceeds from the sale of all products, including refined products and unprocessed bitumen blend, flow directly into initial proceeds trust account without deduction for any costs, leaving commodity risk with the toll payers. The trust arrangements' net effect is that the gross revenue from the sale of refined products (or unrefined products) is available for distribution according to the waterfall in the agreement. Given that the gross proceeds from all sales goes through the trust, even if the refinery was not working, the project would still be able to market the unprocessed bitumen and would have that gross cash flow available to flow through the waterfall. Therefore, the functioning of the refinery is not strictly necessary for a robust level of cash flow.

As per the trust agreements, the flow of funds out of the initial proceeds trust account is as follows:

- Fees to trustees
- Goods and services tax
- Debt component
- Interest on any money held in account paid to toll payers
- Payment for make-up supply (that is, bitumen that the processor purchased because the toll payer did not deliver its full allotment)
- Payment to APMC and CNR for their bitumen costs

On the next day a second distribution occurs as follows:

- Payments to toll payers of net amount payable (that is, any of the net profits of toll payers after allowance for all

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payments)
- Monthly operating cost component
- Class A subordinated debt not included in the toll
- Return of equity and on equity to the processor
- Excess capacity amount (that is, any throughput above the budged amount)

The nature of the waterfall creates what we view as extremely robust coverage ratios; however, if there is insufficient cash to pay the debt component, the toll payers are responsible for paying into the account the debt component, ensuring sufficient cash for debt service.

Country And Jurisdictional Risk Profile

Canadian and Alberta law govern the agreement.

In Canada the legal rights of contracts are well-articulated, and the court system has a consistent tradition of enforcing contractual rights. Commercial contracts, especially, have been held sacrosanct, and courts are more likely to enforce the letter of the contract and less prone to contract interpretation issues than other jurisdictions. Standard & Poor's ranks country risk on a scale of '1' (very low) to '6' (very high) to establish a country risk assessment. The assessment is one aspect of the sector-specific criteria we use to determine ratings on entities. Canada has a country risk of '1'. As a result, we make no adjustments as part of our project finance construction criteria to reflect country risk.

Counterparty Risk Profile

We assign a counterparty dependency assessment (CDA) to counterparties that we consider material and not easily replaceable without significant time or cash flow implications. (For further information, see "Project Finance Construction And Operations Counterparty Methodology," published Dec. 20, 2011, on RatingsDirect on the Global Credit Portal). The preliminary ratings on the debt incorporate our counterparty dependency assessment criteria during construction and operations.

Revenue counterparty

We believe that APMC and CNRL (as guarantor of CNUL) as revenue parties are irreplaceable. We believe that the project relies on these parties in several contexts. The primary one is with respect to the toll that provides the cash flow NWR needs to service its debt and operate the facility. If, in an extreme circumstance, the project were not able to generate any cash flow, the sole source of debt service would be from the toll payers through the debt component.

Moreover, APMC and CNUL have committed to providing subordinated debt to NWR for it to satisfy the 80-20 capital structure requirement. Although we believe many parties might want access to the refinery, it is unlikely they would be willing to take on the tolling agreement until the project economics were known with more certainty based on the ultimate facility capital cost, which won't be known until operations have commenced. Based on the revenue counterparties' irreplaceable status and the role that each plays with respect to the contractual framework, we believe the project's stand-alone credit profile in both construction and operations is consistent with the ratings on the revenue parties. Under our methodology, we use the lower-rated of the toll payers, which would be the rating on CNRL based

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on its guarantee of CNRP.

Construction counterparty

We believe that the contractors under the engineering, procurement, and construction (EPC) contracts are replaceable. The project is using known technologies and processes with several significant construction companies that are active in the Alberta market. In addition, the work packages have been segmented in order to facilitate an easy deployment to a party to do the work. Given the project's location and the nature of the work, we believe that there are a number of parties who could undertake the work should such a need arise. We acknowledge that if a construction counterparty needs to be replaced, higher facility capital costs could result. However, based on the contractual foundation's nature, the toll would cover these costs.

Operations, maintenance and rehabilitation counterparty

The project will carry out operations and maintenance (O&M) for the project.

Financial counterparties

We believe that the financial counterparties are replaceable.

Likelihood Of Extraordinary Government Support

Given the nature of the project and the Alberta government's involvement through APMC, we have analyzed the relationship between the Province of Alberta and NWR to determine whether NWR is a government-related entity (GRE) pursuant to our criteria for government related entities. Under our criteria, a GRE is an enterprise that could receive extraordinary government intervention during periods of stress. GREs do not need to be owned or controlled by a government entity; however, we have observed that they often have a role in implementing government policies or initiatives. As part of our assessment of GREs, we form an opinion regarding the likelihood of extraordinary government support. We base the assessment on the role the GRE plays with respect to the government and the link between the GRE and the government.

Based on our criteria, we have determined that NWR is a GRE. Furthermore, we believe that NWR plays an "important" role in the Alberta economy. The province's oil sands are the third-largest proven crude oil reserve in the world, next to Saudi Arabia and Venezuela. Introducing a new, partially upgraded product could substantially reduce Alberta's competitive losses from undervalued bitumen given the challenges the province faces for maximizing market access for its oil sands products. Alberta oil producers rely heavily on being able to ship products to refineries in the Northeast U.S. (PAD II Refineries) and are facing increased competition from products such as tight oil, which are highly valuable and less expensive to transport. The NWR project specifically addresses this issue by capturing the value implicit in the bitumen refining margin differential and strategically stimulating refining capacity in the province, so we believe part of its activities relate to an important public policy role, even when NWR operates as in independent profit-seeking enterprise in a competitive environment. Further supporting this is Alberta's track record of support of the GRE through removing the cap on the facility capital cost under its tolling agreement and agreeing to supply subordinated debt to ensure that the facility is built.

In addition, we believe that NWR has a "limited" link to Alberta. The link between the province and NWR is

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contractual. The tolling and subordinated debt agreements largely govern it. The province does have a vote on the project's executive leadership committee, but not a majority. This committee has responsibility for the development, financial strategy, start-up and operation of the refinery. However, the province's vote is only valid until the subordinated debt is paid in full, which is approximately half way through the life of the processing contract.

We assess the likelihood of extraordinary government support for NWR as "moderate" based on an "important" role and the "limited" link as defined in our criteria. Accordingly, based on the SACP of the project of 'bbb+', the 'AAA' rating on of the province, and a "moderate" likelihood of extraordinary government support, we ascribe a one-notch uplift to arrive at an issue rating of 'A-'.

Business Risk Profile

Construction phase

We believe that a risk mitigant for construction is the fact that the facility will be built based on a combination of technologies which have been commercially proven. The process' key components have an established operating history and are in daily use in refineries throughout the world. The lenders technical advisor (LTA) concluded that the proprietary and open-art technologies selected for the project are sound, reliable, and proven.

The location's soil and ground conditions are well-known and the environmental approvals are in place. The site has ready access to the North Saskatchewan river and raw water supply will be delivered from the existing ATCO intake facility across the river from the refinery facility. The site has what we view as strong access to all infrastructure, including utilities. Given that it is in the industrial heartland, this is consistent with and adjacent to other operations of a similar nature and scale. The LTA commented that the process design configuration is very similar to new refinery and upgraders developed in Alberta during the past 10 years, and the project's extended duration of development has allowed significant improvements to the design. At this point, all engineering contracts are in place and fully staffed, with detailed engineering more than 35% complete and engineering model review well underway. All long-lead procurement has been completed with C$850 million of C$1.3 billion of total materials and equipment procurement placed as of the end of February 2014 and third-party contracts for air, oxygen, natural gas, nitrogen, water, and power all in place.

We believe that the contractors selected are generally recognized in the sector as having a consistent record of delivering similar projects on time, in accordance with design and within budget. A significant portion of the work, including on the LC finer, hydro processing and the crude and vacuum units, has been contracted to Fluor Corp. for approximately C$2 billion.

We believe that there is a moderate-to-high degree of contract risk transfer. NWR has established a pro forma EPC contract that forms the basis of each EPC contract for the implementation of each of the six units. EPC contractors are responsible for the performance of all or portions of detailed EPC management and construction work. The EPC process extends through the completion of construction, at which time, an integrated commissioning and start-up team will complete the pre-commissioning, commissioning and start-up. The LTA commented that specific terms and conditions of the contracts are generally in accordance with the best practices for EPC contracts of this type including the following:

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- NWR is obligated to assist the contractor with customs duties
- Contractors reimbursed via cash calls but contractors will be kept cash-neutral
- Builders lien management

We believe the project team is very experienced and has substantial local presence. The project recently hired a new president and CEO who has significant mega-project building experience. The partnership as operator and the off-takers have an integrated approach to management of the project and governance. While the sub-debt is outstanding, the executive leadership committee will govern the refinery's construction and operations. The executive committee includes a member and a vote from APMC, two from CNRL, and one from NWU.

NWR is making significant use of modularization of work to minimize construction man hours at the refinery site, which improves productivity. In addition, the use of modularization helps improve winter productivity and allows the project to build through the winter season. The site's proximity to a large population reduces concerns about labor availability.

Operations phase

NWR plans to use its own organization to provide the refinery's O&M services. With the refinery in Sturgeon County, near Edmonton, NWR expects O&M staff to be primarily local, permanent employees. As is typical, some maintenance and surveillance activities will be subcontracted out to the original equipment manufacturers and specialty maintenance organizations.

The LTA was provided with preliminary O&M staffing, training, spare parts, and maintenance philosophies for review together with the financial model, which contains the predicted O&M budgets throughout the life of the Project life. The IE commented that they are reasonable and realistic.

NWR plans to increase the total number of staff from the current 398 direct-hired employees and consultants as of first-quarter 2014 to a peak of 526 by second-quarter 2016, and then decrease the workforce to 242 by first-quarter 2018. These additions to the staff will be primarily direct-hired employees, augmented by consultants. Recruitment will be undertaken in a phased manner, whereby the majority of the operations personnel will be on the payroll well ahead of the scheduled COD of September 2017. The LTA commented that this approach is a common industry practice.

Under the processing agreement, the toll covers operating costs. Moreover, approximately 60% of the operating costs are a straight flow-through and the rest are benchmarked and escalated to indices that track the Alberta market to ensure proper tracking. Based on 2013 dollars, the total annual benchmark costs are approximately C$170 million, and the total annual flow-through costs about C$252 million.

Financial Risk Profile

The transaction's financial structure is typical for project finance transactions in Canada and a capital structure that consists of 80% senior debt and 20% equity (including subordinated debt). The tolling agreements, in conjunction with the subordinated debt agreements, create a financial risk profile consistent with the credit risk of the toll payers themselves.

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Capital structure

Total debt funding requirements are estimated to be C$8.1 billion (see table 2).

Table 2

North West Redwater Partnership -- Sources And Uses Of Funding (Mil. C$)

--Sources of funding--		--Uses of funding--	
Debt		**Project costs**	
Bond issuance	7,500	Installed cost	5,239
Drawn bank facility	523	Engineering	926
Accrued interest at COD	97	Owner costs	1,098
Total debt	8,120	Integration, commissioning, and startup	450
Equity		Escalation in execution	191
Government capital funding	84	Contingency	628
Old equity	638	Total cash-funded facility capital costs (before financing)	8,532
Subordinated debt	594	Initial working capital	76
Senior subordinated debt	0	Financing costs and capitalized interest	829
Eligible AFUDC	487	Total expected cash uses	905
Total equity	1,804	Eligible AFUDC (noncash)	487
Total expected sources	9,924	Total expected uses	9,924

AFUDC--Allowance for funds used during construction.

Approximately C$5.5 billion of committed senior debt is planned to be in place by year-end 2014. This will be by way of a C$3.5 billion, four-year syndicated credit facility scheduled to close in June 2014 and subsequent bond issuances. We expect that 100% of the financing required to complete the refinery is will be committed within 18 months of the credit facility's closing.

During the construction period, debt funding will be provided as required through draws on the credit facility or with bond proceeds. The C$3.5 billion facility will be effective prior to the first bond issuance, and we expect management to renew it each year during construction such that the maturity of the facility will always be three-to-four years. The facility has been structured such that it can be drawn without a cost-to-complete test and there will be no project style draw stops. The lack of a cost-to-complete test for draws is consistent with the ultimate reliance on the toll payers. As well, the toll payers are sitting on the project's governance committee. Drawings under the syndicated credit facility will pay interest during construction.

NRW will issue bonds totaling approximately C$7.5 billion periodically in both Canadian and U.S. dollars during construction, creating a laddered structure. Bonds will have staggered maturities and will be refinanced using the syndicated credit facility as each matures thereby creating a repayment profile similar to an amortizing bond.

During the operating period, the syndicated debt smoothing facility or a commercial paper program will be used to make debt service payments on the bonds, payments under the syndicated credit facility/CP program and to refinance individual bullet bond maturities.

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Cash flow analysis

Based on the nature of the tolling and trust agreements, we have run a number of scenarios to test coverage ratios (see table 3).

Table 3

North West Redwater Partnership -- Coverage Ratios Under Different Scenarios

Case	Case description	WTI (US$)	Utilization (%)	Minimum DSCR (x)	Average DSCR (x)
Base case	WTI at US$85 and 84.3% utilization	85	84.3	3.51	5.46
Sensitivity case 1	Capital cost 15% above budget; C$9.8 billion	85	84.3	3.46	5.38
Sensitivity case 2	WTI falls by US$30 to US$55	55	84.3	2.27	3.52
Sensitivity case 3	Gross margin decreased 47% to US$16 per barrel	44	84.3	1.77	2.76
Sensitivity case 4	O&M costs increased 15%	85	84.3	3.51	5.46

WTI--West Texas Intermediate. O&M--Operations and maintenance. DSCR--Debt service coverage ratio.

The DSCR reflect the fact that debt service comes out of the toll payers' gross revenue as per the trust agreements, so are what we view as extremely robust. Gross cash flows consist of refined products or unrefined products; therefore, a significant portion of cash flow is available regardless of whether the refinery is operating or not.

Peer comparisons

The project's nature creates a high reliance on the contractual foundation for purposes of evaluating credit risk. Although the structure is internally consistent the nature of such an arrangement makes peer comparisons more difficult. However, we believe that the best peer would be UMH Energy Partnership. Ontario Power Generation Inc. developed this hydroelectric project. The project is also a GRE and benefits from a revenue contract that removes all substantial project risk including operating costs by creating a revenue stream modelled after a cost-of-service regulatory framework. We rate UMH's debt 'A'.

Transaction Structure Profile

Single purpose and separateness

In our view, the transaction structure meets the minimum requirements to be rated in accordance with our project finance criteria. NWR's purpose is limited to building, operating, and maintaining the project in connection with the project agreements. The senior debt is appropriately secured and cash flows are restricted by the provisions of the transaction documents.

Cash flow waterfall

The trust agreements create what we view as a robust waterfall that will provide the project with sufficient cash flow to meet its debt service consistent with the rating.

Collateral, security and enforceability risk

The security package is line with that of other limited-recourse transactions, including a first-ranking charge over the assets of NWR.

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Related Criteria And Research

Related Criteria

- Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Project Finance Construction Methodology, Nov. 15, 2013
- Guarantee Criteria--Structured Finance, May 7, 2013
- Project Finance Construction And Operations Counterparty Methodology, Dec. 20, 2011
- Rating Government-Related Entities: Methodology And Assumptions, Dec. 9, 2010
- Updated Project Finance Summary Debt Rating Criteria, Sept. 18, 2007
- Criteria For Special-Purpose Entities In Project Finance Transactions, Nov. 20, 2000

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Cc:	Greg Lawrence (Scotiabank GBM)
Subject:	Ontario Power Generation - Indicative Issuance Spreads for 8/28/2017
Date:	Monday, August 28, 2017 6:37:58 PM
Attachments:	Ontario Power Generation-Aug-28-2017.pdf estimates.pdf

Please find attached our indicative new issue spreads.

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Indicative New Issue Spreads

August-28-17

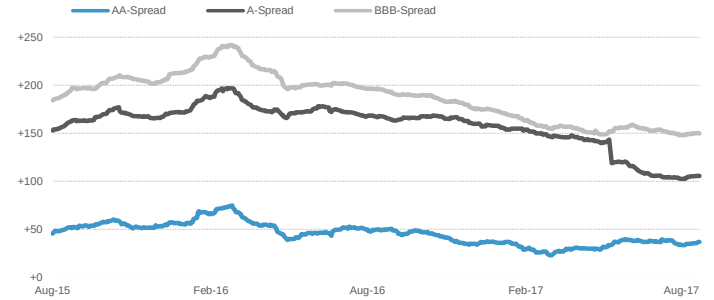
NEW ISSUE SPREADS	2 Year	WoW	5 Year	WoW	10 Year	WoW	30 Year	WoW
Canada Benchmark	0.75% 1-May-19		2.75% 1-Jun-22		1.00% 1-Jun-27		2.75% 01-Dec-48	
Interpolated Yield (GoC Yield + Roll)	1.27%	0.02%	1.53%	-0.01%	1.88%	-0.02%	2.30%	0.00%
Indicative Spread	**+60**	0	**+87**	-2	**+112**	-2	**+157**	3
Indicative Re-offer Yield	1.87%	0.02%	2.40%	-0.03%	3.00%	-0.04%	3.87%	0.03%
Agency Commission	$0.20		$0.35		$0.40		$0.50	
Agency Commission BPS	+10		+7		+5		+4	
All-in Canada Yield	1.971%		2.473%		3.054%		3.912%	
All-in Spread to GoC curve (bp)	+70		+94		+117		+161	

RECENT NEW ISSUES

Date	Issuer	Ratings	Size	Term	Spread
22-Aug	H&R Real Estate Investment Trust	BBB(H)/-/-	$125M	4.7	+174
22-Aug	Desjardins du Québec	AA/A+/Aa2	$850M	5	+83
22-Aug	Honda Canada Finance Inc.	A(H)/-/A1	$500M	5.5	+98
22-Aug	Honda Canada Finance Inc.	A(H)/-/A1	$250M	3.0	+38
24-Aug	Manulife Bank of Canada	A(H)/A+/-	$150M	1	+25

COMPARABLES	Ratings	2 Year	WoW	5 Year	WoW	10 Year	WoW	30 Year	WoW
	DBRS/Moody's/S&P								
Ontario Power Generation	**A(L)/-/BBB+**	**+60**	0	**+87**	-2	**+112**	-2	**+157**	3
Hydro One	A(H)/A3/A	-		+72	0	+97	0	+144	2
Nova Scotia Power	A(L)/-/BBB+	+59	0	+82	0	+107	0	+152	1
EPCOR	A(L)/-/A-	-		+68	-2	+93	-2	+138	3

DEX UNIVERSE SPREADS



MARKET COMMENTARY

The Canadian corporate credit market remained strong last week with four issuers pricing $1.9BN, bringing the August tally to $5.7BN and surpassing the 5-yr average of $4.5BN. By the end of the week, YTD new issue volumes totaled $82.7BN - 8% ahead of 2016's pace.

Last week the market began to digest Yellen's comments where she mentioned only modest deregulation was to be expected. Further, ECB head Mario Draghi lacked dovish sentiment on the policy front and gave no indication he was concerned about the euro's surge to a 2.5-yr high.

Canadian bank earnings started last week and will continue to take center stage this week with BNS and BMO reporting tomorrow, NBF on Wednesday and TD on Thursday.

There was no issuance on the back of releases from both RBC and CIBC; however, market participants seem to anticipate some funding activity on the back of the releases yet to come.

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Estimates for the week of August 28 – September 1

CANADA

Date	Time	Indicator	Period	BNS	Consensus	Latest
08/29	08:30	IPPI (m/m)	Jul	--	--	-1.0
08/29	08:30	Raw Materials Price Index (m/m)	Jul	--	--	-3.7
08/30	08:30	Current Account (C$ bn a.r.)	2Q	--	--	-14.1
08/31	08:30	Real GDP (m/m)	Jun	0.1	0.1	0.6
08/31	08:30	Real GDP (q/q a.r.)	2Q	3.2	3.1	3.7

UNITED STATES

Date	Time	Indicator	Period	BNS	Consensus	Latest
08/28	08:30	Wholesale Inventories (m/m)	Jul P	--	0.3	0.7
08/28	10:30	Dallas Fed. Manufacturing Activity	Aug	--	--	16.8
08/29	09:00	S&P/Case-Shiller Home Price Index (m/m)	Jun	--	--	0.1
08/29	09:00	S&P/Case-Shiller Home Price Index (y/y)	Jun	--	--	5.7
08/29	10:00	Consumer Confidence Index	Aug	120.5	120.0	121.1
08/30	07:00	MBA Mortgage Applications (w/w)	AUG 25	--	--	-0.5
08/30	08:15	ADP Employment Report (000s m/m)	Aug	190.0	180.0	177.7
08/30	08:30	GDP (q/q a.r.)	2Q S	2.7	2.7	2.6
08/30	08:30	GDP Deflator (q/q a.r.)	2Q S	--	1.0	1.0
08/30	09:15	**Fed's Powell Speaks at Large-Bank Directors Conference**				
08/31	08:30	Initial Jobless Claims (000s)	AUG 26	235	--	234
08/31	08:30	Continuing Claims (000s)	AUG 19	1960	--	1954
08/31	08:30	PCE Deflator (m/m)	Jul	0.1	0.1	0.0
08/31	08:30	PCE Deflator (y/y)	Jul	1.4	1.4	1.4
08/31	08:30	PCE ex. Food & Energy (m/m)	Jul	0.1	0.1	0.1
08/31	08:30	PCE ex. Food & Energy (y/y)	Jul	1.5	1.5	1.5
08/31	08:30	Personal Spending (m/m)	Jul	0.4	0.4	0.1
08/31	08:30	Personal Income (m/m)	Jul	0.2	0.3	0.0
08/31	09:45	Chicago PMI	Aug	--	58.3	58.9
08/31	10:00	Pending Home Sales (m/m)	Jul	0.5	0.7	1.5
09/01	08:30	Nonfarm Employment Report (000s m/m)	Aug	200.0	180.0	209.0
09/01	08:30	Unemployment Rate (%)	Aug	4.3	4.3	4.3
09/01	08:30	Average Hourly Earnings (m/m)	Aug	0.2	0.2	0.3
09/01	08:30	Average Hourly Earnings (y/y)	Aug	2.6	2.6	2.5
09/01	08:30	Average Weekly Hours	Aug	--	34.5	34.5
09/01	10:00	Construction Spending (m/m)	Jul	0.7	0.5	-1.3
09/01	10:00	ISM Manufacturing Index	Aug	56.0	56.5	56.3
09/01	10:00	U. of Michigan Consumer Sentiment	Aug F	--	97.3	97.6
09/01		Domestic Vehicle Sales (mn a.r.)	Aug	--	13.0	13.0
09/01		Household Employment Report (000s m/m)	Aug	--	--	345.0
09/01		Total Vehicle Sales (mn a.r.)	Aug	16.7	16.6	16.7

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Cc:	Greg Lawrence (Scotiabank GBM)
Subject:	Ontario Power Generation - Indicative Issuance Spreads for 07/10/2017
Date:	Monday, July 10, 2017 7:56:43 PM
Attachments:	Ontario Power Generation-Jul-10-2017.pdf estimates.pdf

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Please find attached our indicative new issue spreads.

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Indicative New Issue Spreads

July-10-17

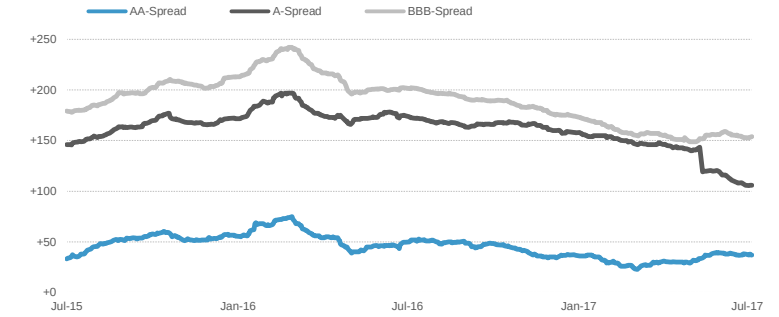
NEW ISSUE SPREADS	5 Year	WoW	10 Year	WoW	30 Year	WoW
Canada Benchmark	2.75%		1.00%		2.75%	
	1-Jun-22		1-Jun-27		01-Dec-48	
Interpolated Yield (GoC Yield + Roll)	1.52%	0.05%	1.90%	0.05%	2.27%	0.08%
Indicative Spread	**+89**	3	**+114**	2	**+154**	1
Indicative Re-offer Yield	2.41%	0.08%	3.04%	0.07%	3.81%	0.09%
Agency Commission	$0.35		$0.40		$0.50	
Agency Commission BPS	+7		+5		+4	
All-in Canada Yield	2.477%		3.089%		3.845%	
All-in Spread to GoC curve (bp)	+96		+119		+158	

RECENT NEW ISSUES

Date	Issuer	Ratings	Size	Term	Spread
6-Jul	CIBC	AA/A+/A1	$1,750M	5 Yr	+79
5-Jul	First Capital Realty Inc.	BBB(H)/-/Baa2	$300M	10 Yr	+195
5-Jul	Bank of Montreal	AA/A+/A1	$2,000M	5 Yr	+80

COMPARABLES	Ratings	5 Year	WoW	10 Year	WoW	30 Year	WoW
	DBRS/Moody's/S&P						
Ontario Power Generation	**A(L)/-/BBB+**	**+89**	3	**+114**	2	**+154**	1
Hydro One	A(H)/A3/A	+69	3	+94	2	+134	1
Nova Scotia Power	A(L)/-/BBB+	+82	7	+107	5	+147	3
EPCOR	A(L)/-/A-	+67	2	+92	1	+132	0

DEX UNIVERSE SPREADS



MARKET COMMENTARY

Activity in the Canadian corporate credit market was steady last week with three issuers pricing a combined $4.05B. The financial space was busy with both BMO and CIBC pricing 5 year deposit notes of $2B and $1.75B respectively. First Capital Realty came to market with $300MM 10 year notes. At week end, YTD new issue volumes totaled $72.9B, 29% ahead of 2016's pace.

Corporate spreads closed largely unchanged, while the TSX was down 50.84 points closing at 15,027. We saw strong labour market data from both Canada and the U.S. U.S. nonfarm payrolls rose 222K in the month of June, beating market consensus of 178K. Meanwhile, Canadian jobs data came in higher than expected at 45.3K, giving the BoC an additional reason to hike.

Market participants will be closely watching Wednesday's BoC decision (95% probability of a hike priced in). The G20 was held in Hamburg, Germany with sustainability, women's rights, and the refugee crisis being key discussions.

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Estimates for the week of July 10 – 14

CANADA

Date	Time	Indicator	Period	BNS	Consensus	Latest
07/11	08:15	Housing Starts (000s a.r.)	Jun	200	--	195
07/12	08:30	Teranet - National Bank HPI (y/y)	Jun	--	--	13.9
07/12	10:00	**BoC Interest Rate Announcement (%)**	**Jul 12**	**0.75**	**0.75**	**0.50**
07/12	10:00	Bank of Canada Releases July Monetary Policy Report				
07/12	11:15	BoC's Poloz and Wilkins Hold Press Conference in Ottawa				
07/13	08:30	New Housing Price Index (m/m)	May	--	--	0.8

UNITED STATES

Date	Time	Indicator	Period	BNS	Consensus	Latest
07/10	15:00	Consumer Credit (US$ bn m/m)	May	--	15.0	8.2
07/10	23:05	Fed's Williams Speaks in Sydney				
07/11	12:00	Fed's Brainard Speaks in New York				
07/11	10:00	JOLTS Job Openings (000s)	May	--	--	6044.0
07/11	10:00	Wholesale Inventories (m/m)	May F	--	0.3	0.3
07/12	08:30	Fed Releases Chair Yellen's testimony to Congress				
07/12	10:00	Yellen to Appear Before U.S. House Panel				
07/12	14:00	**U.S. Federal Reserve Releases Beige Book**				
07/12	14:15	Fed's George Speaks in Denver on the Economic Outlook				
07/13	07:00	MBA Mortgage Applications (w/w)	JUL 8	--	--	1.4
07/13	08:30	Initial Jobless Claims (000s)	JUL 8	245	--	248
07/13	08:30	Continuing Claims (000s)	JUL 1	1950	--	1956
07/13	08:30	PPI (m/m)	Jun	0.0	0.0	0.0
07/13	08:30	PPI ex. Food & Energy (m/m)	Jun	0.2	0.1	0.3
07/13	10:00	Fed Chair Yellen Testifies Before Senate Banking Panel				
07/13	11:30	Fed's Evans Speaks at Rocky Mountain Summit in Victor, Idaho				
07/13	14:00	Treasury Budget (US$ bn)	Jun	--	--	-88.4
07/14	08:30	CPI (m/m)	Jun	0.1	0.1	-0.1
07/14	08:30	CPI (y/y)	Jun	1.7	--	1.9
07/14	08:30	CPI (index)	Jun	--	--	244.7
07/14	08:30	CPI ex. Food & Energy (m/m)	Jun	0.1	0.2	0.1
07/14	08:30	CPI ex. Food & Energy (y/y)	Jun	1.7	--	1.7
07/14	08:30	Retail Sales (m/m)	Jun	-0.2	0.1	-0.3
07/14	08:30	Retail Sales ex. Autos (m/m)	Jun	0.0	0.2	-0.3
07/14	09:15	Capacity Utilization (%)	Jun	76.8	76.7	76.6
07/14	09:15	Industrial Production (m/m)	Jun	0.4	0.3	0.0
07/14	09:30	Fed's Kaplan Speaks in Mexico City				
07/14	10:00	Business Inventories (m/m)	May	--	0.3	-0.2
07/14	10:00	U. of Michigan Consumer Sentiment	Jul P	94.5	--	95.1

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Cc:	Greg Lawrence (Scotiabank GBM)
Subject:	Ontario Power Generation - Indicative Issuance Spreads for 07/04/2017
Date:	Tuesday, July 04, 2017 8:45:58 PM
Attachments:	Ontario Power Generation-Jul-4-2017.pdf estimates.pdf

Please find attached our indicative new issue spreads.

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Scotiabank | Global Banking and Markets

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Indicative New Issue Spreads

July-04-17

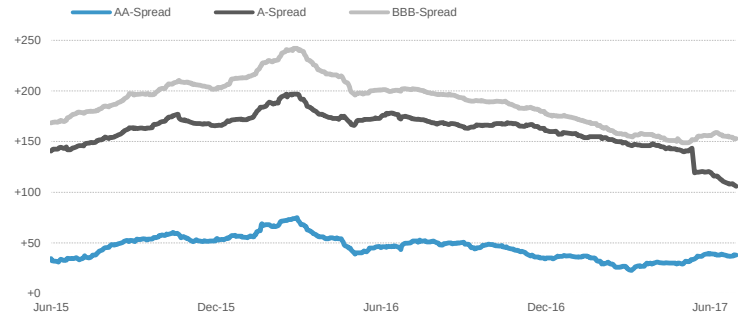
NEW ISSUE SPREADS	5 Year	WoW	10 Year	WoW	30 Year	WoW
Canada Benchmark	2.75%		1.00%		2.75%	
	1-Jun-22		1-Jun-27		01-Dec-48	
Interpolated Yield (GoC Yield + Roll)	1.47%	0.32%	1.85%	0.38%	2.19%	0.24%
Indicative Spread	**+86**	-3	**+112**	-2	**+153**	-5
Indicative Re-offer Yield	2.33%	0.29%	2.97%	0.36%	3.72%	0.19%
Agency Commission	$0.35		$0.40		$0.50	
Agency Commission BPS	+7		+5		+4	
All-in Canada Yield	2.400%		3.016%		3.761%	
All-in Spread to GoC curve (bp)	+93		+117		+157	

RECENT NEW ISSUES

Date	Issuer	Ratings	Size	Term	Spread
27-Jun	Bank of Nova Scotia	AA/A+/A1	$2,000M	7 Yr	+90
26-Jun	HSBC Bank Canada	A(H)/AA-/-	$1,000M	5 Yr	+101

COMPARABLES	Ratings	5 Year	WoW	10 Year	WoW	30 Year	WoW
	DBRS/Moody's/S&P						
Ontario Power Generation	**A(L)/-/BBB+**	**+86**	-3	**+112**	-2	**+153**	-5
Hydro One	A(H)/A3/A	+66	-3	+92	-2	+133	-5
Nova Scotia Power	A(L)/-/BBB+	+75	-4	+102	-2	+144	-4
EPCOR	A(L)/-/A-	+65	-4	+91	-3	+132	-6

DEX UNIVERSE SPREADS



MARKET COMMENTARY

Activity in the Canadian corporate credit market was steady this week with two financial issuers pricing a combined $3B. Supply was concentrated in the Deposit Note space with both BNS and HSBC active in the domestic market. BNS successfully priced a new $2B 7 year deal at GoC+90bps. BoC senior leadership further reinforced its shift to a hawkish tone since June 12th. As a result, the market is pricing in a much higher probability of a rate hike on the July 12th meeting, currently at 87%. Scotiabank Economics forecasts the BoC to hike in July, October this year and a further 25bps in 1Q18. Outside of Canada, both the ECB and BoE conveyed hawkish rhetoric. The week ended with a positive risk-on bias following solid GDP data in Canada and slightly softer U.S. inflation release. Corporate credit spreads ended the week broadly 2 to 5 bps tighter WoW. At week end, YTD new issue volumes totaled $68.8B, 28% ahead of 2016's pace.

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Estimates for the week of July 3 – 7

CANADA

Date	Time	Indicator	Period	BNS	Consensus	Latest
07/06	08:30	Building Permits (m/m)	May	--	1.0	-0.2
07/06	08:30	Merchandise Trade Balance (C$ bn)	May	-0.8	-0.3	-0.4
07/07	08:30	Employment (000s m/m)	Jun	0.0	12.5	54.5
07/07	08:30	Unemployment Rate (%)	Jun	6.7	6.6	6.6

UNITED STATES

Date	Time	Indicator	Period	BNS	Consensus	Latest
07/03	04:30	Fed's Bullard Speaks at BoE Conference in London				
07/03	10:00	Construction Spending (m/m)	May	0.4	0.2	-1.4
07/03	10:00	ISM Manufacturing Index	Jun	55.0	55.2	54.9
07/03		Domestic Vehicle Sales (mn a.r.)	Jun	--	12.9	12.8
07/03		Total Vehicle Sales (mn a.r.)	Jun	16.6	16.5	16.6
07/05	10:00	Durable Goods Orders (m/m)	May F	--	--	-1.1
07/05	10:00	Durable Goods Orders ex. Trans. (m/m)	May F	--	--	0.1
07/05	10:00	Factory Orders (m/m)	May	-0.4	-0.5	-0.2
07/05	14:00	FOMC Meeting Minutes				
07/06	03:45	Fed's Williams Speaks in Hobart, Tasmania				
07/06	07:00	MBA Mortgage Applications (w/w)	JUN 30	--	--	-6.2
07/06	08:15	ADP Employment Report (000s m/m)	Jun	190.0	180.0	253.0
07/06	08:30	Initial Jobless Claims (000s)	JUL 1	245	242	244
07/06	08:30	Continuing Claims (000s)	JUN 24	1945	1938	1948
07/06	08:30	Trade Balance (US$ bn)	May	-46.5	-46.3	-47.6
07/06	10:00	ISM Non-Manufacturing Composite	Jun	56.5	56.5	56.9
07/06	10:00	Fed's Powell Speaks in Washington on Housing Finance Reform				
07/06	19:30	Fed's Fischer Speaks on Government Policy, Labor Productivity				
07/07	08:30	Average Hourly Earnings (m/m)	Jun	--	0.3	0.2
07/07	08:30	Average Hourly Earnings (y/y)	Jun	2.6	2.6	2.5
07/07	08:30	Average Weekly Hours	Jun	--	34.4	34.4
07/07	08:30	Nonfarm Employment Report (000s m/m)	Jun	175	180	138
07/07	08:30	Unemployment Rate (%)	Jun	4.3	4.3	4.3
07/07	11:00	Fed releases July 2017 Monetary Policy Report to Congress				
07/07		Household Employment Report (000s m/m)	Jun	--	--	-233

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Cc:	Greg Lawrence (Scotiabank GBM)
Subject:	Ontario Power Generation - Indicative Issuance Spreads for 6/26/2017
Date:	Monday, June 26, 2017 7:03:38 PM
Attachments:	Ontario Power Generation-Jun-26-2017.pdf estimates.pdf

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Please find attached our indicative new issue spreads.

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Indicative New Issue Spreads

Monday, June 26, 2017

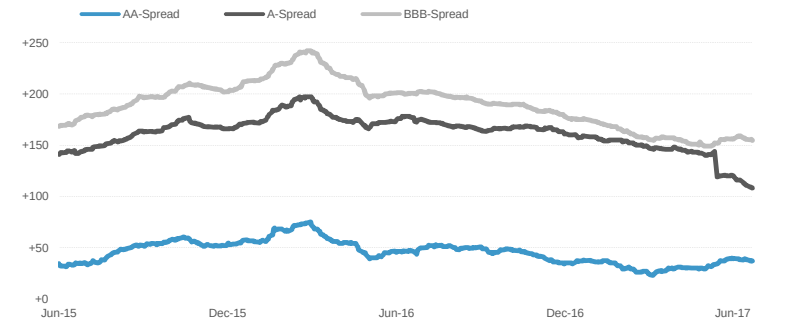
NEW ISSUE SPREADS	5 Year	WoW	10 Year	WoW	30 Year	WoW
Canada Benchmark	2.75% 1-Jun-22		1.00% 1-Jun-27		2.75% 1-Dec-48	
Interpolated Yield (GoC Yield + Roll)	1.15%	-0.05%	1.47%	-0.08%	1.95%	-0.09%
Indicative Spread	**+89**	-2	**+114**	-2	**+158**	-3
Indicative Re-offer Yield	2.04%	-0.07%	2.61%	-0.10%	3.53%	-0.12%
Agency Commission	$0.35		$0.40		$0.50	
Agency Commission BPS	+7		+5		+4	
All-in Canada Yield	2.109%		2.658%		3.575%	
All-in Spread to GoC curve (bp)	+96		+119		+162	

RECENT NEW ISSUES

Date	Issuer	Ratings	Size	Term	Spread
21-Jun	Laurentian Bank of Canada	A(L)/-/-	$267M	2 Yr	+80
21-Jun	AIMCo Realty Investors LP	AA(L)/-/-	$400M	7 Yr	+97
21-Jun	Bank of Nova Scotia	AA/A+/A1	$1,000M	1 Yr	+16
20-Jun	Royal Bank of Canada	AA/AA-/A1	$555M	1 Yr	+16

COMPARABLES	Ratings (DBRS/Moody's/S&P)	5 Year	WoW	10 Year	WoW	30 Year	WoW
Ontario Power Generation	**A(L)/-/BBB+**	**+89**	-2	**+114**	-2	**+158**	-3
Hydro One	A(H)/A3/A	+69	-2	+94	-2	+138	-3
Nova Scotia Power	A(L)/-/BBB+	+79	-1	+104	-1	+148	-2
EPCOR	A(L)/-/A-	+69	-1	+94	-1	+138	-2

DEX UNIVERSE SPREADS



MARKET COMMENTARY

Activity in the Canadian primary credit market was subdued last week, with four issuers pricing a combined $2.2B. AimCo Realty Investors LP tapped the market with its inaugural issue, printing $400MM 7 year notes. Both BNS and RBC priced 1 year FRNs of $1B and $555MM, respectively. Laurentian Bank also came to market, issuing a $267MM 2 year FRN. On June 16th, the Department of Finance issued its consultation paper on Bank Recapitalization ("bail-in") Conversion Regulations. OSFI concurrently issued its Draft Guideline for TLAC for Domestic Systemically Important Banks ("D-SIBs"). Only certain types of debt will be classified as bail-inable, including senior unsecured debt issued after the implementation date of the bail-in regime (with an original term >400 days or remaining term >365 days), Legacy Sub Debt, and Legacy Preferred Shares. We anticipate bail-in to be in effect sometime 1H2018. Market tone remained stable throughout the week, with risk assets trading sideways. The S&P500 finished flat on the week while the TSX gained ~1%, led in part by a strong retail sales print on Thursday. Canadian corporate spreads closed the week a touch tighter, with the exception of energy related names, as oil hit a multi-month low mid–week. At week end, YTD new issue volumes totaled $65.4bn, 24% ahead of 2016's pace.

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Estimates for the week of June 26 – 30

CANADA

Date	Time	Indicator	Period	BNS	Consensus	Latest
06/28	09:30	Bank of Canada's Poloz at ECB Panel				
06/28	14:15	Bank of Canada Deputy Governor Lynn Patterson Speaks				
06/30	08:30	IPPI (m/m)	May	--	--	0.6
06/30	08:30	Raw Materials Price Index (m/m)	May	--	--	1.6
06/30	08:30	Real GDP (m/m)	Apr	0.3	--	0.5
06/30	10:30	BoC Senior Loan Officer Survey	2Q	--	--	-1.9
06/30	10:30	Business Outlook Future Sales	2Q	--	--	21.0

UNITED STATES

Date	Time	Indicator	Period	BNS	Consensus	Latest
06/25	00:20	Fed's Dudley Speaks at Closed-Press Event at BIS in Basel				
06/26	00:20	Fed's Williams Speaks in Sydney				
06/26	08:30	Durable Goods Orders (m/m)	May P	-0.5	-0.7	-0.8
06/26	08:30	Durable Goods Orders ex. Trans. (m/m)	May P	0.5	0.4	-0.5
06/26	10:30	Dallas Fed. Manufacturing Activity	Jun	--	--	17.2
06/27	03:30	Fed's Williams Speaks in Sydney				
06/27	09:00	S&P/Case-Shiller Home Price Index (m/m)	Apr	--	0.6	0.9
06/27	09:00	S&P/Case-Shiller Home Price Index (y/y)	Apr	--	--	5.9
06/27	10:00	Consumer Confidence Index	Jun	115.0	115.0	117.9
06/27	10:00	Richmond Fed Manufacturing Index	Jun	--	--	1.0
06/27	11:00	Fed's Harker Speaks on Economy in London				
06/27	17:30	Fed's Kashkari Speaks at Townhall Event in Houghton, Michigan				
06/28	03:30	Fed's Williams Speaks in Canberra				
06/28	07:00	MBA Mortgage Applications (w/w)	JUN 23	--	--	0.6
06/28	08:30	Wholesale Inventories (m/m)	May P	--	0.2	-0.5
06/28	10:00	Pending Home Sales (m/m)	May	--	1.1	-1.4
06/29	08:30	GDP (q/q a.r.)	1Q T	1.2	1.2	1.2
06/29	08:30	GDP Deflator (q/q a.r.)	1Q T	2.2	2.2	2.2
06/29	08:30	Initial Jobless Claims (000s)	JUN 24	245	--	241
06/29	08:30	Continuing Claims (000s)	JUN 17	1950	--	1944
06/29	13:00	Fed's Bullard Speaks on Monetary Policy in London				
06/30	08:30	PCE Deflator (m/m)	May	-0.1	-0.1	0.2
06/30	08:30	PCE Deflator (y/y)	May	1.5	1.5	1.7
06/30	08:30	PCE ex. Food & Energy (m/m)	May	0.0	0.1	0.2
06/30	08:30	PCE ex. Food & Energy (y/y)	May	1.4	1.5	1.5
06/30	08:30	Personal Spending (m/m)	May	0.1	0.1	0.4
06/30	08:30	Personal Income (m/m)	May	0.2	0.3	0.4
06/30	09:45	Chicago PMI	Jun	--	58.0	59.4
06/30	10:00	U. of Michigan Consumer Sentiment	Jun F	--	94.5	94.5

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Cc:	Greg Lawrence (Scotiabank GBM)
Subject:	Ontario Power Generation - Indicative Issuance Spreads for 06/19/2017
Date:	Monday, June 19, 2017 9:34:24 PM
Attachments:	Ontario Power Generation-Jun-19-2017.pdf estimates.pdf

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Please find attached our indicative new issue spreads.

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Indicative New Issue Spreads

June-19-17

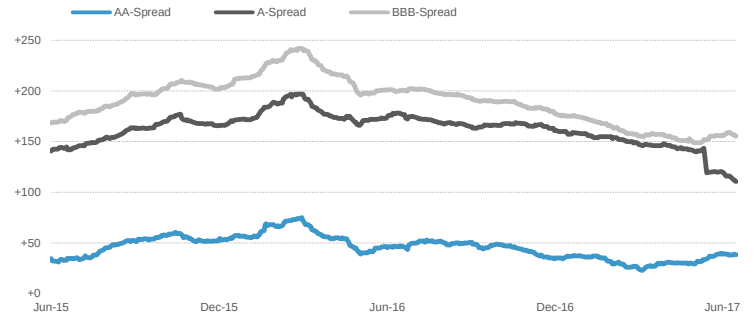
NEW ISSUE SPREADS	5 Year	WoW	10 Year	WoW	30 Year	WoW
Canada Benchmark	2.75%		1.00%		2.75%	
	1-Jun-22		1-Jun-27		01-Dec-48	
Interpolated Yield (GoC Yield + Roll)	1.20%	0.12%	1.55%	0.06%	2.04%	-0.03%
Indicative Spread	**+91**	1	**+116**	-4	**+161**	-4
Indicative Re-offer Yield	2.11%	0.13%	2.71%	0.02%	3.65%	-0.07%
Agency Commission	$0.35		$0.40		$0.50	
Agency Commission BPS	+7		+5		+4	
All-in Canada Yield	2.184%		2.756%		3.691%	
All-in Spread to GoC curve (bp)	+98		+121		+165	

RECENT NEW ISSUES

Date	Issuer	Ratings	Size	Term	Spread
16-Jun	PSP Capital Inc.	AAA/AAA/Aaa	$1,750M	5	+57
15-Jun	Ford Credit Canada	BBB/BBB/Baa2	$600M	5	+158
15-Jun	Laurentian Bank of Canada	BBB(L)/BB+/-	$350M	5.0	+308
13-Jun	Canadian Western Bank	A(L)/-/-	$350M	5.0	+157
13-Jun	CT REIT	BBB(H)/BBB+/-	$175M	10	+192
13-Jun	BMW Canada Inc.	-/A+/A1	$500M	3.5	+84

COMPARABLES	Ratings	5 Year	WoW	10 Year	WoW	30 Year	WoW
	DBRS/Moody's/S&P						
Ontario Power Generation	**A(L)/-/BBB+**	**+91**	1	**+116**	-4	**+161**	-4
Hydro One	A(H)/A3/A	+71	3	+96	1	+141	0
Nova Scotia Power	A(L)/-/BBB+	+80	0	+105	-1	+150	1
EPCOR	A(L)/-/A-	+70	2	+95	1	+140	1

DEX UNIVERSE SPREADS



MARKET COMMENTARY

It was a steady week in the Canadian credit market with $3.7BN being priced. This brings total issuance YTD to $62BN, which is ~20% ahead of last year's pace. Central bank activity saw meaningful developments in both Canada and the U.S. The Fed raised rates as expected by 25 bps, dismissing softer inflation data as "transitory". On separate occasions, both Poloz and Wilkins relayed interest in a much earlier-than-expected timing of the first tightening rate decision in Canada since 2010. The market is now pricing a full rate increase before the end of the year. In Canada we saw a significant yield curve flattening, with the spread between 5yr and 30yr Government rates collapsing by 15 bps. In the credit world, the headline was around the newly released proposals for bank bail-in securities by the Department of Finance, essentially setting the stage for the creation of senior bail-in securities to replace the issuance of deposit notes/senior debt by the largest Canadian banks. Generally spreads closed the week 2 to 5 bps better with energy related credit underperforming.

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Estimates for the week of June 19 – 23

CANADA

Date	Time	Indicator	Period	BNS	Consensus	Latest
06/20	08:30	Wholesale Trade (m/m)	Apr	--	--	0.9
06/22	08:30	Retail Sales (m/m)	Apr	0.0	--	0.7
06/22	08:30	Retail Sales ex. Autos (m/m)	Apr	0.2	--	-0.2
06/23	08:30	Core CPI - Common (y/y)	May	--	--	1.3
06/23	08:30	Core CPI - Median (y/y)	May	--	--	1.6
06/23	08:30	Core CPI - Trim (y/y)	May	--	--	1.3
06/23	08:30	CPI, All items (m/m)	May	0.1	--	0.4
06/23	08:30	CPI, All items (y/y)	May	1.3	--	1.6
06/23	08:30	CPI, All items (index)	May	--	--	130.4

UNITED STATES

Date	Time	Indicator	Period	BNS	Consensus	Latest
06/19	08:00	Fed's Dudley Holds Business Rountable in Plattsburgh, NY				
06/19	19:00	Fed's Evans Speaks in New York				
06/20	07:45	Fed's Rosengren to Speak at Macroprudential Conference				
06/20	08:00	Fed's Fischer Speaks in Amsterdam				
06/20	08:30	Current Account (US$ bn)	1Q	--	-123.1	-112.4
06/20	15:00	Fed's Kaplan Speaks in San Francisco				
06/21	07:00	MBA Mortgage Applications (w/w)	JUN 16	--	--	2.8
06/21	10:00	Existing Home Sales (mn a.r.)	May	5.5	5.5	5.6
06/21	10:00	Existing Home Sales (m/m)	May	-1.3	-0.7	-2.3
06/22	08:30	Initial Jobless Claims (000s)	JUN 17	245	240	237
06/22	08:30	Continuing Claims (000s)	JUN 10	1950	--	1935
06/22	10:00	Leading Indicators (m/m)	May	--	0.4	0.3
06/22	10:00	Fed's Powell Speaks Before Senate Banking Committee				
06/23	10:00	New Home Sales (000s a.r.)	May	610	600	569
06/23	11:15	Fed's Bullard Speaks about Monetary Policy in Nashville				
06/23	12:40	Fed's Mester Speaks in Cleveland				
06/23		United States Sovereign Debt to be rated by Moody's				

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Cc:	Greg Lawrence (Scotiabank GBM)
Subject:	Ontario Power Generation - Indicative Issuance Spreads for 06/12/2017
Date:	Monday, June 12, 2017 8:37:01 PM
Attachments:	Ontario Power Generation-Jun-12-2017.pdf estimates.pdf

Please find attached our indicative new issue spreads.

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Indicative New Issue Spreads

June-12-17

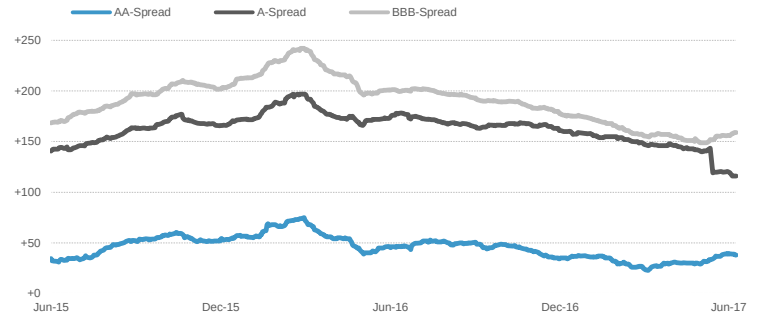
NEW ISSUE SPREADS	5 Year	WoW	10 Year	WoW	30 Year	WoW
Canada Benchmark	2.75% 1-Jun-22		1.00% 1-Jun-27		2.75% 01-Dec-48	
Interpolated Yield (GoC Yield + Roll)	1.08%	0.11%	1.49%	0.08%	2.07%	0.05%
Indicative Spread	**+90**	-2	**+120**	-2	**+165**	-2
Indicative Re-offer Yield	1.98%	0.09%	2.69%	0.06%	3.72%	0.03%
Agency Commission	$0.35		$0.40		$0.50	
Agency Commission BPS	+7		+5		+4	
All-in Canada Yield	2.050%		2.739%		3.763%	
All-in Spread to GoC curve (bp)	+97		+125		+169	

RECENT NEW ISSUES

Date	Issuer	Ratings	Size	Term	Spread
7-Jun	Merrill Lynch NHA MBS	AAA/AAA/Aaa	$1,097M	5	+62
7-Jun	Saputo Inc.	A(L)/-/A3	$300M	5	+99
6-Jun	Enbridge Inc.	BBB(H)/BBB+/Baa2	$1,200M	Various	Various
6-Jun	Chartwell	BBB(L)/-/-	$200M	6.5	+270
5-Jun	Caterpillar Financial Services	A/A/-	$150M	3	+75

COMPARABLES	Ratings (DBRS/Moody's/S&P)	5 Year	WoW	10 Year	WoW	30 Year	WoW
Ontario Power Generation	**A(L)/-/BBB+**	**+90**	-2	**+120**	-2	**+165**	-2
Hydro One	A(H)/A3/A	+68	-4	+95	-2	+141	-3
Nova Scotia Power	A(L)/-/BBB+	+80	-3	+106	-2	+149	-3
EPCOR	A(L)/-/A-	+68	-3	+94	-2	+139	-3

DEX UNIVERSE SPREADS



MARKET COMMENTARY

The Canadian credit market was steady last week, with $2.95bn being priced. Early in the week Caterpillar Financial Services Ltd. came to market with a 3 year $150MM deal, while Chartwell Retirement Residence issued a 6.5 year $200MM transaction that was priced at +270 bps vs the GoC curve. Enbridge Inc. tapped the market across 3 tranches totalling $1.2bn. The three tranche transaction consisted of a $450MM 2022 re-opening, $450MM new 10 year notes, and a $300MM 2044 re-opening. Saputo Inc. came to market with a $300MM 5 year deal after being upgraded to A3 by Moody's. Merrill Lynch Canada Inc. priced a new NHA MBS Jumbo issue for $1.1bn. Market participants were focused on political headlines in the U.S and Europe due to the widely anticipated market impact from James Comey's testimony which turned out to be minimal and the UK election results that came in shakily with the Conservatives winning. The market tone remained constructive, with credit spreads trading ~5 bps better WoW. At week end, YTD new issue volumes totaled $57.8bn, 13% ahead of 2016's pace.

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Estimates for the week of June 12 – 16

CANADA

Date	Time	Indicator	Period	BNS	Consensus	Latest
06/14	08:30	Teranet - National Bank HPI (y/y)	May	--	--	13.4
06/15	08:30	Manufacturing Shipments (m/m)	Apr	1.0	--	1.0
06/15	09:00	Existing Home Sales (m/m)	May	--	--	-1.7
06/16	08:30	International Securities Transactions (C$ bn)	Apr	--	--	15.1

UNITED STATES

Date	Time	Indicator	Period	BNS	Consensus	Latest
06/12	14:00	Treasury Budget (US$ bn)	May	--	-91.5	182.4
06/13	08:30	PPI (m/m)	May	0.0	0.0	0.5
06/13	08:30	PPI ex. Food & Energy (m/m)	May	0.1	0.2	0.4
06/13	09:00	The Federal Open Market Committee (FOMC) holds a closed meeting				
06/14	07:00	MBA Mortgage Applications (w/w)	JUN 9	--	--	7.1
06/14	08:30	CPI (m/m)	May	0.0	0.0	0.2
06/14	08:30	CPI (y/y)	May	2.1	1.9	2.2
06/14	08:30	CPI (index)	May	--	--	244.5
06/14	08:30	CPI ex. Food & Energy (m/m)	May	0.2	0.2	0.1
06/14	08:30	CPI ex. Food & Energy (y/y)	May	1.9	1.9	1.9
06/14	08:30	Retail Sales (m/m)	May	0.0	0.1	0.4
06/14	08:30	Retail Sales ex. Autos (m/m)	May	0.2	0.2	0.3
06/14	09:00	The Federal Open Market Committee (FOMC) holds a closed meeting				
06/14	10:00	Business Inventories (m/m)	Apr	--	-0.1	0.2
06/14	14:00	**FOMC Interest Rate Meeting (%)**	**Jun 14**	**1.25**	**1.25**	**1.00**
06/14	14:30	Federal Reserve Board Chairwoman Janet Yellen holds a news conference				
06/15	08:30	Empire State Manufacturing Index	Jun	--	5.0	-1.0
06/15	08:30	Export Prices (m/m)	May	--	-0.1	0.5
06/15	08:30	Import Prices (m/m)	May	--	-0.1	0.5
06/15	08:30	Initial Jobless Claims (000s)	JUN 10	245	--	245
06/15	08:30	Continuing Claims (000s)	JUN 3	1925	--	1917
06/15	08:30	Philadelphia Fed Index	Jun	30.0	23.5	38.8
06/15	09:15	Capacity Utilization (%)	May	--	76.7	76.7
06/15	09:15	Industrial Production (m/m)	May	0.0	0.0	1.0
06/15	10:00	NAHB Housing Market Index	Jun	--	70.0	70.0
06/15	16:00	Total Net TIC Flows (US$ bn)	Apr	--	--	-0.7
06/15	16:00	Net Long-term TIC Flows (US$ bn)	Apr	--	--	59.8
06/16	08:30	Building Permits (000s a.r.)	May	--	1250	1260
06/16	08:30	Housing Starts (000s a.r.)	May	1200	1218	1172
06/16	08:30	Housing Starts (m/m)	May	2.4	3.9	-2.6
06/16	10:00	U. of Michigan Consumer Sentiment	Jun P	96.5	97.1	97.1
06/16	12:45	Fed's Kaplan Speaks in Dallas				

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Cc:	Greg Lawrence (Scotiabank GBM); Fanny Doucet (Scotiabank GBM); Michael Costakos (Scotiabank GBM); Stephen Lepone (Scotiabank GBM); Tiffany Sun (Scotiabank GBM); Courtney McGrath
Subject:	Ontario Power Generation - Indicative Issuance Spreads for 06/05/2017
Date:	Monday, June 05, 2017 9:27:50 PM
Attachments:	OPG Weekly Indicative Spreads - June 5, 2017.xlsx Ontario Power Generation-Jun-5-2017.pdf estimates.pdf

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Good Evening,

Please find attached the excel copy of our indicative new issue spreads.

Thanks,

D. Gregory Lawrence | Managing Director | Canadian Debt Capital Markets | Scotia Capital Inc.

Scotiabank | Global Banking and Markets

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Bank Name	Scotiabank
Date	5-Jun-17

Indicative OPG New Issue Spreads	Current			Week over Week		
	30-year	10-year	5-year	30-year	10-year	5-year
Benchmark Canada Bond Maturity	1-Dec-48	1-Jun-27	1-Jun-22			
Benchmark Canada Bond Coupon	2.75%	1.00%	2.75%			
Benchmark Yield	2.02%	1.41%	0.97%	-0.03%	0.00%	0.00%
Curve Adjustment (bp)						
Spread to GoC Curve (bp)	+167	+122	+92	2	2	2
Re-Offered Yield	3.69%	2.63%	1.89%	-0.01%	0.02%	0.02%
Commission (bp)	4.00	5.00	7.00			
All-in Yield	**3.73%**	**2.68%**	**1.96%**			

Primary Comparable (S&P/Moody's/ DBRS)	Current			Week over Week		
Spread to GoC Curve (bp)	30-year	10-year	5-year	30-year	10-year	5-year
Hydro One (A(H)/A3/A)	+144	+97	+72	2	-1	-1

Other Comparables (S&P/Moody's/ DBRS)	Current			Week over Week		
Spread to GoC Curve (bp)	30-year	10-year	5-year	30-year	10-year	5-year
Nova Scotia Power (A(L)/-/BBB+)	152	108	83	-2	-2	-2
EPCOR (A(L)/-/A-)	142	96	71	-1	-3	-3

Bank Name
Date

Indicative OPG New Issue Spreads		Current
	30-year	10-year
Benchmark Canada Bond Maturity	1-Dec-48	1-Jun-27
Benchmark Canada Bond Coupon	2.75%	1.00%
Benchmark Yield	2.05%	1.41%
Curve Adjustment (bp)		
Spread to GoC Curve (bp)	+165	+120
Re-Offered Yield	3.70%	2.61%
Commission (bp)	4.00	5.00
All-in Yield	**3.74%**	**2.66%**

Primary Comparable (S&P/Moody's/ DBRS)		Current
Spread to GoC Curve (bp)	30-year	10-year
Hydro One (A(H)/A1/A+)	+142	+98

Other Comparables (S&P/Moody's/ DBRS)		Current
Spread to GoC Curve (bp)	30-year	10-year
Nova Scotia Power (A(L)/-/BBB+)	154	110
EPCOR (A(L)/-/A-)	143	99

Scotiabank
29-May-17

5-year
1-Jun-22
2.75%
0.97%
+90
1.87%
7.00
1.94%

5-year
+73

5-year
85
74

Indicative New Issue Spreads

Monday, June 05, 2017

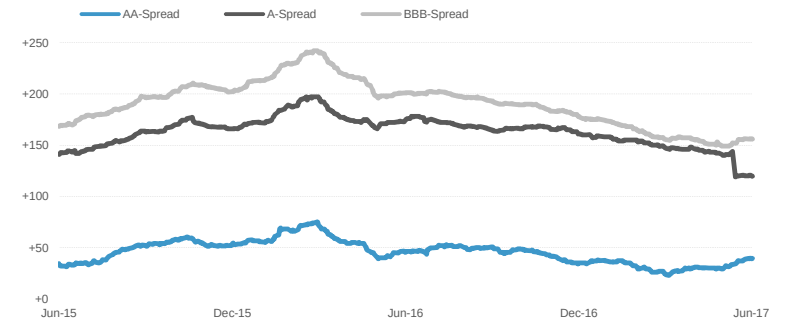
NEW ISSUE SPREADS	5 Year	WoW	10 Year	WoW	30 Year	WoW
Canada Benchmark	2.75% 1-Jun-22		1.00% 1-Jun-27		2.75% 1-Dec-48	
Interpolated Yield (GoC Yield + Roll)	0.97%	0.00%	1.41%	0.00%	2.02%	-0.03%
Indicative Spread	**+92**	2	**+122**	2	**+167**	2
Indicative Re-offer Yield	1.89%	0.02%	2.63%	0.02%	3.69%	-0.01%
Agency Commission	$0.35		$0.40		$0.50	
Agency Commission BPS	+7		+5		+4	
All-in Canada Yield	1.957%		2.685%		3.734%	
All-in Spread to GoC curve (bp)	+99		+127		+171	

RECENT NEW ISSUES

Date	Issuer	Ratings	Size	Term	Spread
31-May	Intact Financial Corporation	A/-/Baa1	$425M	10 Yr	+143

COMPARABLES	Ratings (DBRS/Moody's/S&P)	5 Year	WoW	10 Year	WoW	30 Year	WoW
Ontario Power Generation	**A(L)/-/BBB+**	**+92**	2	**+122**	2	**+167**	2
Hydro One	A(H)/A3/A	+72	-1	+97	-1	+144	2
Nova Scotia Power	A(L)/-/BBB+	+83	-2	+108	-2	+152	-2
EPCOR	A(L)/-/A-	+71	-3	+96	-3	+142	-1

DEX UNIVERSE SPREADS



MARKET COMMENTARY

It was a quiet week in the Canadian credit market with only one $425MM deal being priced. Intact Financial was in the market with a 10 year transaction priced at GoC+143 bps, marking the first deal in the insurance space this year. The bonds were distributed to 68 investors and performed well in the secondary market. The week's supply was in stark contrast to the $4bn+ volume seen in each of the two prior weeks. The market was very active in May as a whole, with $16.9bn pricing across 20 transactions. It was the most active month on record, surpassing the $15.4bn issued in February 2015 and taking 2017YTD issuance to $54.9bn, which is 22% ahead of 2016's pace. Market tone remains constructive, with credit spreads holding in quite well. June is traditionally a very busy month for the Canadian market, and the forward calendar remains well populated, but following a record May market expectations are for a modest slowdown of activity this month.

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Estimates for the week of June 5 – 9

CANADA

Date	Time	Indicator	Period	BNS	Consensus	Latest
06/07	08:30	Building Permits (m/m)	Apr	--	--	-5.8
06/08	08:15	Housing Starts (000s a.r.)	May	200	--	213
06/08	08:30	New Housing Price Index (m/m)	Apr	--	--	0.2
06/08	10:30	Bank of Canada Releases Financial System Review				
06/09	08:30	Capacity Utilization (%)	1Q	--	--	82.2
06/09	08:30	Employment (000s m/m)	May	20	--	3.2
06/09	08:30	Unemployment Rate (%)	May	6.6	--	6.5

UNITED STATES

Date	Time	Indicator	Period	BNS	Consensus	Latest
06/05	10:00	Durable Goods Orders (m/m)	Apr F	--	--	-0.7
06/05	10:00	Durable Goods Orders ex. Trans. (m/m)	Apr F	--	--	-0.4
06/05	10:00	Factory Orders (m/m)	Apr	-0.3	-0.2	0.5
06/05	10:00	ISM Non-Manufacturing Composite	May	56.8	57.0	57.5
06/06	10:00	JOLTS Job Openings (000s)	Apr	--	--	5743
06/07	07:00	MBA Mortgage Applications (w/w)	JUN 2	--	--	-3.4
06/07	15:00	Consumer Credit (US$ bn m/m)	Apr	--	15.0	16.4
06/08	08:30	Initial Jobless Claims (000s)	JUN 3	240	--	248
06/08	08:30	Continuing Claims (000s)	MAY 27	1920	--	1915
06/09	10:00	Wholesale Inventories (m/m)	Apr F	--	0.2	-0.3

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Cc:	Greg Lawrence (Scotiabank GBM)
Subject:	Ontario Power Generation - Indicative Issuance Spreads for 6/5/2017
Date:	Monday, June 05, 2017 8:48:58 PM
Attachments:	Ontario Power Generation-Jun-5-2017.pdf estimates.pdf

Please find attached our indicative new issue spreads.

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Scotiabank | Global Banking and Markets

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Indicative New Issue Spreads

Monday, June 05, 2017

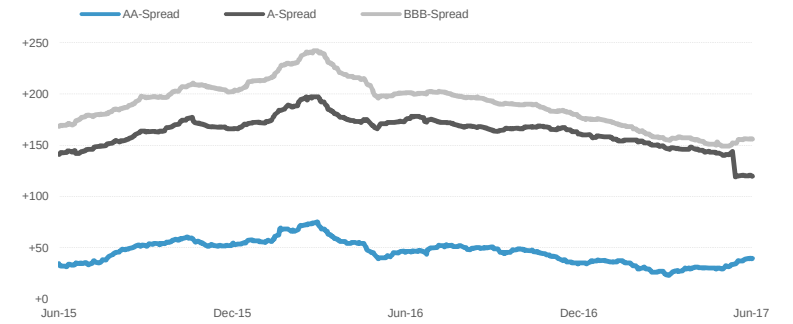
NEW ISSUE SPREADS	5 Year	WoW	10 Year	WoW	30 Year	WoW
Canada Benchmark	2.75% 1-Jun-22		1.00% 1-Jun-27		2.75% 1-Dec-48	
Interpolated Yield (GoC Yield + Roll)	0.97%	0.00%	1.41%	0.00%	2.02%	-0.03%
Indicative Spread	**+92**	2	**+122**	2	**+167**	2
Indicative Re-offer Yield	1.89%	0.02%	2.63%	0.02%	3.69%	-0.01%
Agency Commission	$0.35		$0.40		$0.50	
Agency Commission BPS	+7		+5		+4	
All-in Canada Yield	1.957%		2.685%		3.734%	
All-in Spread to GoC curve (bp)	+99		+127		+171	

RECENT NEW ISSUES

Date	Issuer	Ratings	Size	Term	Spread
31-May	Intact Financial Corporation	A/-/Baa1	$425M	10 Yr	+143

COMPARABLES	Ratings (DBRS/Moody's/S&P)	5 Year	WoW	10 Year	WoW	30 Year	WoW
Ontario Power Generation	**A(L)/-/BBB+**	**+92**	2	**+122**	2	**+167**	2
Hydro One	A(H)/A3/A	+72	-1	+97	-1	+144	2
Nova Scotia Power	A(L)/-/BBB+	+83	-2	+108	-2	+152	-2
EPCOR	A(L)/-/A-	+71	-3	+96	-3	+142	-1

DEX UNIVERSE SPREADS



MARKET COMMENTARY

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Estimates for the week of June 5 – 9

CANADA

Date	Time	Indicator	Period	BNS	Consensus	Latest
06/07	08:30	Building Permits (m/m)	Apr	--	--	-5.8
06/08	08:15	Housing Starts (000s a.r.)	May	200	--	213
06/08	08:30	New Housing Price Index (m/m)	Apr	--	--	0.2
06/08	10:30	Bank of Canada Releases Financial System Review				
06/09	08:30	Capacity Utilization (%)	1Q	--	--	82.2
06/09	08:30	Employment (000s m/m)	May	20	--	3.2
06/09	08:30	Unemployment Rate (%)	May	6.6	--	6.5

UNITED STATES

Date	Time	Indicator	Period	BNS	Consensus	Latest
06/05	10:00	Durable Goods Orders (m/m)	Apr F	--	--	-0.7
06/05	10:00	Durable Goods Orders ex. Trans. (m/m)	Apr F	--	--	-0.4
06/05	10:00	Factory Orders (m/m)	Apr	-0.3	-0.2	0.5
06/05	10:00	ISM Non-Manufacturing Composite	May	56.8	57.0	57.5
06/06	10:00	JOLTS Job Openings (000s)	Apr	--	--	5743
06/07	07:00	MBA Mortgage Applications (w/w)	JUN 2	--	--	-3.4
06/07	15:00	Consumer Credit (US$ bn m/m)	Apr	--	15.0	16.4
06/08	08:30	Initial Jobless Claims (000s)	JUN 3	240	--	248
06/08	08:30	Continuing Claims (000s)	MAY 27	1920	--	1915
06/09	10:00	Wholesale Inventories (m/m)	Apr F	--	0.2	-0.3

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Subject:	Ontario Power Generation - Indicative Issuance Spreads for 05/15/2017
Date:	Monday, May 15, 2017 6:59:22 PM
Attachments:	OPG Weekly Indicative Spreads - May 15, 2017.xlsx Ontario Power Generation-May-15-2017.pdf estimates.pdf

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Good Evening,

Please find attached the excel copy of our indicative new issue spreads.

Thanks,

D. Gregory Lawrence | Managing Director | Canadian Debt Capital Markets | Scotia Capital Inc.

Scotiabank | Global Banking and Markets

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Bank Name	Scotiabank
Date	15-May-17

Indicative OPG New Issue Spreads	Current			Week over Week		
	30-year	10-year	5-year	30-year	10-year	5-year
Benchmark Canada Bond Maturity	1-Dec-48	1-Jun-27	1-Mar-22			
Benchmark Canada Bond Coupon	2.75%	1.00%	0.50%			
Benchmark Yield	2.24%	1.58%	1.05%	0.06%	0.02%	0.02%
Curve Adjustment (bp)						
Spread to GoC Curve (bp)	+152	+110	+85	5	3	3
Re-Offered Yield	3.76%	2.68%	1.90%	0.11%	0.05%	0.05%
Commission (bp)	4.00	5.00	7.00			
All-in Yield	**3.80%**	**2.73%**	**1.97%**			

Primary Comparable (S&P/Moody's/ DBRS)	Current			Week over Week		
Spread to GoC Curve (bp)	30-year	10-year	5-year	30-year	10-year	5-year
Hydro One (A(H)/A3/A)	+137	+95	+70	5	3	3

Other Comparables (S&P/Moody's/ DBRS)	Current			Week over Week		
Spread to GoC Curve (bp)	30-year	10-year	5-year	30-year	10-year	5-year
Nova Scotia Power (A(L)/-/BBB+)	146	106	81	3	3	3
EPCOR (A(L)/-/A-)	138	96	71	5	3	3

Bank Name
Date

Indicative OPG New Issue Spreads	Current	
	30-year	10-year
Benchmark Canada Bond Maturity	1-Dec-48	1-Jun-27
Benchmark Canada Bond Coupon	2.75%	1.00%
Benchmark Yield	2.18%	1.56%
Curve Adjustment (bp)		
Spread to GoC Curve (bp)	+147	+107
Re-Offered Yield	3.65%	2.63%
Commission (bp)	4.00	5.00
All-in Yield	**3.69%**	**2.68%**

Primary Comparable (S&P/Moody's/ DBRS)	Current	
Spread to GoC Curve (bp)	30-year	10-year
Hydro One (A(H)/A1/A+)	+132	+92

Other Comparables (S&P/Moody's/ DBRS)	Current	
Spread to GoC Curve (bp)	30-year	10-year
Nova Scotia Power (A(L)/-/BBB+)	143	103
EPCOR (A(L)/-/A-)	133	93

Scotiabank
8-May-17

	5-year
1-Mar-22	
0.50%	
1.03%	
+82	
1.85%	
7.00	
1.92%	

	5-year
+67	

	5-year
78	
68	

Indicative New Issue Spreads

May-15-17

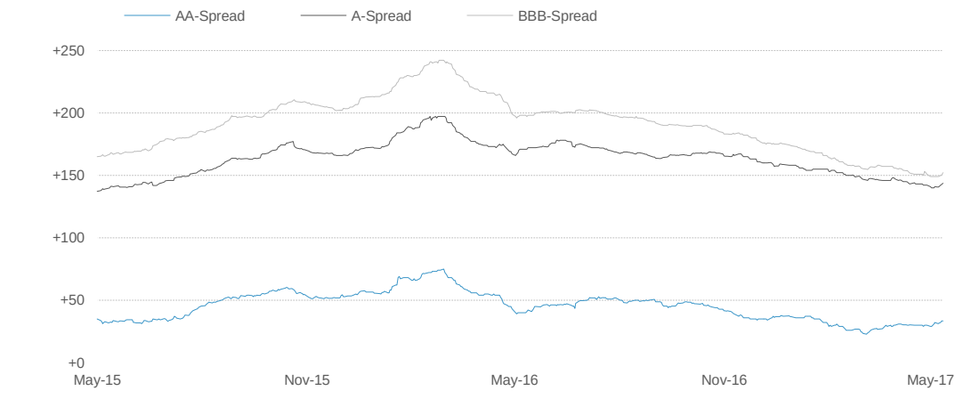
NEW ISSUE SPREADS	5 Year	WoW	10 Year	WoW	30 Year	WoW
Canada Benchmark	0.50% 1-Mar-22		1.00% 1-Jun-27		2.75% 01-Dec-48	
Interpolated Yield (GoC Yield + Roll)	1.05%	0.02%	1.58%	0.02%	2.24%	0.06%
Indicative Spread	**+85**	3	**+110**	3	**+152**	5
Indicative Re-offer Yield	1.90%	0.05%	2.68%	0.05%	3.76%	0.11%
Agency Commission	$0.35		$0.40		$0.50	
Agency Commission BPS	+7		+5		+4	
All-in Canada Yield	1.968%		2.732%		3.798%	
All-in Spread to GoC curve (bp)	+92		+115		+156	

RECENT NEW ISSUES

Date	Issuer	Ratings	Size	Term	Spread
11-May	Gaz Métro inc.	A/A+/-	$200M	30 Yr	+129
10-May	Alectra Inc.	A/A/-	$675M	10 Yr	+89
9-May	MBARC Credit Canada	AAA/-/Aaa	$414M	Various	Various
8-May	Anheuser-Busch InBev	-/A-/A3	$2,000M	7 Yr / 30 Yr	+132 / +212

COMPARABLES	Ratings	5 Year	WoW	10 Year	WoW	30 Year	WoW
	DBRS/Moody's/S&P						
Ontario Power Generation	**A(L)/-/BBB+**	**+85**	3	**+110**	3	**+152**	5
Hydro One	A(H)/A3/A	+70	3	+95	3	+137	5
Nova Scotia Power	A(L)/-/BBB+	+81	3	+106	3	+146	3
EPCOR	A(L)/-/A-	+71	3	+96	3	+138	5

DEX UNIVERSE SPREADS



MARKET COMMENTARY

The Canadian corporate credit market was active last week, with four issuers coming to market for over $3.25 billion. AB InBev printed $2 billion in the largest non-financial Maple offering ever (also ties for the largest non-financial C$ issue ever). Gaz Métro inc. issued $200 million 30 year First Mortgage bonds while Alectra tapped the market for $675 million. Moody's downgrade of six Canadian banks came as a surprise, putting financial spreads under pressure. Following the move, NVCC lagged, moving out 7 bps wider, while Deposit Notes moved out a more muted 2 bps. Home Capital, the BOE's rate decision, and NAFTA headlines were topics of discussion last week, with North American markets experiencing risk off momentum on U.S./NAFTA headlines. Market tone was softer throughout the week, with widening led by the banking sector. Canadian corporate spreads closed 1-3 bps wider with financials underperforming, while North American equities finished the week roughly unchanged. At week end, YTD new issue volumes totaled $43.8 billion, 27% ahead of 2016's pace.

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Estimates for the week of May 15 – 19

CANADA

Date	Time	Indicator	Period	BNS	Consensus	Latest
05/15	09:00	Existing Home Sales (m/m)	Apr	--	--	1.1
05/17	08:30	Manufacturing Shipments (m/m)	Mar	1.5	--	-0.2
05/18	08:30	International Securities Transactions (C$ bn)	Mar	--	--	38.8
05/19	08:30	Core CPI - Common (y/y)	Apr	--	1.4	1.3
05/19	08:30	Core CPI - Median (y/y)	Apr	--	--	1.7
05/19	08:30	Core CPI - Trim (y/y)	Apr	--	--	1.4
05/19	08:30	CPI, All items (m/m)	Apr	0.4	0.5	0.2
05/19	08:30	CPI, All items (y/y)	Apr	1.6	1.7	1.6
05/19	08:30	CPI, All items (index)	Apr	--	--	129.9
05/19	08:30	Retail Sales (m/m)	Mar	0.4	0.3	-0.6
05/19	08:30	Retail Sales ex. Autos (m/m)	Mar	0.2	0.2	-0.1

UNITED STATES

Date	Time	Indicator	Period	BNS	Consensus	Latest
05/15	08:30	Empire State Manufacturing Index	May	--	7.5	5.2
05/15	10:00	NAHB Housing Market Index	May	--	68.0	68.0
05/15	16:00	Total Net TIC Flows (US$ bn)	Mar	--	--	19.3
05/15	16:00	Net Long-term TIC Flows (US$ bn)	Mar	--	--	53.4
05/16	08:30	Building Permits (000s a.r.)	Apr	--	1270	1267
05/16	08:30	Housing Starts (000s a.r.)	Apr	1270	1260	1215
05/16	08:30	Housing Starts (m/m)	Apr	4.5	3.7	-6.8
05/16	09:15	Capacity Utilization (%)	Apr	--	76.3	76.1
05/16	09:15	Industrial Production (m/m)	Apr	--	0.4	0.6
05/17	07:00	MBA Mortgage Applications (w/w)	MAY 12	--	--	2.4
05/17	11:00	New York Fed to Release 1Q Household Debt an				
05/18	08:30	Initial Jobless Claims (000s)	MAY 13	--	240	236
05/18	08:30	Continuing Claims (000s)	MAY 6	--	1950	1918
05/18	08:30	Philadelphia Fed Index	May	--	18.5	22.0
05/18	10:00	Leading Indicators (m/m)	Apr	--	0.4	0.4
05/18	13:15	Fed's Mester Speaks on Economy and Monetary				
05/19	09:15	Fed's Bullard to Speak about U.S. Economy and I				

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Subject:	Ontario Power Generation - Indicative Issuance Spreads for 05/01/2017
Date:	Monday, May 01, 2017 6:31:18 PM
Attachments:	OPG Weekly Indicative Spreads - May 1, 2017.xlsx Ontario Power Generation-May-1-2017.pdf estimates.pdf

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Good Evening,

Please find attached the excel copy of our indicative new issue spreads.

Thanks,

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Scotiabank | Global Banking and Markets

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Bank Name	Scotiabank
Date	1-May-17

Indicative OPG New Issue Spreads	Current			Week over Week		
	30-year	10-year	5-year	30-year	10-year	5-year
Benchmark Canada Bond Maturity	1-Dec-48	1-Jun-27	1-Mar-22			
Benchmark Canada Bond Coupon	2.75%	1.00%	0.50%			
Benchmark Yield	2.19%	1.57%	1.05%	0.04%	0.00%	0.00%
Curve Adjustment (bp)						
Spread to GoC Curve (bp)	+145	+107	+83	-5	-3	-2
Re-Offered Yield	3.64%	2.64%	1.88%	-0.01%	-0.03%	-0.02%
Commission (bp)	4.00	5.00	7.00			
All-in Yield	**3.68%**	**2.69%**	**1.95%**			

Primary Comparable (S&P/Moody's/ DBRS)	Current			Week over Week		
Spread to GoC Curve (bp)	30-year	10-year	5-year	30-year	10-year	5-year
Hydro One (A(H)/A3/A)	+130	+92	+68	-5	-3	-2

Other Comparables (S&P/Moody's/ DBRS)	Current			Week over Week		
Spread to GoC Curve (bp)	30-year	10-year	5-year	30-year	10-year	5-year
Nova Scotia Power (A(L)/-/BBB+)	141	103	79	-5	-3	-2
EPCOR (A(L)/-/A-)	131	93	70	-5	-3	-2

Bank Name
Date

Indicative OPG New Issue Spreads	Current	
	30-year	10-year
Benchmark Canada Bond Maturity	1-Dec-48	1-Jun-27
Benchmark Canada Bond Coupon	2.75%	1.00%
Benchmark Yield	2.15%	1.57%
Curve Adjustment (bp)		
Spread to GoC Curve (bp)	+150	+110
Re-Offered Yield	3.65%	2.67%
Commission (bp)	4.00	5.00
All-in Yield	**3.69%**	**2.72%**

Primary Comparable (S&P/Moody's/ DBRS)	Current	
Spread to GoC Curve (bp)	30-year	10-year
Hydro One (A(H)/A1/A+)	+135	+95

Other Comparables (S&P/Moody's/ DBRS)	Current	
Spread to GoC Curve (bp)	30-year	10-year
Nova Scotia Power (A(L)/-/BBB+)	146	106
EPCOR (A(L)/-/A-)	136	96

Scotiabank
24-Apr-17

	5-year
	1-Mar-22
	0.50%
	1.05%
	+85
	1.90%
	7.00
	1.97%

	5-year
	+70

	5-year
	81
	72

Indicative New Issue Spreads

May-01-17

NEW ISSUE SPREADS	5 Year	WoW	10 Year	WoW	30 Year	WoW
Canada Benchmark	0.50% 1-Mar-22		1.00% 1-Jun-27		2.75% 01-Dec-48	
Interpolated Yield (GoC Yield + Roll)	1.05%	0.00%	1.57%	0.00%	2.19%	0.04%
Indicative Spread	**+83**	-2	**+107**	-3	**+145**	-5
Indicative Re-offer Yield	1.88%	-0.02%	2.64%	-0.03%	3.64%	-0.01%
Agency Commission	$0.35		$0.40		$0.50	
Agency Commission BPS	+7		+5		+4	
All-in Canada Yield	1.949%		2.688%		3.677%	
All-in Spread to GoC curve (bp)	+90		+112		+149	

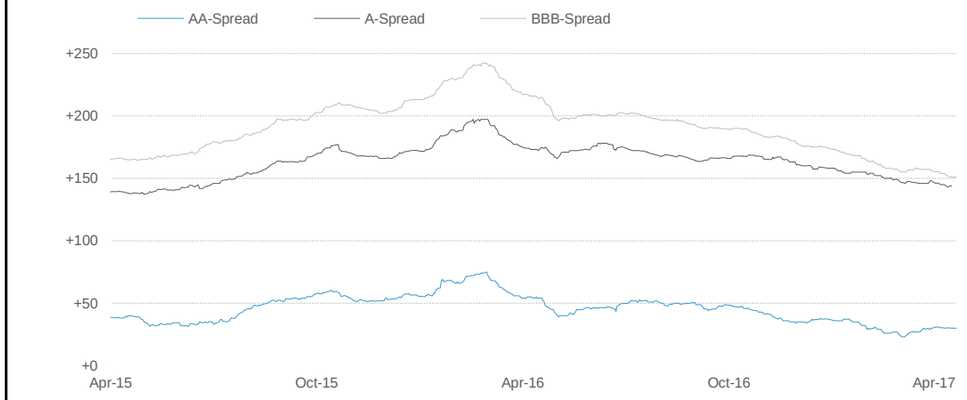
RECENT NEW ISSUES

Date	Issuer	Ratings	Size	Term	Spread
25-Apr	RBC NHA MBS	AAA/AAA/Aaa	$357M	4.4 Yr	+57
25-Apr	Ford Auto Securitization Trust	AAA(sf)/-/Aaa(sf)	$112M	5.3 Yr	+90
25-Apr	Ford Auto Securitization Trust	AAA(sf)/-/Aaa(sf)	$211M	4 Yr	+70
25-Apr	Ford Auto Securitization Trust	AAA(sf)/-/Aaa(sf)	$181M	2 Yr	+50
24-Apr	Bank of Nova Scotia	AA/A+/Aa3	$1,750M	5 Yr	+77

COMPARABLES

	Ratings DBRS/Moody's/S&P	5 Year	WoW	10 Year	WoW	30 Year	WoW
Ontario Power Generation	**A(L)/-/BBB+**	**+83**	-2	**+107**	-3	**+145**	-5
Hydro One	A(H)/A3/A	+68	-2	+92	-3	+130	-5
Nova Scotia Power	A(L)/-/BBB+	+79	-2	+103	-3	+141	-5
EPCOR	A(L)/-/A-	+70	-2	+93	-3	+131	-5

DEX UNIVERSE SPREADS



MARKET COMMENTARY

Activity in the Canadian corporate credit market was steady last week, with three issuers coming to market for $2.6 billion. Bank of Nova Scotia tapped the market for the second time this year, issuing $1.75 billion 5 year deposit notes. The securitization space was active last week, with two transactions pricing. Ford FAST printed ~$500 million ABS across three tranches. RBC Dominion Securities NHA MBS printed ~$350 million, bringing its total raised on the year to 1.25 billion across 3 transactions. Global market tone was firm on the back of the French election result, with headlines on NAFTA and U.S. tax policy commanding investor focus later in the week. The risk-on tone was positively reinforced by the new developments in the U.S., as NASDAQ hit an all-time high on April 27th at 6049 pts. Domestically, the ongoing Home Capital saga was the major story, impacting not only the company itself, but also the sector as a whole Canadian corporate spreads finished the week 3-5 bps better with financials underperforming. At week end, YTD new issue volumes totaled $37.9 billion, 19% ahead of 2016's pace.

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Estimates for the week of May 1 – 5

CANADA

Date	Time	Indicator	Period	BNS	Consensus	Latest
05/04	08:30	Merchandise Trade Balance (C$ bn)	Mar	-0.6	--	-1.0
05/04	16:25	Bank of Canada Governor Stephen Poloz Speech in Mexico				
05/05	08:30	Employment (000s m/m)	Apr	20	--	19.4
05/05	08:30	Unemployment Rate (%)	Apr	6.7	--	6.7

UNITED STATES

Date	Time	Indicator	Period	BNS	Consensus	Latest
05/01	07:45	Treasury Secretary Steven Mnuchin at Milken Conference				
05/01	08:30	PCE Deflator (m/m)	Mar	-0.1	-0.2	0.1
05/01	08:30	PCE Deflator (y/y)	Mar	1.9	--	2.1
05/01	08:30	PCE ex. Food & Energy (m/m)	Mar	-0.1	-0.1	0.2
05/01	08:30	PCE ex. Food & Energy (y/y)	Mar	1.6	--	1.8
05/01	08:30	Personal Spending (m/m)	Mar	0.4	0.2	0.1
05/01	08:30	Personal Income (m/m)	Mar	0.3	0.3	0.4
05/01	10:00	Construction Spending (m/m)	Mar	0.3	0.4	0.8
05/01	10:00	ISM Manufacturing Index	Apr	56.2	56.5	57.2
05/02		Domestic Vehicle Sales (mn a.r.)	Apr	--	13.4	13.0
05/02		Total Vehicle Sales (mn a.r.)	Apr	16.9	17.3	16.5
MAY 02-03		The Federal Open Market Committee (FOMC) holds a closed meeting				
05/03	07:00	MBA Mortgage Applications (w/w)	APR 28	--	--	-1.8
05/03	08:15	ADP Employment Report (000s m/m)	Apr	180	170.0	263.5
05/03	10:00	ISM Non-Manufacturing Composite	Apr	55.8	56.0	55.2
05/03	14:00	**FOMC Interest Rate Meeting (%)**	**May 3**	**1.00**	**1.00**	**1.00**
05/04	08:30	Initial Jobless Claims (000s)	APR 29	250	245.0	244.0
05/04	08:30	Continuing Claims (000s)	APR 22	--	2010.0	1979.0
05/04	08:30	Productivity (q/q a.r.)	1Q P	0.2	0.0	1.3
05/04	08:30	Trade Balance (US$ bn)	Mar	-44.8	-45.1	-43.6
05/04	08:30	Unit Labor Costs (q/q a.r.)	1Q P	--	2.8	1.7
05/04	10:00	Factory Orders (m/m)	Mar	0.6	0.3	1.0
05/05	08:30	Average Hourly Earnings (y/y)	Apr	2.7	2.7	2.7
05/05	08:30	Average Hourly Earnings (m/m)	Apr	0.3	0.3	0.2
05/05	08:30	Average Weekly Hours	Apr	--	34.3	34.3
05/05	08:30	Nonfarm Employment Report (000s m/m)	Apr	200	180.0	98.0
05/05	08:30	Unemployment Rate (%)	Apr	4.5	4.6	4.5
05/05	15:00	Consumer Credit (US$ bn m/m)	Mar	--	14.5	15.2
05/05	12:45	Fed's Williams Speaks in Keynote in New York				
05/05	13:30	Fed's Rosengren and Evans at Hoover Institution's Monetary Policy Conference				
05/05		Household Employment Report (000s m/m)	Apr	--	--	472.0

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Cc:	Greg Lawrence (Scotiabank GBM); Fanny Doucet (Scotiabank GBM); Michael Costakos (Scotiabank GBM); Tiffany Sun (Scotiabank GBM); Stephen Lepone (Scotiabank GBM)
Subject:	Ontario Power Generation - Indicative Issuance Spreads for 04/24/2017
Date:	Monday, April 24, 2017 7:06:59 PM
Attachments:	OPG Weekly Indicative Spreads - April 24, 2017.xlsx Ontario Power Generation-Apr-24-2017.pdf estimates.pdf

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Good Evening,

Please find attached the excel copy of our indicative new issue spreads.

Thanks,

D. Gregory Lawrence | Managing Director | Canadian Debt Capital Markets | Scotia Capital Inc.

Scotiabank | Global Banking and Markets

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Bank Name	Scotiabank
Date	24-Apr-17

Indicative OPG New Issue Spreads	Current			Week over Week		
	30-year	10-year	5-year	30-year	10-year	5-year
Benchmark Canada Bond Maturity	1-Dec-48	1-Jun-27	1-Mar-22			
Benchmark Canada Bond Coupon	2.75%	1.00%	0.50%			
Benchmark Yield	2.15%	1.57%	1.05%	-0.02%	-0.03%	-0.01%
Curve Adjustment (bp)						
Spread to GoC Curve (bp)	+150	+110	+85	-2	0	0
Re-Offered Yield	3.65%	2.67%	1.90%	-0.04%	-0.03%	-0.01%
Commission (bp)	4.00	5.00	7.00			
All-in Yield	**3.69%**	**2.72%**	**1.97%**			

Primary Comparable (S&P/Moody's/ DBRS)	Current			Week over Week		
Spread to GoC Curve (bp)	30-year	10-year	5-year	30-year	10-year	5-year
Hydro One (A(H)/A3/A)	+135	+95	+70	-2	0	0

Other Comparables (S&P/Moody's/ DBRS)	Current			Week over Week		
Spread to GoC Curve (bp)	30-year	10-year	5-year	30-year	10-year	5-year
Nova Scotia Power (A(L)/-/BBB+)	146	106	81	-2	0	0
EPCOR (A(L)/-/A-)	136	96	72	-2	0	0

Bank Name
Date

Indicative OPG New Issue Spreads		Current
	30-year	10-year
Benchmark Canada Bond Maturity	1-Dec-48	1-Jun-27
Benchmark Canada Bond Coupon	2.75%	1.00%
Benchmark Yield	2.17%	1.60%
Curve Adjustment (bp)		
Spread to GoC Curve (bp)	+152	+110
Re-Offered Yield	3.69%	2.70%
Commission (bp)	4.00	5.00
All-in Yield	**3.73%**	**2.75%**

Primary Comparable (S&P/Moody's/ DBRS)		Current
Spread to GoC Curve (bp)	30-year	10-year
Hydro One (A(H)/A1/A+)	+137	+95

Other Comparables (S&P/Moody's/ DBRS)		Current
Spread to GoC Curve (bp)	30-year	10-year
Nova Scotia Power (A(L)/-/BBB+)	148	106
EPCOR (A(L)/-/A-)	138	96

Scotiabank
17-Apr-17

5-year
1-Mar-22
0.50%
1.06%
+85
1.91%
7.00
1.98%

5-year
+70

5-year
81
72

Indicative New Issue Spreads

April-24-17

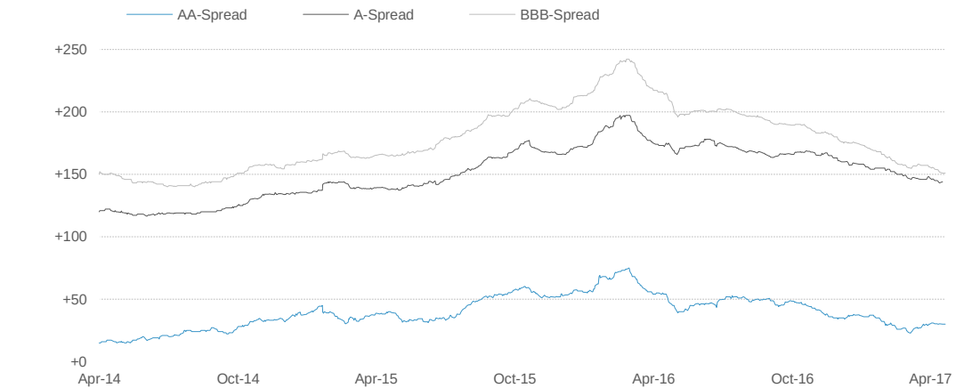
NEW ISSUE SPREADS	5 Year	WoW	10 Year	WoW	30 Year	WoW
Canada Benchmark	0.50% 1-Mar-22		1.00% 1-Jun-27		2.75% 01-Dec-48	
Interpolated Yield (GoC Yield + Roll)	1.05%	-0.01%	1.57%	-0.03%	2.15%	-0.02%
Indicative Spread	**+85**	0	**+110**	0	**+150**	-2
Indicative Re-offer Yield	1.90%	-0.01%	2.67%	-0.03%	3.65%	-0.04%
Agency Commission	$0.35		$0.40		$0.50	
Agency Commission BPS	+7		+5		+4	
All-in Canada Yield	1.971%		2.718%		3.690%	
All-in Spread to GoC curve (bp)	+92		+115		+154	

RECENT NEW ISSUES

Date	Issuer	Ratings	Size	Term	Spread
21-Apr	Parkland Fuel Corporation	BB/BB-/-	$500M	8 Yr	+428
19-Apr	Aeroports de Montreal	A(H)/-/A1	$250M	30 Yr	+120
19-Apr	The Goldman Sachs Group Inc.	A(H)/BBB+/A3	$750M	6 Yr	+139
18-Apr	Laurentian Bank NHA MBS	AAA/AAA/Aaa	$358M	4.9 Yr	+59
18-Apr	Wells Fargo & Company	AA/A/A2	$1,000M	5 Yr	+109
18-Apr	Allied Properties REIT	BBB(L)/-/-	$200M	8 Yr	+230

COMPARABLES	Ratings	5 Year	WoW	10 Year	WoW	30 Year	WoW
	DBRS/Moody's/S&P						
Ontario Power Generation	**A(L)/-/BBB+**	**+85**	0	**+110**	0	**+150**	-2
Hydro One	A(H)/A3/A	+70	0	+95	0	+135	-2
Nova Scotia Power	A(L)/-/BBB+	+81	0	+106	0	+146	-2
EPCOR	A(L)/-/A-	+72	0	+96	0	+136	-2

DEX UNIVERSE SPREADS



MARKET COMMENTARY

The Canadian corporate credit market was busy last week, with six issuers tapping the market for over $3 billion. Post blackout, Wells Fargo and Goldman Sachs came to market for $1 billion and $750 million respectively. Allied REIT was the fourth REIT to price over the last two weeks, issuing $200 million 8 year notes. The High Yield market was active again, this time with Parkland Fuel Corporation (BB/BB-/-) printing $500 million at an all-in coupon of 5.625%. GoC rates reached their lowest levels of 2017 across multiple tenors last week. The low interest-rate environment helped Allied and Wells Fargo to print new issues at their lowest coupons ever in the Canadian Market. Spreads were marginally tighter for Canadian Corporates. This was in line with IG28 which ended the week 1 bp better. At week end, YTD new issue volumes totaled $35.3 billion, 15% ahead of 2016's pace.

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Estimates for the week of April 24 – 28

CANADA

Date	Time	Indicator	Period	BNS	Consensus	Latest
04/24	08:30	Wholesale Trade (m/m)	Feb	-1.5	--	3.3
04/26	08:30	Retail Sales (m/m)	Feb	-0.2	--	2.2
04/26	08:30	Retail Sales ex. Autos (m/m)	Feb	-0.6	--	1.7
04/28	08:30	IPPI (m/m)	Mar	--	--	0.1
04/28	08:30	Raw Materials Price Index (m/m)	Mar	--	--	1.2
04/28	08:30	Real GDP (m/m)	Feb	0.0	--	0.6

UNITED STATES

Date	Time	Indicator	Period	BNS	Consensus	Latest
04/24	10:30	Dallas Fed. Manufacturing Activity	Apr	--	16.5	16.9
04/24	11:30	Fed's Kashkari Speaks at UCLA in Los Angeles				
04/24	15:15	Fed's Kashkari Participates in Q&A at Claremont				
04/25	09:00	S&P/Case-Shiller Home Price Index (m/m)	Feb	0.5	0.7	0.9
04/25	09:00	S&P/Case-Shiller Home Price Index (y/y)	Feb	5.7	5.7	5.7
04/25	10:00	Consumer Confidence Index	Apr	120	122.9	125.6
04/25	10:00	New Home Sales (000s a.r.)	Mar	580	585.0	592.0
04/25	10:00	Richmond Fed Manufacturing Index	Apr	--	16.0	22.0
04/26	07:00	MBA Mortgage Applications (w/w)	APR 21	--	--	-1.8
04/27	08:30	Durable Goods Orders (m/m)	Mar P	1.0	1.3	1.8
04/27	08:30	Durable Goods Orders ex. Trans. (m/m)	Mar P	0.4	0.5	0.5
04/27	08:30	Initial Jobless Claims (000s)	APR 22	240	242	244
04/27	08:30	Continuing Claims (000s)	APR 15	1985	--	1979
04/27	08:30	Wholesale Inventories (m/m)	Mar P	--	0.3	0.4
04/27	10:00	Pending Home Sales (m/m)	Mar	-2.0	-0.8	5.5
04/28	08:30	Employment Cost Index (q/q)	1Q	--	0.6	0.5
04/28	08:30	GDP (q/q a.r.)	1Q A	1.5	1.2	2.1
04/28	08:30	GDP Deflator (q/q a.r.)	1Q A	--	2.0	2.1
04/28	09:45	Chicago PMI	Apr	57.0	56.6	57.7
04/28	10:00	U. of Michigan Consumer Sentiment	Apr F	--	98.0	98.0
04/28	14:30	Fed's Harker Speaks in Washington				

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To:	"john.s.lee@opg.com"; Mike Manning; Linda Smith; "Sheen.Liu@opg.com"; Brett Kichiy; "richard.wong@opg.com"; Greg Lawrence (Scotiabank GBM); "ken.ryfa@opg.com"; "j.hahnparker@opg.com"; Michael Costakos (Scotiabank GBM)
Cc:	Greg Lawrence (Scotiabank GBM)
Subject:	Ontario Power Generation - Indicative Issuance Spreads for 8/21/2017
Date:	Monday, August 21, 2017 6:41:21 PM
Attachments:	Ontario Power Generation-Aug-21-2017.pdf estimates.pdf

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Please find attached our indicative new issue spreads.

D. Gregory Lawrence | Managing Director | Canadian Debt Capital Markets | Scotia Capital Inc.

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Indicative New Issue Spreads

August-21-17

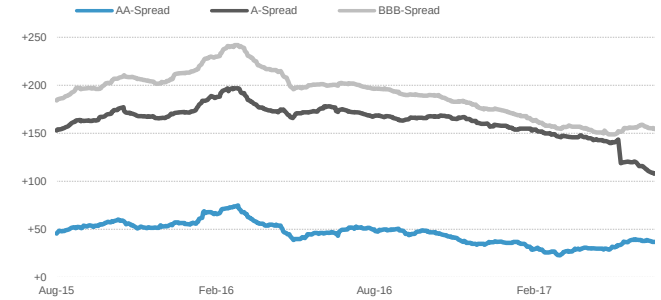
NEW ISSUE SPREADS	2 Year	WoW	5 Year	WoW	10 Year	WoW	30 Year	WoW
Canada Benchmark	0.75% 1-May-19		2.75% 1-Jun-22		1.00% 1-Jun-27		2.75% 01-Dec-48	
Interpolated Yield (GoC Yield + Roll)	1.25%	0.02%	1.54%	0.01%	1.90%	0.01%	2.30%	-0.02%
Indicative Spread	**+60**	0	**+89**	2	**+114**	2	**+154**	2
Indicative Re-offer Yield	1.85%	0.02%	2.43%	0.03%	3.04%	0.03%	3.84%	0.00%
Agency Commission	$0.20		$0.35		$0.40		$0.50	
Agency Commission BPS	+10		+7		+5		+4	
All-in Canada Yield	1.951%		2.502%		3.088%		3.875%	
All-in Spread to GoC curve (bp)	+70		+96		+119		+158	

RECENT NEW ISSUES

Date	Issuer	Ratings	Size	Term
14-Aug	Pembina Pipeline Corporation	BBB/BBB/-	$350M	6.4
14-Aug	Pembina Pipeline Corporation	BBB/BBB/-	$250M	29.5
15-Aug	Manulife Financial Corporation	A(L)/A-/-	$750M	7.0
15-Aug	Apple Inc.	-/AA+/Aa1	$2,500M	7.0

COMPARABLES	Ratings	2 Year	WoW	5 Year	WoW	10 Year	WoW	30 Year	WoW
	DBRS/Moody's/S&P								
Ontario Power Generation	**A(L)/-/BBB+**	**+60**	0	**+89**	2	**+114**	2	**+154**	2
Hydro One	A(H)/A3/A	-		+72	2	+97	2	+142	3
Nova Scotia Power	A(L)/-/BBB+	+59	2	+82	2	+107	2	+151	3
EPCOR	A(L)/-/A-	-		+70	2	+95	2	+135	2

DEX UNIVERSE SPREADS



MARKET COMMENTARY

New issue activity sparked back up last week in the Canadian corporate credit market with 3 issuers pricing a combined C$3.85BN: (1) Pembina Pipeline Corporation issued $600MM across two tranches, (2) Manulife issued $750MM 12NC7 subordinated debt at the HoldCo level (for the first time in the CAD market) and (3) Apple Inc. priced $2.5BN worth of 7-yr notes for their inaugural CAD issuance. Apple Inc.'s deal was not only the largest single-tranche corporate transaction in history, but also tied for the largest maple offering. By week end, YTD new issuance volumes totaled C$80.8BN, 7% ahead of 2016's pace.

Risk markets generally had a stronger tone last week as geopolitical risk eased. FOMC minutes were released and the tone was generally dovish, as anticipated. Canadian CPI data was also released and came in as expected.

Throughout the week corporate spreads traded wider as the secondary market looked for an equilibrium. Spreads closed ~3bps wider last week with high beta names under-performing.

This week market participants will be focused on Canadian retail sales data, Jackson Hole and the kick-off of CAD bank earnings season (RBC: 08/23, CIBC: 08/25, BMO & BNS: 08/29 and TD 08/31).

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Estimates for the week of August 21 – 25

CANADA

Date	Time	Indicator	Period	BNS	Consensus	Latest
08/21	08:30	Wholesale Trade (m/m)	Jun	--	--	0.9
08/22	08:30	Retail Sales (m/m)	Jun	0.4	--	0.6
08/22	08:30	Retail Sales ex. Autos (m/m)	Jun	0.3	--	-0.1

UNITED STATES

Date	Time	Indicator	Period	BNS	Consensus	Latest
08/22	10:00	Richmond Fed Manufacturing Index	Aug	--	10.0	14.0
08/23	07:00	MBA Mortgage Applications (w/w)	AUG 18	--	--	0.1
08/23	09:05	**Fed's Kaplan Speaks to Oil Group in Midland, Texas**				
08/23	10:00	New Home Sales (000s a.r.)	Jul	600.0	612.5	610.0
08/24	08:30	Initial Jobless Claims (000s)	AUG 19	235	--	232
08/24	08:30	Continuing Claims (000s)	AUG 12	1950	--	1953
08/24	10:00	Existing Home Sales (mn a.r.)	Jul	5.55	5.56	5.52
08/24	10:00	Existing Home Sales (m/m)	Jul	0.5	0.6	-1.8
AUG 24-26		**Kansas City Fed hosts annual Jackson Hole Policy Symposium**				
08/25	08:30	Durable Goods Orders (m/m)	Jul P	-6.0	-5.7	6.4
08/25	08:30	Durable Goods Orders ex. Trans. (m/m)	Jul P	0.5	0.5	0.1

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Cc:	Greg Lawrence (Scotiabank GBM)
Subject:	Ontario Power Generation - Indicative Issuance Spreads for 8/14/2017
Date:	Monday, August 14, 2017 6:49:38 PM
Attachments:	Ontario Power Generation-Aug-14-2017.pdf estimates.pdf

Please find attached our indicative new issue spreads.

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Indicative New Issue Spreads

August-14-17

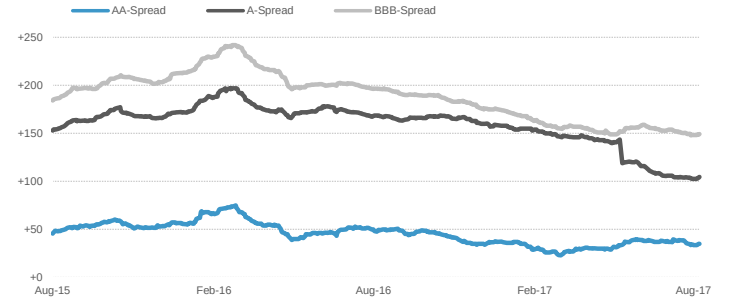
NEW ISSUE SPREADS	2 Year	WoW	5 Year	WoW	10 Year	WoW	30 Year	WoW
Canada Benchmark	0.75% 1-May-19		2.75% 1-Jun-22		1.00% 1-Jun-27		2.75% 01-Dec-48	
Interpolated Yield (GoC Yield + Roll)	1.23%	0.00%	1.53%	0.02%	1.89%	0.03%	2.32%	0.02%
Indicative Spread	**+60**	0	**+87**	3	**+112**	3	**+152**	3
Indicative Re-offer Yield	1.83%	0.00%	2.40%	-0.12%	3.01%	0.06%	3.84%	0.05%
Agency Commission	$0.20		$0.35		$0.40		$0.50	
Agency Commission BPS	+10		+7		+5		+4	
All-in Canada Yield	1.928%		2.467%		3.059%		3.877%	
All-in Spread to GoC curve (bp)	+70		+94		+117		+156	

RECENT NEW ISSUES

Date	Issuer	Ratings	Size	Term	Spread

COMPARABLES	Ratings	2 Year	WoW	5 Year	WoW	10 Year	WoW	30 Year	WoW
	DBRS/Moody's/S&P								
Ontario Power Generation	**A(L)/-/BBB+**	**+60**	0	**+87**	3	**+112**	3	**+152**	3
Hydro One	A(H)/A3/A	-		+70	4	+95	4	+139	3
Nova Scotia Power	A(L)/-/BBB+	+57	0	+80	0	+105	2	+148	5
EPCOR	A(L)/-/A-	-		+68	3	+93	3	+133	3

DEX UNIVERSE SPREADS



MARKET COMMENTARY

New issue activity was absent in the Canadian corporate credit market last week. Furthermore, no new issues have been brought to the Canadian market for the month of August. That being said YTD new issue volumes total $76.9B, 4% ahead of 2016's pace by the end of the week. Issuance in the US continued to be busy – noteworthy was a US$17.25B 8-tranche deal from BAT capital, which proved to be the second largest deal of the year.

Investors seemed to be primarily focused on geo-political events, including the rhetoric exchanged between the US and North Korea. After comments were exchanged, risk markets saw sharp sell-offs as investors shifted to safe haven assets. This did spill over to credit markets with financial spreads on average 2 or 3 bps wider last week.

The secondary market did see some buying at the wider levels, with investors picking away at both deposit notes and NVCC. Market participants also turned their attention to the US where PPI data printed weaker than expected and CPI came in slightly lower than anticipated. Interest rates were marginally lower on the week with the curve flattening slightly.

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Estimates for the week of August 14 – 18

CANADA

Date	Time	Event				
08/14	08:30	Teranet - National Bank HPI (y/y)	Jul	--	--	14.2
08/14	10:00	Canada Foreign Minister gives speech on Nafta in Ottawa				
08/15	09:00	Existing Home Sales (m/m)	Jul	--	--	-6.7
08/16	08:30	International Securities Transactions (C$ bn)	Jun	--	--	29.5
08/17	08:30	Manufacturing Shipments (m/m)	Jun	-1.5	-1.0	1.1
08/18	08:30	Core CPI - Common (y/y)	Jul	--	--	1.4
08/18	08:30	Core CPI - Median (y/y)	Jul	--	--	1.6
08/18	08:30	Core CPI - Trim (y/y)	Jul	--	--	1.2
08/18	08:30	CPI, All items (m/m)	Jul	-0.1	0.0	-0.1
08/18	08:30	CPI, All items (y/y)	Jul	1.2	1.2	1.0
08/18	08:30	CPI, All items (index)	Jul	--	--	130.4

UNITED STATES

Date	Time	Indicator	Period	BNS	Consensus	Latest
08/15	08:30	Empire State Manufacturing Index	Aug	--	10.0	9.8
08/15	08:30	Export Prices (m/m)	Jul	--	0.1	-0.2
08/15	08:30	Import Prices (m/m)	Jul	--	0.1	-0.2
08/15	08:30	Retail Sales (m/m)	Jul	0.3	0.4	-0.2
08/15	08:30	Retail Sales ex. Autos (m/m)	Jul	0.3	0.4	-0.2
08/15	10:00	Business Inventories (m/m)	Jun	--	0.4	0.3
08/15	10:00	NAHB Housing Market Index	Aug	--	64.0	64.0
08/15	16:00	Total Net TIC Flows (US$ bn)	Jun	--	--	57.3
08/15	16:00	Net Long-term TIC Flows (US$ bn)	Jun	--	--	91.9
08/15		Vice President Pence Visits Argentina				
08/16	07:00	MBA Mortgage Applications (w/w)	AUG 11	--	--	3.0
08/16	08:30	Building Permits (000s a.r.)	Jul	--	1250	1275
08/16	08:30	Housing Starts (000s a.r.)	Jul	1205	1225	1215
08/16	08:30	Housing Starts (m/m)	Jul	-0.8	0.8	8.3
08/16	14:00	**FOMC Meeting Minutes**				
08/17	08:30	Initial Jobless Claims (000s)	AUG 12	240	240	244
08/17	08:30	Continuing Claims (000s)	AUG 5	1950	--	1951
08/17	08:30	Philadelphia Fed Index	Aug	20	19.0	19.5
08/17	09:15	Capacity Utilization (%)	Jul	--	76.7	76.6
08/17	09:15	Industrial Production (m/m)	Jul	0.3	0.3	0.4
08/17	10:00	Leading Indicators (m/m)	Jul	--	0.3	0.6
08/17	13:00	Fed's Kaplan Speaks in Lubbock, Texas				
08/18	10:00	U. of Michigan Consumer Sentiment	Aug P	94.5	94.0	93.4
08/18	10:15	Fed's Kaplan Speaks in Dallas				

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Cc:	Greg Lawrence (Scotiabank GBM)
Subject:	Ontario Power Generation - Indicative Issuance Spreads for 8/8/2017
Date:	Tuesday, August 08, 2017 7:16:18 PM
Attachments:	Ontario Power Generation-Aug-8-2017.pdf estimates.pdf

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Indicative New Issue Spreads

Tuesday, August 08, 2017

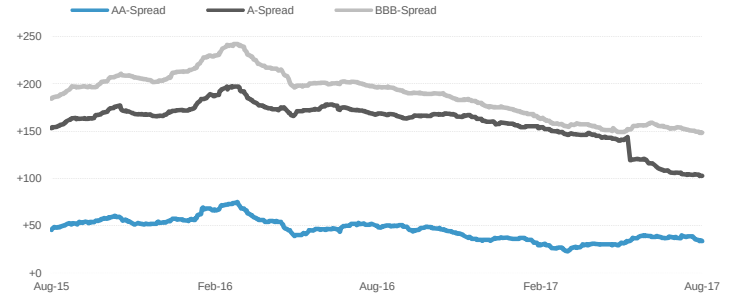
NEW ISSUE SPREADS	2 Year	WoW	5 Year	WoW	10 Year	WoW	30 Year	WoW
Canada Benchmark	0.75%		2.75%		1.00%		2.75%	
	1-May-19		1-Jun-22		1-Jun-27		1-Dec-48	
Interpolated Yield (GoC Yield + Roll)	1.26%	-	1.58%	-0.10%	1.95%	-0.12%	2.36%	-0.10%
Indicative Spread	**+60**		**+84**	0	**+109**	0	**+149**	0
Indicative Re-offer Yield	1.86%	-	2.42%	-0.10%	3.04%	-0.12%	3.85%	-0.10%
Agency Commission	$0.20		$0.35		$0.40		$0.50	
Agency Commission BPS	+10		+7		+5		+4	
All-in Canada Yield	1.957%		2.494%		3.087%		3.894%	
All-in Spread to GoC curve (bp)	+70		+91		+114		+153	

RECENT NEW ISSUES

Date	Issuer	Ratings	Size	Term	Spread

COMPARABLES	Ratings	2 Year	WoW	5 Year	WoW	10 Year	WoW	30 Year	WoW
	DBRS/Moody's/S&P								
Ontario Power Generation	**A(L)/-/BBB+**	**+60**		**+84**	0	**+109**	0	**+149**	0
Hydro One	A(H)/A3/A	-		+66	0	+91	0	+136	0
Nova Scotia Power	A(L)/-/BBB+	+57		+80	0	+103	0	+143	0
EPCOR	A(L)/-/A-	-		+65	0	+90	0	+130	0

DEX UNIVERSE SPREADS



MARKET COMMENTARY

New issue activity was absent in the Canadian corporate credit market last week. At week end, 2017YTD new issue volumes totaled $76.9B, 9% ahead of 2016's pace. We expect the market to be a bit slower in early August, but anticipate that activity will pick up moderately as CAD banks begin to release earnings during the week of August 21st (RBC: 08/23, CIBC: 08/25, BMO & BNS: 08/29 and TD 08/31).

Strong nonfarm payroll data cross the wire in both the US and Canada Friday morning (US Nonfarm payrolls came in at 209,000 vs. 180,000 expected, while Canada added 10,900 jobs). After rallying lower for most of the week yields bounced higher in both US and Canada with a slight steepening bias, Canada outperforming slightly on the way up.

The Canadian swap spreads moved wider across the curve, with 5yrs leading the way (5.5 bps mid to mid WoW). Credit spreads are unchanged to "small tighter", meaning all in funding costs for issuers on a BA basis are considerably tighter.

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GLOBAL ECONOMICS

AUGUST 2017 | CALENDAR OF ECONOMIC RELEASE DATES

FOR SELECTED KEY ECONOMIC REGIONS

Monday	Tuesday	Wednesday	Thursday	Friday
	1 US Personal Income & Expenditures (8:30)-Jun ISM Manufacturing Index (10:00)-Jul Construction Spending (10:00)-Jun Domestic Vehicle Sales -Jul EUROZONE GDP (10:00 GMT)-2Q A	**2** US ADP Employment Report (8:15)-Jul EUROZONE Producer Prices (10:00 GMT)-Jun	**3** US ISM Non-Manufacturing Composite (10:00)-Jul Factory Orders (10:00)-Jun UK Bank of England Policy Announcement (12:00 GMT) EUROZONE Retail Sales (10:00 GMT)-Jun	**4** US Employment Report (8:30)-Jul Trade Balance (8:30)-Jun CANADA Merchandise Trade Balance (8:30)-Jun Employment Report (8:30)-Jul
7 US Consumer Credit (15:00)-Jun JAPAN Composite Leading Index-Jun P	**8** US JOLTS (10:00)-Jun CANADA Housing Starts (8:15)-Jul JAPAN Current Account-Jun Trade Balance-Jun	**9** US Productivity (8:30)-2Q P CANADA Building Permits (8:30)-Jun	**10** US PPI (8:30)-Jul Treasury Statement (14:00)-Jul CANADA New Housing Price Index (8:30)-Jun JAPAN Machinery Orders-Jun UK Industrial Production (9:30 GMT)-Jun Trade Balance (9:30 GMT)-Jun	**11** US CPI (8:30)-Jul
14 CANADA Teranet - National Bank HPI (8:30)-Jul JAPAN GDP-2Q P EUROZONE Industrial Production (10:00 GMT)-Jun	**15** US Trade Price Indices (8:30)-Jul Empire State Manufacturing Index (8:30)-Aug Retail Sales (8:30)-Jul Business Inventories (10:00)-Jun Foreign Portfolio Flows (16:00)-Jun CANADA MLS Home Sales (9:00)-Jul UK CPI (9:30 GMT)-Jul	**16** US Housing Starts & Building Permits (8:30)-Jul FOMC Minutes (14:00) -July 25-26 Meeting CANADA International C$ Securities Transactions (8:30)-Jun UK Unemployment Rate (9:30 GMT)-Jul EUROZONE GDP (10:00 GMT)-2Q P	**17** US Philadelphia Fed Index (8:30)-Aug Industrial Production & Capacity Utilization (9:15)-Jul Leading Indicators (10:00)-Jul CANADA Manufacturing Shipments (8:30)-Jun UK Retail Sales (9:30 GMT)-Jul EUROZONE Trade Balance (10:00 GMT)-Jun; Inflation (10:00 GMT)-Jul	**18** US Consumer Sentiment (10:00)-Aug P CANADA CPI (8:30)-Jul EUROZONE Current Account (9:00 GMT)-Jun
21 CANADA Wholesale Trade (8:30)-Jun	**22** US Richmond Fed Index (10:00)-Aug CANADA Retail Sales (8:30)-Jun	**23** US New Home Sales (10:00)-Jul	**24** US Existing Home Sales (10:00)-Jul CANADA Corporate Profits (8:30)-2Q UK GDP (9:30 GMT)-2Q P	**25** US Durable Goods Orders (8:30)-Jul P JAPAN CPI, Tokyo-Aug
28 US Wholesale Trade (8:30)-Jul P	**29** US S&P Core Logic Case-Shiller Home Price Index (9:00)-Jun Consumer Confidence (10:00)-Aug CANADA IPPI/RMPI (8:30)-Jul JAPAN Unemployment Rate-Jul	**30** US ADP Employment Report (8:15)-Aug GDP (8:30)-2Q S CANADA Current Account (8:30)-2Q Payroll Employment, Earnings and Hours (SEPH) (8:30)-Jun EUROZONE Business & Consumer Survey (10:00 GMT)-Aug	**31** US Personal Income & Expenditures (8:30)-Jul Chicago PMI (9:45)-Aug Pending Home Sales Index (10:00)-Jul CANADA GDP (8:30)-2Q JAPAN Industrial Production-Jul P EUROZONE Unemployment Rate (10:00 GMT)-Jul	

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Cc:	Greg Lawrence (Scotiabank GBM); Fanny Doucet (Scotiabank GBM); Michael Costakos (Scotiabank GBM); Stephen Lepone (Scotiabank GBM); Tiffany Sun (Scotiabank GBM); Andrew Fredericks (Scotiabank GBM); Jenna Dicks (Scotiabank GBM); Courtney McGrath
Subject:	Ontario Power Generation - Indicative Issuance Spreads for 07/31/2017
Date:	Monday, July 31, 2017 6:14:33 PM
Attachments:	OPG Weekly Indicative Spreads - July 31, 2017.xlsx Ontario Power Generation-Jul-31-2017.pdf estimates.pdf

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Good Evening,

Please find attached the excel copy of our indicative new issue spreads.

Thanks,

D. Gregory Lawrence | Managing Director | Canadian Debt Capital Markets | Scotia Capital Inc.

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Bank Name	Scotiabank
Date	31-Jul-17

Indicative OPG New Issue Spreads	Current			Week over Week		
	30-year	10-year	5-year	30-year	10-year	5-year
Benchmark Canada Bond Maturity	1-Dec-48	1-Jun-27	1-Jun-22			
Benchmark Canada Bond Coupon	2.75%	1.00%	2.75%			
Benchmark Yield	2.46%	2.07%	1.68%	0.19%	0.14%	0.08%
Curve Adjustment (bp)						
Spread to GoC Curve (bp)	+149	+109	+84	-1	-1	-2
Re-Offered Yield	3.95%	3.16%	2.52%	0.18%	0.13%	0.06%
Commission (bp)	4.00	5.00	7.00			
All-in Yield	**3.99%**	**3.21%**	**2.59%**			

Primary Comparable (S&P/Moody's/ DBRS)	Current			Week over Week		
Spread to GoC Curve (bp)	30-year	10-year	5-year	30-year	10-year	5-year
Hydro One (A(H)/A3/A)	+136	+91	+66	0	-5	-6

Other Comparables (S&P/Moody's/ DBRS)	Current			Week over Week		
Spread to GoC Curve (bp)	30-year	10-year	5-year	30-year	10-year	5-year
Nova Scotia Power (A(L)/-/BBB+)	143	103	80	-1	-2	-1
EPCOR (A(L)/-/A-)	130	90	65	0	0	-1

Bank Name
Date

Indicative OPG New Issue Spreads	Current	
	30-year	10-year
Benchmark Canada Bond Maturity	1-Dec-48	1-Jun-27
Benchmark Canada Bond Coupon	2.75%	1.00%
Benchmark Yield	2.27%	1.93%
Curve Adjustment (bp)		
Spread to GoC Curve (bp)	+150	+110
Re-Offered Yield	3.77%	3.03%
Commission (bp)	4.00	5.00
All-in Yield	**3.81%**	**3.08%**

Primary Comparable (S&P/Moody's/ DBRS)	Current	
Spread to GoC Curve (bp)	30-year	10-year
Hydro One (A(H)/A1/A+)	+136	+96

Other Comparables (S&P/Moody's/ DBRS)	Current	
Spread to GoC Curve (bp)	30-year	10-year
Nova Scotia Power (A(L)/-/BBB+)	144	105
EPCOR (A(L)/-/A-)	130	90

Scotiabank
24-Jul-17

5-year
1-Jun-22
2.75%
1.60%
+86
2.46%
7.00
2.53%

5-year
+72

5-year
81
66

Indicative New Issue Spreads

July-31-17

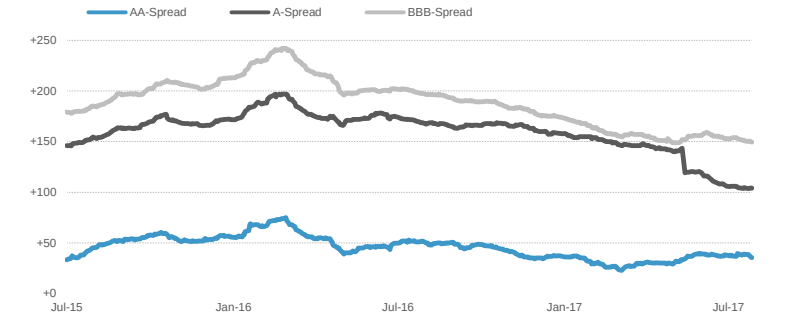
NEW ISSUE SPREADS	5 Year	WoW	10 Year	WoW	30 Year	WoW
Canada Benchmark	2.75% 1-Jun-22		1.00% 1-Jun-27		2.75% 01-Dec-48	
Interpolated Yield (GoC Yield + Roll)	1.68%	0.08%	2.07%	0.14%	2.46%	0.19%
Indicative Spread	**+84**	-2	**+109**	-1	**+149**	-1
Indicative Re-offer Yield	2.52%	0.06%	3.16%	0.13%	3.95%	0.18%
Agency Commission	$0.35		$0.40		$0.50	
Agency Commission BPS	+7		+5		+4	
All-in Canada Yield	2.592%		3.210%		3.995%	
All-in Spread to GoC curve (bp)	+91		+114		+153	

RECENT NEW ISSUES

Date	Issuer	Ratings	Size	Term	Spread
27-Jul	CN Rail	A/A/A2	$500M	30 Yr	+122

COMPARABLES	Ratings (DBRS/Moody's/S&P)	5 Year	WoW	10 Year	WoW	30 Year	WoW
Ontario Power Generation	**A(L)/-/BBB+**	**+84**	-2	**+109**	-1	**+149**	-1
Hydro One	A(H)/A3/A	+66	-6	+91	-5	+136	0
Nova Scotia Power	A(L)/-/BBB+	+80	-1	+103	-2	+143	-1
EPCOR	A(L)/-/A-	+65	-1	+90	0	+130	0

DEX UNIVERSE SPREADS



MARKET COMMENTARY

New issue activity in the Canadian corporate credit market was lighter last week, with only CN Rail accessing the market. CN Rail issued $500MM 30 year notes at +122 bps. The 3.60% coupon marked CN's lowest C$ 30 year coupon ever. Further, we had 51 buyers compared to the 33 buyers from CN's last 30 year issue. At week end, YTD new issue volumes totaled $76.7B, 13% ahead of 2016's pace. Notable new issuance south of the border included AT&T pricing a US$22.5B jumbo deal across 7 tranches.Canadian risk assets were stable, with spreads closing the week 1 bp better, while the TSX closed roughly unchanged. Canada's GDP grew 0.6% in May, surpassing expectations, led by mining and oil & gas. NVCC bank debt (issued prior to July 1, 2017) was officially announced to be eligible for inclusion in the FTSE TMX Canada Universe Index. This led to a minor outperformance for NVCC despite the fact that these bonds will not be added until February 8, 2018. All else equal, the inclusion of C$16.35B NVCC bonds will cause the BBB weighting of the index to grow to 42% (from 39%). As expected, the FOMC left rates unchanged and stated balance sheet normalization will start "relatively soon." The market interpreted the statement as dovish which led to a front-end rally across UST and GOC rates. The Financial Conduct Authority ("FCA") announced that LIBOR will be phased out by the end of 2021.

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7 US Consumer Credit (15:00)-Jun JAPAN Composite Leading Index-Jun P	**8** US JOLTS (10:00)-Jun CANADA Housing Starts (8:15)-Jul JAPAN Current Account-Jun Trade Balance-Jun	**9** US Productivity (8:30)-2Q P CANADA Building Permits (8:30)-Jun	**10** US PPI (8:30)-Jul Treasury Statement (14:00)-Jul CANADA New Housing Price Index (8:30)-Jun JAPAN Machinery Orders-Jun UK Industrial Production (9:30 GMT)-Jun Trade Balance (9:30 GMT)-Jun	**11** US CPI (8:30)-Jul
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28 US Wholesale Trade (8:30)-Jul P	**29** US S&P Core Logic Case-Shiller Home Price Index (9:00)-Jun Consumer Confidence (10:00)-Aug CANADA IPPI/RMPI (8:30)-Jul JAPAN Unemployment Rate-Jul	**30** US ADP Employment Report (8:15)-Aug GDP (8:30)-2Q S CANADA Current Account (8:30)-2Q Payroll Employment, Earnings and Hours (SEPH) (8:30)-Jun EUROZONE Business & Consumer Survey (10:00 GMT)-Aug	**31** US Personal Income & Expenditures (8:30)-Jul Chicago PMI (9:45)-Aug Pending Home Sales Index (10:00)-Jul CANADA GDP (8:30)-2Q JAPAN Industrial Production-Jul P EUROZONE Unemployment Rate (10:00 GMT)-Jul	

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Cc:	Greg Lawrence (Scotiabank GBM)
Subject:	Ontario Power Generation - Indicative Issuance Spreads for 31/07/2017
Date:	Monday, July 31, 2017 5:40:32 PM
Attachments:	Ontario Power Generation-Jul-31-2017.pdf estimates.pdf

Please find attached our indicative new issue spreads.

D. Gregory Lawrence | Managing Director | Canadian Debt Capital Markets | Scotia Capital Inc.

Scotiabank | Global Banking and Markets

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Indicative New Issue Spreads

July-31-17

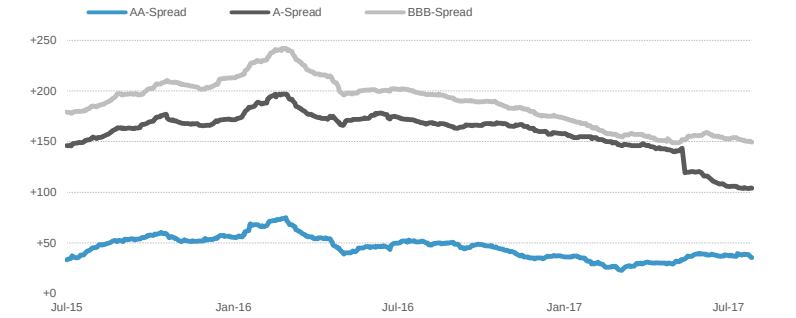
NEW ISSUE SPREADS	5 Year	WoW	10 Year	WoW	30 Year	WoW
Canada Benchmark	2.75% 1-Jun-22		1.00% 1-Jun-27		2.75% 01-Dec-48	
Interpolated Yield (GoC Yield + Roll)	1.68%	0.08%	2.07%	0.14%	2.46%	0.19%
Indicative Spread	**+84**	-2	**+109**	-1	**+149**	-1
Indicative Re-offer Yield	2.52%	0.06%	3.16%	0.13%	3.95%	0.18%
Agency Commission	$0.35		$0.40		$0.50	
Agency Commission BPS	+7		+5		+4	
All-in Canada Yield	2.592%		3.210%		3.995%	
All-in Spread to GoC curve (bp)	+91		+114		+153	

RECENT NEW ISSUES

Date	Issuer	Ratings	Size	Term	Spread
27-Jul	CN Rail	A/A/A2	$500M	30 Yr	+122

COMPARABLES	Ratings (DBRS/Moody's/S&P)	5 Year	WoW	10 Year	WoW	30 Year	WoW
Ontario Power Generation	**A(L)/-/BBB+**	**+84**	-2	**+109**	-1	**+149**	-1
Hydro One	A(H)/A3/A	+66	-6	+91	-5	+136	0
Nova Scotia Power	A(L)/-/BBB+	+80	-1	+103	-2	+143	-1
EPCOR	A(L)/-/A-	+65	-1	+90	0	+130	0

DEX UNIVERSE SPREADS



MARKET COMMENTARY

New issue activity in the Canadian corporate credit market was lighter last week, with only CN Rail accessing the market. CN Rail issued $500MM 30 year notes at +122 bps. The 3.60% coupon marked CN's lowest C$ 30 year coupon ever. Further, we had 51 buyers compared to the 33 buyers from CN's last 30 year issue. At week end, YTD new issue volumes totaled $76.7B, 13% ahead of 2016's pace. Notable new issuance south of the border included AT&T pricing a US$22.5B jumbo deal across 7 tranches.Canadian risk assets were stable, with spreads closing the week 1 bp better, while the TSX closed roughly unchanged. Canada's GDP grew 0.6% in May, surpassing expectations, led by mining and oil & gas. NVCC bank debt (issued prior to July 1, 2017) was officially announced to be eligible for inclusion in the FTSE TMX Canada Universe Index. This led to a minor outperformance for NVCC despite the fact that these bonds will not be added until February 8, 2018. All else equal, the inclusion of C$16.35B NVCC bonds will cause the BBB weighting of the index to grow to 42% (from 39%). As expected, the FOMC left rates unchanged and stated balance sheet normalization will start "relatively soon." The market interpreted the statement as dovish which led to a front-end rally across UST and GOC rates. The Financial Conduct Authority ("FCA") announced that LIBOR will be phased out by the end of 2021.

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GLOBAL ECONOMICS

AUGUST 2017 | CALENDAR OF ECONOMIC RELEASE DATES

FOR SELECTED KEY ECONOMIC REGIONS

Monday	Tuesday	Wednesday	Thursday	Friday
	1 US Personal Income & Expenditures (8:30)-Jun ISM Manufacturing Index (10:00)-Jul Construction Spending (10:00)-Jun Domestic Vehicle Sales -Jul EUROZONE GDP (10:00 GMT)-2Q A	**2** US ADP Employment Report (8:15)-Jul EUROZONE Producer Prices (10:00 GMT)-Jun	**3** US ISM Non-Manufacturing Composite (10:00)-Jul Factory Orders (10:00)-Jun UK Bank of England Policy Announcement (12:00 GMT) EUROZONE Retail Sales (10:00 GMT)-Jun	**4** US Employment Report (8:30)-Jul Trade Balance (8:30)-Jun CANADA Merchandise Trade Balance (8:30)-Jun Employment Report (8:30)-Jul
7 US Consumer Credit (15:00)-Jun JAPAN Composite Leading Index-Jun P	**8** US JOLTS (10:00)-Jun CANADA Housing Starts (8:15)-Jul JAPAN Current Account-Jun Trade Balance-Jun	**9** US Productivity (8:30)-2Q P CANADA Building Permits (8:30)-Jun	**10** US PPI (8:30)-Jul Treasury Statement (14:00)-Jul CANADA New Housing Price Index (8:30)-Jun JAPAN Machinery Orders-Jun UK Industrial Production (9:30 GMT)-Jun Trade Balance (9:30 GMT)-Jun	**11** US CPI (8:30)-Jul
14 CANADA Teranet - National Bank HPI (8:30)-Jul JAPAN GDP-2Q P EUROZONE Industrial Production (10:00 GMT)-Jun	**15** US Trade Price Indices (8:30)-Jul Empire State Manufacturing Index (8:30)-Aug Retail Sales (8:30)-Jul Business Inventories (10:00)-Jun Foreign Portfolio Flows (16:00)-Jun CANADA MLS Home Sales (9:00)-Jul UK CPI (9:30 GMT)-Jul	**16** US Housing Starts & Building Permits (8:30)-Jul FOMC Minutes (14:00) -July 25-26 Meeting CANADA International C$ Securities Transactions (8:30)-Jun UK Unemployment Rate (9:30 GMT)-Jul EUROZONE GDP (10:00 GMT)-2Q P	**17** US Philadelphia Fed Index (8:30)-Aug Industrial Production & Capacity Utilization (9:15)-Jul Leading Indicators (10:00)-Jul CANADA Manufacturing Shipments (8:30)-Jun UK Retail Sales (9:30 GMT)-Jul EUROZONE Trade Balance (10:00 GMT)-Jun; Inflation (10:00 GMT)-Jul	**18** US Consumer Sentiment (10:00)-Aug P CANADA CPI (8:30)-Jul EUROZONE Current Account (9:00 GMT)-Jun
21 CANADA Wholesale Trade (8:30)-Jun	**22** US Richmond Fed Index (10:00)-Aug CANADA Retail Sales (8:30)-Jun	**23** US New Home Sales (10:00)-Jul	**24** US Existing Home Sales (10:00)-Jul CANADA Corporate Profits (8:30)-2Q UK GDP (9:30 GMT)-2Q P	**25** US Durable Goods Orders (8:30)-Jul P JAPAN CPI, Tokyo-Aug
28 US Wholesale Trade (8:30)-Jul P	**29** US S&P Core Logic Case-Shiller Home Price Index (9:00)-Jun Consumer Confidence (10:00)-Aug CANADA IPPI/RMPI (8:30)-Jul JAPAN Unemployment Rate-Jul	**30** US ADP Employment Report (8:15)-Aug GDP (8:30)-2Q S CANADA Current Account (8:30)-2Q Payroll Employment, Earnings and Hours (SEPH) (8:30)-Jun EUROZONE Business & Consumer Survey (10:00 GMT)-Aug	**31** US Personal Income & Expenditures (8:30)-Jul Chicago PMI (9:45)-Aug Pending Home Sales Index (10:00)-Jul CANADA GDP (8:30)-2Q JAPAN Industrial Production-Jul P EUROZONE Unemployment Rate (10:00 GMT)-Jul	

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Subject:	Ontario Power Generation - Indicative Issuance Spreads for 07/24/2017
Date:	Monday, July 24, 2017 7:23:02 PM
Attachments:	OPG Weekly Indicative Spreads - July 24, 2017.xlsx Ontario Power Generation-Jul-24-2017.pdf estimates.pdf

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Good Evening,

Please find attached the excel copy of our indicative new issue spreads.

Thanks,

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Bank Name	Scotiabank
Date	24-Jul-17

Indicative OPG New Issue Spreads	Current			Week over Week		
	30-year	10-year	5-year	30-year	10-year	5-year
Benchmark Canada Bond Maturity	1-Dec-48	1-Jun-27	1-Jun-22			
Benchmark Canada Bond Coupon	2.75%	1.00%	2.75%			
Benchmark Yield	2.27%	1.93%	1.60%	0.02%	0.04%	0.05%
Curve Adjustment (bp)						
Spread to GoC Curve (bp)	+150	+110	+86	-1	-1	-1
Re-Offered Yield	3.77%	3.03%	2.46%	0.01%	0.03%	0.04%
Commission (bp)	4.00	5.00	7.00			
All-in Yield	**3.81%**	**3.08%**	**2.53%**			

Primary Comparable (S&P/Moody's/ DBRS)	Current			Week over Week		
Spread to GoC Curve (bp)	30-year	10-year	5-year	30-year	10-year	5-year
Hydro One (A(H)/A3/A)	+136	+96	+72	5	5	5

Other Comparables (S&P/Moody's/ DBRS)	Current			Week over Week		
Spread to GoC Curve (bp)	30-year	10-year	5-year	30-year	10-year	5-year
Nova Scotia Power (A(L)/-/BBB+)	144	105	81	0	0	0
EPCOR (A(L)/-/A-)	130	90	66	1	0	0

Bank Name
Date

Indicative OPG New Issue Spreads	Current	
	30-year	10-year
Benchmark Canada Bond Maturity	1-Dec-48	1-Jun-27
Benchmark Canada Bond Coupon	2.75%	1.00%
Benchmark Yield	2.25%	1.89%
Curve Adjustment (bp)		
Spread to GoC Curve (bp)	+151	+111
Re-Offered Yield	3.76%	3.00%
Commission (bp)	4.00	5.00
All-in Yield	**3.80%**	**3.05%**

Primary Comparable (S&P/Moody's/ DBRS)	Current	
Spread to GoC Curve (bp)	30-year	10-year
Hydro One (A(H)/A1/A+)	+131	+91

Other Comparables (S&P/Moody's/ DBRS)	Current	
Spread to GoC Curve (bp)	30-year	10-year
Nova Scotia Power (A(L)/-/BBB+)	144	105
EPCOR (A(L)/-/A-)	129	90

Scotiabank
17-Jul-17

5-year
1-Jun-22
2.75%
1.55%
+87
2.42%
7.00
2.49%

5-year
+67

5-year
81
66

Indicative New Issue Spreads

July-24-17

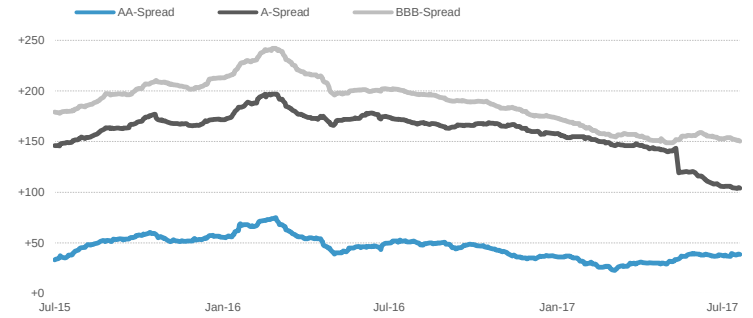
NEW ISSUE SPREADS	5 Year	WoW	10 Year	WoW	30 Year	WoW
Canada Benchmark	2.75% 1-Jun-22		1.00% 1-Jun-27		2.75% 01-Dec-48	
Interpolated Yield (GoC Yield + Roll)	1.60%	0.05%	1.93%	0.04%	2.27%	0.02%
Indicative Spread	**+86**	-1	**+110**	-1	**+150**	-1
Indicative Re-offer Yield	2.46%	0.04%	3.03%	0.03%	3.77%	0.01%
Agency Commission	$0.35		$0.40		$0.50	
Agency Commission BPS	+7		+5		+4	
All-in Canada Yield	2.532%		3.083%		3.811%	
All-in Spread to GoC curve (bp)	+93		+115		+154	

RECENT NEW ISSUES

Date	Issuer	Ratings	Size	Term	Spread
19-Jul	Alimentation Couche-Tard Inc.	-/BBB/Baa2	$700M	7 Yr	+132
18-Jul	Toronto Dominion Bank	A(L)/A-/A3	$1,500M	7 Yr	+155
17-Jul	Ford FAST	AAA/-/Aaa	$500M	3 Yr	+85
17-Jul	Ford FAST	AA/-/Aa2	$23M	3 Yr	+105

COMPARABLES	Ratings (DBRS/Moody's/S&P)	5 Year	WoW	10 Year	WoW	30 Year	WoW
Ontario Power Generation	**A(L)/-/BBB+**	**+86**	-1	**+110**	-1	**+150**	-1
Hydro One	A(H)/A3/A	+72	5	+96	5	+136	5
Nova Scotia Power	A(L)/-/BBB+	+81	0	+105	0	+144	0
EPCOR	A(L)/-/A-	+66	0	+90	0	+130	1

DEX UNIVERSE SPREADS



MARKET COMMENTARY

New issue volume in the Canadian corporate credit market was steady last week, with three issuers pricing $2.72B in total. On Monday FFAST came to market pricing $523MM across 2 tranches - the first ABS transaction in a month. TD Bank issued $1.5B 12NC7 NVCC notes at a spread of CRV + 155. Alimentation Couche-Tard Inc. concurrently issued $2.5B USD notes across 3 tranches and $700MM 7 year CAD offering.The Canadian bond traded 4 bps tighter than new issue and re priced the entire Couche-Tard curve. At week end, YTD new issue volumes totaled $76.2B, 14% ahead of 2016's pace. Corporate spreads closed the week 2 - 4 bps tighter, with the exception of low beta utilities widening slightly.
The Canadian core CPI was released slightly stronger than expected at 1.4%. Retail Sales MoM doubled consensus at 0.6%. Globally, BoJ and BCE both signalled stimulus to stay for longer and more US banks released earnings. These releases have sparked issuance south of the border with Wells Fargo, JP Morgan, Bank of America, Morgan Stanley, Goldman Sachs, and Citi all coming to market.

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Estimates for the week of July 24 – 28

CANADA

Date	Time	Indicator	Period	BNS	Consensus	Latest
07/24	08:30	Wholesale Trade (m/m)	May	--	--	1.0
07/28	08:30	Real GDP (m/m)	May	0.2	--	0.2

UNITED STATES

Date	Time	Indicator	Period	BNS	Consensus	Latest
07/24	10:00	Existing Home Sales (mn a.r.)	Jun	5.5	5.6	5.6
07/24	10:00	Existing Home Sales (m/m)	Jun	-2.1	-0.9	1.1
07/25	09:00	S&P/Case-Shiller Home Price Index (m/m)	May	--	--	0.3
07/25	09:00	S&P/Case-Shiller Home Price Index (y/y)	May	--	--	5.7
07/25	10:00	Consumer Confidence Index	Jul	115	116.0	118.9
07/25	10:00	Richmond Fed Manufacturing Index	Jul	--	7.0	7.0
JUL 25-26		The Federal Open Market Committee (FOMC) holds a closed meeting				
07/26	07:00	MBA Mortgage Applications (w/w)	JUL 21	--	--	-7.4
07/26	10:00	New Home Sales (000s a.r.)	Jun	601	615.5	610.0
07/26	14:00	**FOMC Interest Rate Meeting (%)**	**Jul 26**	**1.25**	**1.25**	**1.25**
07/27	08:30	Durable Goods Orders (m/m)	Jun P	4.0	2.7	-0.8
07/27	08:30	Durable Goods Orders ex. Trans. (m/m)	Jun P	0.5	0.4	0.3
07/27	08:30	Initial Jobless Claims (000s)	JUL 22	240	--	247
07/27	08:30	Continuing Claims (000s)	JUL 15	1980	--	1945
07/27	08:30	Wholesale Inventories (m/m)	Jun P	--	--	0.4
07/27	10:00	Fed nominee Quarles confirmation hearing at Senate Banking				
07/28	08:30	Employment Cost Index (q/q)	2Q	--	0.6	0.8
07/28	08:30	GDP (q/q a.r.)	2Q A	2.7	2.6	1.4
07/28	08:30	GDP Deflator (q/q a.r.)	2Q A	--	1.4	1.9
07/28	10:00	U. of Michigan Consumer Sentiment	Jul F	--	93.3	93.1
07/28	13:20	Fed's Kashkari Speaks at Townhall Event				

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Cc:	Greg Lawrence (Scotiabank GBM)
Subject:	Ontario Power Generation - Indicative Issuance Spreads for 24/07/2017
Date:	Monday, July 24, 2017 7:08:44 PM
Attachments:	Ontario Power Generation-Jul-24-2017.pdf estimates.pdf

Please find attached our indicative new issue spreads.

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Indicative New Issue Spreads

July-24-17

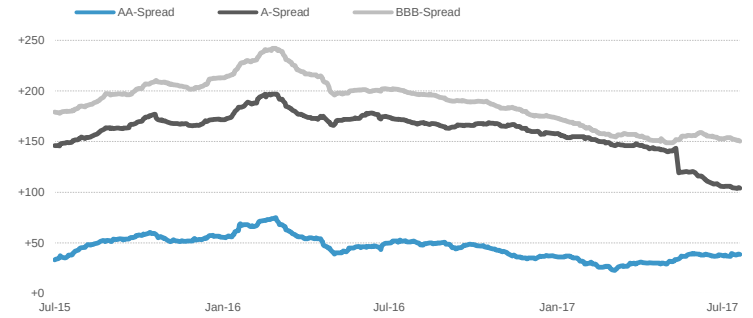
NEW ISSUE SPREADS	5 Year	WoW	10 Year	WoW	30 Year	WoW
Canada Benchmark	2.75% 1-Jun-22		1.00% 1-Jun-27		2.75% 01-Dec-48	
Interpolated Yield (GoC Yield + Roll)	1.60%	0.05%	1.93%	0.04%	2.27%	0.02%
Indicative Spread	**+86**	-1	**+110**	-1	**+150**	-1
Indicative Re-offer Yield	2.46%	0.04%	3.03%	0.03%	3.77%	0.01%
Agency Commission	$0.35		$0.40		$0.50	
Agency Commission BPS	+7		+5		+4	
All-in Canada Yield	2.532%		3.083%		3.811%	
All-in Spread to GoC curve (bp)	+93		+115		+154	

RECENT NEW ISSUES

Date	Issuer	Ratings	Size	Term	Spread
19-Jul	Alimentation Couche-Tard Inc.	-/BBB/Baa2	$700M	7 Yr	+132
18-Jul	Toronto Dominion Bank	A(L)/A-/A3	$1,500M	7 Yr	+155
17-Jul	Ford FAST	AAA/-/Aaa	$500M	3 Yr	+85
17-Jul	Ford FAST	AA/-/Aa2	$23M	3 Yr	+105

COMPARABLES	Ratings (DBRS/Moody's/S&P)	5 Year	WoW	10 Year	WoW	30 Year	WoW
Ontario Power Generation	**A(L)/-/BBB+**	**+86**	-1	**+110**	-1	**+150**	-1
Hydro One	A(H)/A3/A	+72	5	+96	5	+136	5
Nova Scotia Power	A(L)/-/BBB+	+81	0	+105	0	+144	0
EPCOR	A(L)/-/A-	+66	0	+90	0	+130	1

DEX UNIVERSE SPREADS



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Estimates for the week of July 24 – 28

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07/28	08:30	Real GDP (m/m)	May	0.2	--	0.2

UNITED STATES

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07/28	08:30	Employment Cost Index (q/q)	2Q	--	0.6	0.8
07/28	08:30	GDP (q/q a.r.)	2Q A	2.7	2.6	1.4
07/28	08:30	GDP Deflator (q/q a.r.)	2Q A	--	1.4	1.9
07/28	10:00	U. of Michigan Consumer Sentiment	Jul F	--	93.3	93.1
07/28	13:20	Fed's Kashkari Speaks at Townhall Event				

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Cc:	Greg Lawrence (Scotiabank GBM)
Subject:	Ontario Power Generation - Indicative Issuance Spreads for 17/07/2017
Date:	Monday, July 17, 2017 6:24:50 PM
Attachments:	Ontario Power Generation-Jul-17-2017.pdf estimates.pdf

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Please find attached our indicative new issue spreads.

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Indicative New Issue Spreads

July-17-17

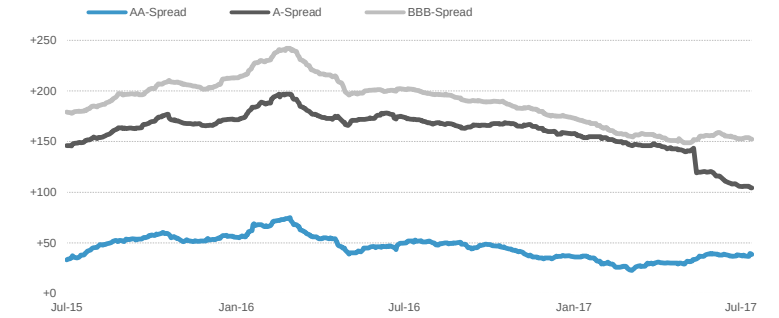
NEW ISSUE SPREADS	5 Year	WoW	10 Year	WoW	30 Year	WoW
Canada Benchmark	2.75% 1-Jun-22		1.00% 1-Jun-27		2.75% 01-Dec-48	
Interpolated Yield (GoC Yield + Roll)	1.55%	0.03%	1.89%	-0.01%	2.25%	-0.02%
Indicative Spread	**+87**	-2	**+111**	-3	**+151**	-3
Indicative Re-offer Yield	2.42%	0.01%	3.00%	-0.04%	3.76%	-0.05%
Agency Commission	$0.35		$0.40		$0.50	
Agency Commission BPS	+7		+5		+4	
All-in Canada Yield	2.487%		3.052%		3.798%	
All-in Spread to GoC curve (bp)	+94		+116		+155	

RECENT NEW ISSUES

Date	Issuer	Ratings	Size	Term	Spread
11-Jul	Toyota Credit Canada Inc.	-/AA-/Aa3	$400M	5 Yr	+86
11-Jul	Toyota Credit Canada Inc.	-/AA-/Aa3	$200M	2 Yr	BA +30
11-Jul	University of Windsor	A/-/Aa3	$40M	40 Yr	+150

COMPARABLES	Ratings (DBRS/Moody's/S&P)	5 Year	WoW	10 Year	WoW	30 Year	WoW
Ontario Power Generation	**A(L)/-/BBB+**	**+87**	-2	**+111**	-3	**+151**	-3
Hydro One	A(H)/A3/A	+67	-2	+91	-3	+131	-3
Nova Scotia Power	A(L)/-/BBB+	+81	-1	+105	-2	+144	-3
EPCOR	A(L)/-/A-	+66	-1	+90	-2	+129	-3

DEX UNIVERSE SPREADS



MARKET COMMENTARY

New issue volume in the Canadian corporate credit market was on the light side last week, with two issuers pricing $640MM in total. Toyota Credit Canada tapped the market with a 2 year FRN and a 5 year fixed rate note for a combined $600MM. University of Windsor raised $40MM in 40 year notes. At week end, YTD new issue volumes totaled $73.5B, 15% ahead of 2016's pace. Corporate spreads closed the week 2 to 5 bps tighter, while the TSX was up 74.21 points closing at 15,175.

The BoC hiked the overnight target rate by 25 bps and accompanied the change with a slightly hawkish bias. Following the decision, the Canadian dollar strengthened and short term interest rates spiked with 2 year GoC yield surging by 6-7 bps. Inflation forecast was revised down to 1.6% in 2017 (1.9% prior) and 1.8% in 2018 (2% prior), which was downplayed by the BoC. Canada's bond market continues to re-price the hawkish BoC; the market implied probability of a second rate hike by October meeting is just over 60%.

US Banks also headlined last week with earnings releases, including JP Morgan, Citigroup and Wells Fargo.

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Estimates for the week of July 17 – 21

CANADA

Date	Time	Indicator	Period	BNS	Consensus	Latest
07/17	08:30	International Securities Transactions (C$ bn)	May	--	--	10.6
07/17	09:00	Existing Home Sales (m/m)	Jun	--	--	-6.2
07/19	08:30	Manufacturing Shipments (m/m)	May	0.8	--	1.1
07/21	08:30	Core CPI - Common (y/y)	Jun	--	--	1.3
07/21	08:30	Core CPI - Median (y/y)	Jun	--	--	1.5
07/21	08:30	Core CPI - Trim (y/y)	Jun	--	--	1.2
07/21	08:30	CPI, All items (m/m)	Jun	0.1	--	0.1
07/21	08:30	CPI, All items (y/y)	Jun	1.2	--	1.3
07/21	08:30	CPI, All items (index)	Jun	--	--	131
07/21	08:30	Retail Sales (m/m)	May	0.5	--	0.8
07/21	08:30	Retail Sales ex. Autos (m/m)	May	0.5	--	1.5

UNITED STATES

Date	Time	Indicator	Period	BNS	Consensus	Latest
07/17	08:30	Empire State Manufacturing Index	Jul	--	15.0	19.8
07/18	08:30	Export Prices (m/m)	Jun	--	-0.2	-0.3
07/18	08:30	Import Prices (m/m)	Jun	--	-0.2	-0.3
07/18	10:00	NAHB Housing Market Index	Jul	--	67	67
07/18	16:00	Total Net TIC Flows (US$ bn)	May	--	--	65.8
07/18	16:00	Net Long-term TIC Flows (US$ bn)	May	--	--	1.8
07/19	07:00	MBA Mortgage Applications (w/w)	JUL 14	--	--	-7.4
07/19	08:30	Building Permits (000s a.r.)	Jun	--	1210	1168
07/19	08:30	Housing Starts (000s a.r.)	Jun	1140	1160	1092
07/19	08:30	Housing Starts (m/m)	Jun	4.4	6.2	-5.5
07/20	08:30	Initial Jobless Claims (000s)	JUL 15	245	--	247
07/20	08:30	Continuing Claims (000s)	JUL 8	1940	--	1945
07/20	08:30	Philadelphia Fed Index	Jul	25	23.0	28
07/20	10:00	Leading Indicators (m/m)	Jun	--	0.4	0.3

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To:	"john.s.lee@opg.com"; "mmanning@ofina.on.ca"; "Linda.Smith@ofina.on.ca"; "Sheen.Liu@opg.com"; "brett.kichiy@ofina.on.ca"; "richard.wong@opg.com"; "ken.ryfa@opg.com"; "j.hahnparker@opg.com"; Kevin Shvarts
Cc:	Greg Lawrence (Scotiabank GBM); Fanny Doucet (Scotiabank GBM); Michael Costakos (Scotiabank GBM); Stephen Lepone (Scotiabank GBM); Tiffany Sun (Scotiabank GBM); Andrew Fredericks (Scotiabank GBM); Jenna Dicks (Scotiabank GBM)
Subject:	Ontario Power Generation - Indicative Issuance Spreads for 08/28/2017
Date:	Monday, August 28, 2017 6:43:43 PM
Attachments:	OPG Weekly Indicative Spreads - August 28, 2017.xlsx Ontario Power Generation-Aug-28-2017.pdf estimates.pdf

---

Good Evening,

Please find attached the excel copy of our indicative new issue spreads.

Thanks,

D. Gregory Lawrence | Managing Director | Canadian Debt Capital Markets | Scotia Capital Inc.

Scotiabank | Global Banking and Markets

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Bank Name	Scotiabank
Date	28-Aug-17

Indicative OPG New Issue Spreads	Current				Week over Week			
	30-year	10-year	5-year	2-year	30-year	10-year	5-year	2-year
Benchmark Canada Bond Maturity	1-Dec-48	1-Jun-27	1-Jun-22	1-May-19				
Benchmark Canada Bond Coupon	2.75%	1.00%	2.75%	0.75%				
Benchmark Yield	2.30%	1.88%	1.53%	1.27%	0.00%	-0.02%	-0.01%	0.02%
Curve Adjustment (bp)								
Spread to GoC Curve (bp)	+157	+112	+87	+60	3	-2	-2	0
Re-Offered Yield	3.87%	3.00%	2.40%	1.87%	0.03%	-0.04%	-0.03%	0.02%
Commission (bp)	4.00	5.00	7.00	10.00				
All-in Yield	**3.91%**	**3.05%**	**2.47%**	**1.97%**	**0.03%**	**-0.04%**	**-0.03%**	**0.02%**

Primary Comparable (S&P/Moody's/ DBRS)	Current				Week over Week			
Spread to GoC Curve (bp)	30-year	10-year	5-year	2-year	30-year	10-year	5-year	2-year
Hydro One (A(H)/A3/A)	+144	+97	+72	-	2	0	0	-

Other Comparables (S&P/Moody's/ DBRS)	Current				Week over Week			
Spread to GoC Curve (bp)	30-year	10-year	5-year	2-year	30-year	10-year	5-year	2-year
Nova Scotia Power (A(L)/-/BBB+)	152	107	82	59	1	0	0	0
EPCOR (A(L)/-/A-)	138	93	68	-	3	-2	-2	-

Bank Name
Date

Indicative OPG New Issue Spreads	Cur	
	30-year	10-year
Benchmark Canada Bond Maturity	1-Dec-48	1-Jun-27
Benchmark Canada Bond Coupon	2.75%	1.00%
Benchmark Yield	2.30%	1.90%
Curve Adjustment (bp)		
Spread to GoC Curve (bp)	+154	+114
Re-Offered Yield	3.84%	3.04%
Commission (bp)	4.00	5.00
All-in Yield	**3.88%**	**3.09%**

Primary Comparable (S&P/Moody's/ DBRS)	Cur	
Spread to GoC Curve (bp)	30-year	10-year
Hydro One (A(H)/A1/A+)	+142	+97

Other Comparables (S&P/Moody's/ DBRS)	Cur	
Spread to GoC Curve (bp)	30-year	10-year
Nova Scotia Power (A(L)/-/BBB+)	151	107
EPCOR (A(L)/-/A-)	135	95

Scotiabank
21-Aug-17

rent	
5-year	**2-year**
1-Jun-22	1-May-19
2.75%	0.75%
1.54%	1.25%
+89	+60
2.43%	1.85%
7.00	10.00
2.50%	**1.95%**

rent	
5-year	**2-year**
+72	-

rent	
5-year	**2-year**
82	59
70	-

Indicative New Issue Spreads

August-28-17

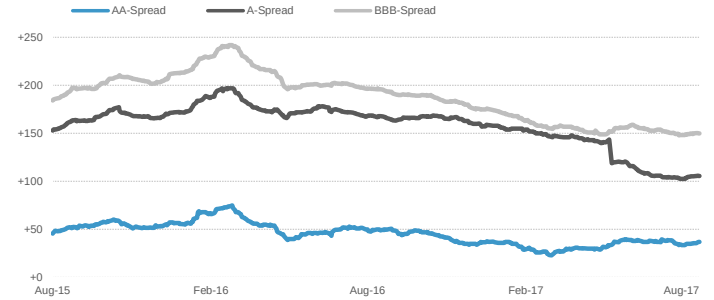
NEW ISSUE SPREADS	2 Year	WoW	5 Year	WoW	10 Year	WoW	30 Year	WoW
Canada Benchmark	0.75% 1-May-19		2.75% 1-Jun-22		1.00% 1-Jun-27		2.75% 01-Dec-48	
Interpolated Yield (GoC Yield + Roll)	1.27%	0.02%	1.53%	-0.01%	1.88%	-0.02%	2.30%	0.00%
Indicative Spread	**+60**	0	**+87**	-2	**+112**	-2	**+157**	3
Indicative Re-offer Yield	1.87%	0.02%	2.40%	-0.03%	3.00%	-0.04%	3.87%	0.03%
Agency Commission	$0.20		$0.35		$0.40		$0.50	
Agency Commission BPS	+10		+7		+5		+4	
All-in Canada Yield	1.971%		2.473%		3.054%		3.912%	
All-in Spread to GoC curve (bp)	+70		+94		+117		+161	

RECENT NEW ISSUES

Date	Issuer	Ratings	Size	Term	Spread
22-Aug	H&R Real Estate Investment Trust	BBB(H)/-/-	$125M	4.7	+174
22-Aug	Desjardins du Québec	AA/A+/Aa2	$850M	5	+83
22-Aug	Honda Canada Finance Inc.	A(H)/-/A1	$500M	5.5	+98
22-Aug	Honda Canada Finance Inc.	A(H)/-/A1	$250M	3.0	+38
24-Aug	Manulife Bank of Canada	A(H)/A+/-	$150M	1	+25

COMPARABLES	Ratings	2 Year	WoW	5 Year	WoW	10 Year	WoW	30 Year	WoW
	DBRS/Moody's/S&P								
Ontario Power Generation	**A(L)/-/BBB+**	**+60**	0	**+87**	-2	**+112**	-2	**+157**	3
Hydro One	A(H)/A3/A	-		+72	0	+97	0	+144	2
Nova Scotia Power	A(L)/-/BBB+	+59	0	+82	0	+107	0	+152	1
EPCOR	A(L)/-/A-	-		+68	-2	+93	-2	+138	3

DEX UNIVERSE SPREADS



MARKET COMMENTARY

The Canadian corporate credit market remained strong last week with four issuers pricing $1.9BN, bringing the August tally to $5.7BN and surpassing the 5-yr average of $4.5BN. By the end of the week, YTD new issue volumes totaled $82.7BN - 8% ahead of 2016's pace.

Last week the market began to digest Yellen's comments where she mentioned only modest deregulation was to be expected. Further, ECB head Mario Draghi lacked dovish sentiment on the policy front and gave no indication he was concerned about the euro's surge to a 2.5-yr high.

Canadian bank earnings started last week and will continue to take center stage this week with BNS and BMO reporting tomorrow, NBF on Wednesday and TD on Thursday.

There was no issuance on the back of releases from both RBC and CIBC; however, market participants seem to anticipate some funding activity on the back of the releases yet to come.

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Estimates for the week of August 28 – September 1

CANADA

Date	Time	Indicator	Period	BNS	Consensus	Latest
08/29	08:30	IPPI (m/m)	Jul	--	--	-1.0
08/29	08:30	Raw Materials Price Index (m/m)	Jul	--	--	-3.7
08/30	08:30	Current Account (C$ bn a.r.)	2Q	--	--	-14.1
08/31	08:30	Real GDP (m/m)	Jun	0.1	0.1	0.6
08/31	08:30	Real GDP (q/q a.r.)	2Q	3.2	3.1	3.7

UNITED STATES

Date	Time	Indicator	Period	BNS	Consensus	Latest
08/28	08:30	Wholesale Inventories (m/m)	Jul P	--	0.3	0.7
08/28	10:30	Dallas Fed. Manufacturing Activity	Aug	--	--	16.8
08/29	09:00	S&P/Case-Shiller Home Price Index (m/m)	Jun	--	--	0.1
08/29	09:00	S&P/Case-Shiller Home Price Index (y/y)	Jun	--	--	5.7
08/29	10:00	Consumer Confidence Index	Aug	120.5	120.0	121.1
08/30	07:00	MBA Mortgage Applications (w/w)	AUG 25	--	--	-0.5
08/30	08:15	ADP Employment Report (000s m/m)	Aug	190.0	180.0	177.7
08/30	08:30	GDP (q/q a.r.)	2Q S	2.7	2.7	2.6
08/30	08:30	GDP Deflator (q/q a.r.)	2Q S	--	1.0	1.0
08/30	09:15	**Fed's Powell Speaks at Large-Bank Directors Conference**				
08/31	08:30	Initial Jobless Claims (000s)	AUG 26	235	--	234
08/31	08:30	Continuing Claims (000s)	AUG 19	1960	--	1954
08/31	08:30	PCE Deflator (m/m)	Jul	0.1	0.1	0.0
08/31	08:30	PCE Deflator (y/y)	Jul	1.4	1.4	1.4
08/31	08:30	PCE ex. Food & Energy (m/m)	Jul	0.1	0.1	0.1
08/31	08:30	PCE ex. Food & Energy (y/y)	Jul	1.5	1.5	1.5
08/31	08:30	Personal Spending (m/m)	Jul	0.4	0.4	0.1
08/31	08:30	Personal Income (m/m)	Jul	0.2	0.3	0.0
08/31	09:45	Chicago PMI	Aug	--	58.3	58.9
08/31	10:00	Pending Home Sales (m/m)	Jul	0.5	0.7	1.5
09/01	08:30	Nonfarm Employment Report (000s m/m)	Aug	200.0	180.0	209.0
09/01	08:30	Unemployment Rate (%)	Aug	4.3	4.3	4.3
09/01	08:30	Average Hourly Earnings (m/m)	Aug	0.2	0.2	0.3
09/01	08:30	Average Hourly Earnings (y/y)	Aug	2.6	2.6	2.5
09/01	08:30	Average Weekly Hours	Aug	--	34.5	34.5
09/01	10:00	Construction Spending (m/m)	Jul	0.7	0.5	-1.3
09/01	10:00	ISM Manufacturing Index	Aug	56.0	56.5	56.3
09/01	10:00	U. of Michigan Consumer Sentiment	Aug F	--	97.3	97.6
09/01		Domestic Vehicle Sales (mn a.r.)	Aug	--	13.0	13.0
09/01		Household Employment Report (000s m/m)	Aug	--	--	345.0
09/01		Total Vehicle Sales (mn a.r.)	Aug	16.7	16.6	16.7

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From:	Carlos Yep
To:	Ken Kandeepan; John Psinas; John Kim; Bruno Amara; Mike Manning; James Devine
Subject:	Proforma FHP Debt with july 4,2017 rates + spreads
Date:	Friday, July 07, 2017 1:54:30 PM
Attachments:	FHP proforma debt4jul2017.xlsx OPG - Dealers" New Issue Spreads Comparison July 4.xlsx

---

Ken,

I have projected out the FHP debt that grows to $28B before it starts to get reduced using John Kim's estimates

Assumptions used:

Debt is 30yrs

OPG Spread survey @ July 4, 2017: 30y @ GoC+152bp (or 72 over Ont)

Ontario spreads for 30y @72bps

Canada rates stay constant and GoC 30yrs @ 2.20% as of July 4,2017

Spread on tranche1, 2, 3

Tranche 1 = senior debt =GoC+152 ie same os OPG

Tranche 2= sub-debt =GoC+252

Tranche 3= junior sub debt =GoC+352

Here are some of the results over the time horizon:

1/Performance max fee on new marginal debt = **$14M** in total over the next 11 yrs (max $1.7M)

2/Basic fee on total debt outstanding @ 5bps = **$259M** in total over the next 30 yrs (max $14M)

3/OPG's interest income on the 44% equity injection by the Province = **$11.0B** over 30 yrs

Ontario PDI interest = $**6.8B** over 30yrs

Deemed spread retained by OPG after deducting Ontario PDI = **$4.2B** over 30yrs

4/Total Trust **Interest Expense** = $**21.1B** over 30yrs

Regards

Carlos

			year									
		Total	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Global asset yr1-10		**28,000**	2,544	2,641	2,989	3,453	3,361	3,216	2,908	2,585	2,158	1,266
repayment yr11-20		(7,847)										
repayment yr21-30		(20,153)										
		-	2,544	2,641	2,989	3,453	3,361	3,216	2,908	2,585	2,158	1,266
	max											
cumulative Global asset		**27,969**	2,544	5,185	8,174	11,627	14,988	18,204	21,112	23,697	25,855	27,121
		27										
Funding sources:	max											
Province	44%	12,306	1,120	2,281	3,597	5,116	6,595	8,010	9,289	10,427	11,376	11,933
OPG	5%	1,398	127	259	409	581	749	910	1,056	1,185	1,293	1,356
External Investor	51%	14,264	1,298	2,644	4,169	5,930	7,644	9,284	10,767	12,085	13,186	13,832
		Total										
Basic Fee	**0.05%**	**259**	1.3	2.6	4.1	5.8	7.5	9.1	10.6	11.8	12.9	13.6
		avg	max	min								
		8.6	14.0	1.3								
		Total										
Performance Fee	**0.05%**	**14**	1.3	1.3	1.5	1.7	1.7	1.6	1.5	1.3	1.1	0.6
max 1% of 5% OPG		avg	max	min								
		1.3	1.7	0.4								
Province Equity 44%	30y	Total										
spread income 39%	1.72%	3,479	17.1	34.8	54.8	78.0	100.5	122.1	141.6	159.0	173.4	181.9
spread income 5%	2.72%	705	3.5	7.1	11.1	15.8	20.4	24.8	28.7	32.2	35.2	36.9
spread income vs ONT		**4,184**	20.5	41.8	65.9	93.8	120.9	146.9	170.3	191.2	208.6	218.8
interest income 39%	4.72%	9,546	46.8	95.4	150.5	214.0	275.9	335.1	388.6	436.2	475.9	499.2
interest income 5%	5.72%	1,483	7.3	14.8	23.4	33.3	42.9	52.1	60.4	67.8	73.9	77.6
OPG interest income on ONT Equity		**11,029**	54.1	110.3	173.8	247.3	318.8	387.2	449.0	504.0	549.9	576.8
PDI - ONT 30y Interest exp	3.00%	6,845	33.6	68.4	107.9	153.5	197.8	240.3	278.7	312.8	341.3	358.0
on OPG's 5%		Total										
spread income	2.00%	519	2.5	5.2	8.2	11.6	15.0	18.2	21.1	23.7	25.9	27.1

OPG pricing survey	**4-Jul**					
	GoC +spread	spread OPG - ONT	**yield**	GoC		
ONT 10y	70		2.55%	10y	1.85%	
ONT 30y	80		**3.00%**	30y	2.20%	
OPG 10y	**113**	43	2.98%			
OPG 30y	**152**	72	**3.72%**			

aproximate interest 30y												
External Investor	3.72%	8,720	43	87	137	196	252	306	355	398	435	456
Province	4.72%	9,546	47	95	150	214	276	335	389	436	476	499
Province	5.72%	1,483	7	15	23	33	43	52	60	68	74	78
OPG	5.72%	1,315	6	13	21	29	38	46	54	60	66	69
			103	211	332	472	609	739	858	963	1,050	1,102
cumulative interest costs		21,064	103	314	646	1,118	1,727	2,467	3,324	4,287	5,337	6,438

Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**

11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
848	31														
	(279)	(683)	(753)	(824)	(907)	(991)	(1,066)	(1,131)	(1,212)						
										(1,298)	(1,389)	(1,484)	(1,584)	(1,690)	(1,802)
848	(248)	(683)	(753)	(824)	(907)	(991)	(1,066)	(1,131)	(1,212)	(1,298)	(1,389)	(1,484)	(1,584)	(1,690)	(1,802)
27,969	27,721	27,038	26,285	25,460	24,553	23,562	22,496	21,365	20,153	18,855	17,466	15,982	14,398	12,707	10,905
12,306	12,197	11,897	11,565	11,203	10,803	10,367	9,898	9,401	8,867	8,296	7,685	7,032	6,335	5,591	4,798
1,398	1,386	1,352	1,314	1,273	1,228	1,178	1,125	1,068	1,008	943	873	799	720	635	545
14,264	14,138	13,789	13,405	12,985	12,522	12,017	11,473	10,896	10,278	9,616	8,908	8,151	7,343	6,481	5,562
14.0	13.9	13.5	13.1	12.7	12.3	11.8	11.2	10.7	10.1	9.4	8.7	8.0	7.2	6.4	5.5
0.4															
187.6	185.9	181.4	176.3	170.8	164.7	158.1	150.9	143.3	135.2	126.5	117.2	107.2	96.6	85.2	73.2
38.0	37.7	36.8	35.7	34.6	33.4	32.0	30.6	29.1	27.4	25.6	23.8	21.7	19.6	17.3	14.8
225.7	223.6	218.1	212.1	205.4	198.1	190.1	181.5	172.4	162.6	152.1	140.9	128.9	116.2	102.5	88.0
514.8	510.3	497.7	483.9	468.7	452.0	433.7	414.1	393.3	371.0	347.1	321.5	294.2	265.0	233.9	200.7
80.0	79.3	77.3	75.2	72.8	70.2	67.4	64.3	61.1	57.6	53.9	50.0	45.7	41.2	36.3	31.2
594.8	589.6	575.0	559.0	541.5	522.2	501.1	478.5	454.4	428.6	401.0	371.5	339.9	306.2	270.3	231.9
369.2	365.9	356.9	347.0	336.1	324.1	311.0	297.0	282.0	266.0	248.9	230.6	211.0	190.0	167.7	143.9
28.0	27.7	27.0	26.3	25.5	24.6	23.6	22.5	21.4	20.2	18.9	17.5	16.0	14.4	12.7	10.9
470	466	455	442	428	413	396	378	359	339	317	294	269	242	214	183
515	510	498	484	469	452	434	414	393	371	347	322	294	265	234	201
80	79	77	75	73	70	67	64	61	58	54	50	46	41	36	31
71	70	69	67	65	62	60	57	54	51	48	44	41	36	32	28
1,136	1,126	1,098	1,068	1,034	997	957	914	868	819	766	709	649	585	516	443
7,574	8,700	9,799	10,866	11,901	12,898	13,855	14,769	15,637	16,455	17,221	17,931	18,580	19,165	19,681	20,124
11	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**	**21**	**22**	**23**	**24**	**25**	**26**

27	28	29	30	31
(1,920)	(2,044)	(2,174)	(2,312)	(2,456)
(1,920)	(2,044)	(2,174)	(2,312)	(2,456)
8,986	6,942	4,768	2,456	-
3,954	3,054	2,098	1,081	
449	347	238	123	
4,583	3,540	2,432	1,253	
4.5	3.5	2.4	1.2	
60.3	46.6	32.0	16.5	
12.2	9.4	6.5	3.3	
72.5	56.0	38.5	19.8	
165.4	127.8	87.8	45.2	
25.7	19.9	13.6	7.0	
191.1	147.6	101.4	52.2	
118.6	91.6	62.9	32.4	
9.0	6.9	4.8	2.5	
151	117	80	41	
165	128	88	45	
26	20	14	7	
23	18	12	6	
365	282	194	100	
20,489	20,771	20,964	21,064	

27	28	29	30

Base - 5-Year Refinancing

Z:\Users\CEF\Hydro 2017\Electricity Prices\Mitigation Proposals\De

Global Impacts	
$ nominal million	
IESO GA Forecast + Extrapolation	
Ratepayer GA Payment	
Accumulated Debt	
Interest on debt in previous period	

Note: Assumes all interest is paid for by ratepayers and not accumulated.

Incremantal Debt
Total Debt
Applicable Total Debt

	Total Debt	
Capital Markets	Tranche A	51%
OPG via OEFC (Province Equity)	Tranche B	39%
OPG via OEFC (Province Equity)	Tranche C1	5%
OPG via Capital Markets	Tranche C2	5%

Total Debt, Tranche A + Tranche C2	
Payout of Performance based on Spread =	1%
Payout - 5% of Total Debt, OPG Investment	**5%**

Total
Annual Max

Note: Assumes all interest is accumulated and refinanced.

Incremantal Debt
Total Debt
Applicable Total Debt

	Total Debt	
Capital Markets	Tranche A	51%
OPG via OEFC (Province Equity)	Tranche B	39%
OPG via OEFC (Province Equity)	Tranche C1	5%
OPG via Capital Markets	Tranche C2	5%

Total Debt, Tranche A + Tranche C2	
Payout of Performance based on Spread =	1%
Payout - 5% of Total Debt, OPG Investment	**5%**

Total
Annual Max

$ nominal million	
	Total
Global asset yr1-10	**Note: Assumes all interest is paid for by ratepay** **20,195**

		(20,906)
		Total
Global asset yr1-10	Note: Assumes all interest is accumulated and re	28,000
		(28,000)

ebt Financing the GA\GA Structure\GA and OPG Modelling (TBS)

2017-May	2017-Nov	2018-May	2018-Nov	2019-May	2019-Nov	2020-May	2020-Nov	2021-May
5832	6172	5706	6029	5570	6199	5867	5835	5228
4596	4926	4469	4787	4339	4738	4303	4403	3875
1267	2544	3846	5185	6547	8174	9944	11627	13274
0	32	64	97	131	165	206	251	294

1267	1246	1237	1242	1231	1461	1564	1432	1353
1267	2512	3749	4992	6223	7684	9248	10680	12033
1267	2512	3749	4992	4956	5172	5499	5688	5810

646	1281	1912	2546	2527	2638	2804	2901	2963
494	980	1462	1947	1933	2017	2144	2218	2266
63	126	187	250	248	259	275	284	290
63	126	187	250	248	259	275	284	290

TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE

709	1407	2100	2795	2775	2896	3079	3185	3254
7.1	14.1	21.0	28.0	27.8	29.0	30.8	31.9	32.5
0.35	**0.70**	**1.05**	**1.40**	**1.39**	**1.45**	**1.54**	**1.59**	**1.63**

22.54
1.63

1267	1278	1301	1340	1362	1627	1770	1683	1647
1267	2544	3846	5185	6547	8174	9944	11627	13274
1267	2544	3846	5185	5280	5629	6099	6442	6727

646	1298	1961	2644	2693	2871	3110	3285	3431
494	992	1500	2022	2059	2195	2378	2512	2623
63	127	192	259	264	281	305	322	336
63	127	192	259	264	281	305	322	336

TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE

709	1425	2154	2904	2957	3152	3415	3608	3767
7.1	14.2	21.5	29.0	29.6	31.5	34.2	36.1	37.7
0.35	**0.71**	**1.08**	**1.45**	**1.48**	**1.58**	**1.71**	**1.80**	**1.88**

31.18
1.91

2017-May	2017-Nov	2018-May	2018-Nov	2019-May	2019-Nov	2020-May	2020-Nov	2021-May

1	2	3	4	5	6	7	8	9
2,512	2,479	2,692	2,996	2,732	2,418	1,950	1,486	929

1	2	3	4	5	6	7	8	9
2,544	2,641	2,989	3,453	3,361	3,216	2,908	2,585	2,158

2021-Nov	2022-May	2022-Nov	2023-May	2023-Nov	2024-May	2024-Nov	2025-May	2025-Nov
5541	5127	5369	4939	5616	5365	5551	5076	5277
4162	3883	4195	3893	4712	4635	4795	4420	5004
14988	16611	18204	19710	21112	22376	23697	24951	25855
335	379	420	460	498	533	565	599	630

1379	1244	1174	1046	904	730	756	656	273
13412	14656	15830	16875	17780	18510	19265	19921	20195
5728	5408	5150	4843	4368	3854	3436	3046	2415

2921	2758	2626	2470	2228	1966	1752	1553	1232
2234	2109	2008	1889	1703	1503	1340	1188	942
286	270	257	242	218	193	172	152	121
286	270	257	242	218	193	172	152	121

TRUE	TRUE	TRUE	TRUE	TRUE	FALSE	TRUE	TRUE	TRUE

3207	3028	2884	2712	2446	2158	1924	1706	1352
32.1	30.3	28.8	27.1	24.5	21.6	19.2	17.1	13.5
1.60	**1.51**	**1.44**	**1.36**	**1.22**	**1.08**	**0.96**	**0.85**	**0.68**

1714	1623	1593	1506	1402	1264	1321	1254	904
14988	16611	18204	19710	21112	22376	23697	24951	25855
6814	6667	6577	6436	6124	5765	5492	5241	4743

3475	3400	3354	3282	3123	2940	2801	2673	2419
2658	2600	2565	2510	2388	2248	2142	2044	1850
341	333	329	322	306	288	275	262	237
341	333	329	322	306	288	275	262	237

TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE

3816	3733	3683	3604	3429	3228	3076	2935	2656
38.2	37.3	36.8	36.0	34.3	32.3	30.8	29.3	26.6
1.91	**1.87**	**1.84**	**1.80**	**1.71**	**1.61**	**1.54**	**1.47**	**1.33**

2021-Nov	2022-May	2022-Nov	2023-May	2023-Nov	2024-May	2024-Nov	2025-May	2025-Nov

10	11	12	13	14	15	16	17	18

(55)	(536)	(1,662)	(2,075)	(2,110)	(2,142)	(2,182)	(2,219)	(2,243)

10	11	12	13	14	15	16	17	18
1,266	848	31						
		(279)	(683)	(753)	(824)	(907)	(991)	(1,066)

2026-May	2026-Nov	2027-May	2027-Nov	2028-May	2028-Nov	2029-May	2029-Nov	2030-May
4838	5551	5324	5640	5216	5317	4826	5082	4687
4878	5566	5464	6036	5892	6304	5861	6121	5742
26467	27121	27666	27969	28000	27721	27386	27038	26667
653	669	685	699	707	707	700	692	683
-41	-15	-140	-396	-675	-987	-1035	-1040	-1055
20154	20139	19999	19603	18928	17941	16906	15866	14812
1644	874	78	-592	-1226	-2198	-3093	-3737	-4116
838	446	40	0	0	0	0	0	0
641	341	30	0	0	0	0	0	0
82	44	4	0	0	0	0	0	0
82	44	4	0	0	0	0	0	0
TRUE	TRUE	TRUE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
921	489	44	0	0	0	0	0	0
9.2	4.9	0.4	0.0	0.0	0.0	0.0	0.0	0.0
0.46	**0.24**	**0.02**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
613	654	545	303	31	-279	-335	-348	-371
26467	27121	27666	27969	28000	27721	27386	27038	26667
4091	3424	2715	2114	1533	600	-280	-931	-1333
2087	1746	1385	1078	782	306	0	0	0
1596	1335	1059	824	598	234	0	0	0
205	171	136	106	77	30	0	0	0
205	171	136	106	77	30	0	0	0
TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	FALSE	FALSE	FALSE
2291	1918	1520	1184	858	336	0	0	0
22.9	19.2	15.2	11.8	8.6	3.4	0.0	0.0	0.0
1.15	**0.96**	**0.76**	**0.59**	**0.43**	**0.17**	**0.00**	**0.00**	**0.00**

2026-May	2026-Nov	2027-May	2027-Nov	2028-May	2028-Nov	2029-May	2029-Nov	2030-May

19	20	21	22	23	24	25	26	27

(2,254) (2,277) (1,151)

19	20	21	22	23	24	25	26	27
(1,131)	(1,212)	(1,298)	(1,389)	(1,484)	(1,584)	(1,690)	(1,802)	(1,920)

2030-Nov	2031-May	2031-Nov	2032-May	2032-Nov	2033-May	2033-Nov	2034-May	2034-Nov
4658	4173	4540	4253	4362	3972	4096	3740	3279
5714	5241	5614	5342	5456	5081	5207	4865	4397
26285	25880	25460	25015	24553	24065	23562	23032	22496
674	664	654	643	632	620	608	595	582
-1055	-1069	-1074	-1089	-1093	-1109	-1111	-1125	-1118
13756	12688	11614	10525	9432	8323	7213	6087	4970
-4184	-4218	-4252	-4287	-4325	-4364	-4402	-4438	-4462
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
0	0	0	0	0	0	0	0	0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
-382	-405	-420	-446	-461	-488	-503	-530	-536
26285	25880	25460	25015	24553	24065	23562	23032	22496
-1436	-1506	-1578	-1652	-1732	-1815	-1898	-1982	-2057
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
0	0	0	0	0	0	0	0	0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

2030-Nov	2031-May	2031-Nov	2032-May	2032-Nov	2033-May	2033-Nov	2034-May	2034-Nov

28	29	30

28	29	30	
(2,044)	(2,174)	(2,312)	(2,456)

2035-May	2035-Nov	2036-May	2036-Nov	2037-May	2037-Nov	2038-May	2038-Nov
2730	2836	2598	2699	2473	2569	2353	2444
3858	3962	3737	3837	3624	3718	3516	3606
21937	21365	20766	20153	19511	18855	18168	17466
568	554	540	525	509	493	476	459
-1128	-1126	-1139	-1138	-1151	-1149	-1163	-1161
3842	2716	1577	439	-711	-1861	-3023	-4185
-4481	-4496	-4510	-4530	-4554	-4577	-4601	-4624
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
0	0	0	0	0	0	0	0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
-559	-572	-599	-613	-642	-656	-686	-702
21937	21365	20766	20153	19511	18855	18168	17466
-2128	-2197	-2266	-2343	-2426	-2511	-2598	-2687
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
0	0	0	0	0	0	0	0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

2035-May	2035-Nov	2036-May	2036-Nov	2037-May	2037-Nov	2038-May	2038-Nov

2039-May	2039-Nov	2040-May	2040-Nov	2041-May	2041-Nov	2042-May	2042-Nov
2240	2326	2132	2214	2029	2107	1931	2005
3414	3500	3318	3399	3228	3305	3142	3215
16732	15982	15199	14398	13562	12707	11817	10905
441	423	404	384	364	343	321	299
-1175	-1173	-1187	-1185	-1199	-1198	-1212	-1210
-5359	-6533	-7719	-8905	-10104	-11301	-12513	-13723
-4648	-4672	-4696	-4720	-4744	-4769	-4794	-4818
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
0	0	0	0	0	0	0	0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
-733	-751	-783	-801	-835	-855	-891	-911
16732	15982	15199	14398	13562	12707	11817	10905
-2779	-2873	-2969	-3068	-3170	-3275	-3382	-3492
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
0	0	0	0	0	0	0	0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

2039-May	2039-Nov	2040-May	2040-Nov	2041-May	2041-Nov	2042-May	2042-Nov

2043-May	2043-Nov	2044-May	2044-Nov	2045-May	2045-Nov	2046-May	2046-Nov
1837	1909	1749	1816	1664	1729	1584	1645
3061	3131	2985	3052	2914	2977	2846	2906
9957	8986	7976	6942	5868	4768	3626	2456
275	252	227	201	175	148	120	92
-1224	-1223	-1237	-1235	-1250	-1248	-1263	-1261
-14947	-16170	-17406	-18642	-19891	-21139	-22402	-23663
-4843	-4868	-4893	-4919	-4944	-4970	-4995	-5021
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
0	0	0	0	0	0	0	0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
-949	-971	-1010	-1034	-1074	-1100	-1142	-1169
9957	8986	7976	6942	5868	4768	3626	2456
-3606	-3722	-3841	-3963	-4089	-4218	-4350	-4486
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
0	0	0	0	0	0	0	0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

2043-May	2043-Nov	2044-May	2044-Nov	2045-May	2045-Nov	2046-May	2046-Nov

2047-May	2047-Nov	2048-May	2048-Nov	2049-May	2049-Nov
1507	1566	1434	1490	1365	1418
2783	2840	1434	1490	1365	1418
1243	0	0	0	0	0
62	31	0	0	0	0
-1276	-1274	0	0	0	0
-24939	-26213	-26213	-26213	-26213	-26213
-5047	-5073	-3811	-2550	-1274	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
0	0	0	0	0	0
0.0	0.0	0.0	0.0	0.0	0.0
0.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
-1214	-1243	0	0	0	0
1243	0	0	0	0	0
-4625	-4768	-3626	-2456	-1243	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
FALSE	FALSE	FALSE	FALSE	FALSE	TRUE
0	0	0	0	0	0
0.0	0.0	0.0	0.0	0.0	0.0
0.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

2047-May	2047-Nov	2048-May	2048-Nov	2049-May	2049-Nov

Base

Z:\Users\CEF\Hydro 2017\Electricity Prices\Mitigation Proposals\De

Global Impacts	
$ nominal million	
IESO GA Forecast + Extrapolation	
Ratepayer GA Payment	
Accumulated Debt	
Interest on debt in previous period	

Note: Assumes all interest is paid for by ratepayers and not accumulated.

Incremantal Debt
Total Debt
Applicable Total Debt

	Total Debt	
Capital Markets	Tranche A	51%
OPG via OEFC (Province Equity)	Tranche B	39%
OPG via OEFC (Province Equity)	Tranche C1	5%
OPG via Capital Markets	Tranche C2	5%

Total Debt, Tranche A + Tranche C2	
Payout of Performance based on Spread =	1%
Payout - 5% of Total Debt, OPG Investment	**5%**

Total
Annual Max

Note: Assumes all interest is accumulated and refinanced.

Incremantal Debt
Total Debt
Applicable Total Debt

	Total Debt	
Capital Markets	Tranche A	51%
OPG via OEFC (Province Equity)	Tranche B	39%
OPG via OEFC (Province Equity)	Tranche C1	5%
OPG via Capital Markets	Tranche C2	5%

Total Debt, Tranche A + Tranche C2	
Payout of Performance based on Spread =	1%
Payout - 5% of Total Debt, OPG Investment	**5%**

Total
Annual Max

$ nominal million	
	Total
Global asset yr1-10	**Note: Assumes all interest is paid for by ratepay** **20,195**

		(20,906)
		Total
Global asset yr1-10	Note: Assumes all interest is accumulated and re	28,000
		(28,000)

ebt Financing the GA\GA Structure\GA and OPG Modelling (TBS)

2017-May	2017-Nov	2018-May	2018-Nov	2019-May	2019-Nov	2020-May	2020-Nov	2021-May
5832	6172	5706	6029	5570	6199	5867	5835	5228
4596	4926	4469	4787	4339	4738	4303	4403	3875
1267	2544	3846	5185	6547	8174	9944	11627	13274
0	32	64	97	131	165	206	251	294

1267	1246	1237	1242	1231	1461	1564	1432	1353
1267	2512	3749	4992	6223	7684	9248	10680	12033
1267	2512	3749	4992	6223	7684	9248	10680	12033

646	1281	1912	2546	3174	3919	4716	5447	6137
494	980	1462	1947	2427	2997	3607	4165	4693
63	126	187	250	311	384	462	534	602
63	126	187	250	311	384	462	534	602

TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE

709	1407	2100	2795	3485	4303	5179	5981	6738
7.1	14.1	21.0	28.0	34.8	43.0	51.8	59.8	67.4
0.35	**0.70**	**1.05**	**1.40**	**1.74**	**2.15**	**2.59**	**2.99**	**3.37**

132.26
5.65

1267	1278	1301	1340	1362	1627	1770	1683	1647
1267	2544	3846	5185	6547	8174	9944	11627	13274
1267	2544	3846	5185	6547	8174	9944	11627	13274

646	1298	1961	2644	3339	4169	5072	5930	6770
494	992	1500	2022	2553	3188	3878	4535	5177
63	127	192	259	327	409	497	581	664
63	127	192	259	327	409	497	581	664

TRUE	TRUE	TRUE	TRUE	FALSE	TRUE	FALSE	TRUE	TRUE

709	1425	2154	2904	3666	4577	5569	6511	7433
7.1	14.2	21.5	29.0	36.7	45.8	55.7	65.1	74.3
0.35	**0.71**	**1.08**	**1.45**	**1.83**	**2.29**	**2.78**	**3.26**	**3.72**

290.54
7.84

2017-May	2017-Nov	2018-May	2018-Nov	2019-May	2019-Nov	2020-May	2020-Nov	2021-May

1	2	3	4	5	6	7	8	9
2,512	2,479	2,692	2,996	2,732	2,418	1,950	1,486	929

1	2	3	4	5	6	7	8	9
2,544	2,641	2,989	3,453	3,361	3,216	2,908	2,585	2,158

2021-Nov	2022-May	2022-Nov	2023-May	2023-Nov	2024-May	2024-Nov	2025-May	2025-Nov
5541	5127	5369	4939	5616	5365	5551	5076	5277
4162	3883	4195	3893	4712	4635	4795	4420	5004
14988	16611	18204	19710	21112	22376	23697	24951	25855
335	379	420	460	498	533	565	599	630

1379	1244	1174	1046	904	730	756	656	273
13412	14656	15830	16875	17780	18510	19265	19921	20195
13412	14656	15830	16875	17780	18510	19265	19921	20195

6840	7474	8073	8606	9068	9440	9825	10160	10299
5231	5716	6174	6581	6934	7219	7514	7769	7876
671	733	791	844	889	925	963	996	1010
671	733	791	844	889	925	963	996	1010
TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE

7511	8207	8865	9450	9957	10366	10789	11156	11309
75.1	82.1	88.6	94.5	99.6	103.7	107.9	111.6	113.1
3.76	**4.10**	**4.43**	**4.73**	**4.98**	**5.18**	**5.39**	**5.58**	**5.65**

1714	1623	1593	1506	1402	1264	1321	1254	904
14988	16611	18204	19710	21112	22376	23697	24951	25855
14988	16611	18204	19710	21112	22376	23697	24951	25855

7644	8472	9284	10052	10767	11412	12085	12725	13186
5845	6478	7100	7687	8234	8727	9242	9731	10083
749	831	910	986	1056	1119	1185	1248	1293
749	831	910	986	1056	1119	1185	1248	1293
TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE

8393	9302	10194	11038	11823	12530	13270	13973	14479
83.9	93.0	101.9	110.4	118.2	125.3	132.7	139.7	144.8
4.20	**4.65**	**5.10**	**5.52**	**5.91**	**6.27**	**6.64**	**6.99**	**7.24**

2021-Nov	2022-May	2022-Nov	2023-May	2023-Nov	2024-May	2024-Nov	2025-May	2025-Nov

10	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**

(55)	(536)	(1,662)	(2,075)	(2,110)	(2,142)	(2,182)	(2,219)	(2,243)

10	11	12	13	14	15	16	17	18
1,266	848	31						
		(279)	(683)	(753)	(824)	(907)	(991)	(1,066)

2026-May	2026-Nov	2027-May	2027-Nov	2028-May	2028-Nov	2029-May	2029-Nov	2030-May
4838	5551	5324	5640	5216	5317	4826	5082	4687
4878	5566	5464	6036	5892	6304	5861	6121	5742
26467	27121	27666	27969	28000	27721	27386	27038	26667
653	669	685	699	707	707	700	692	683
-41	-15	-140	-396	-675	-987	-1035	-1040	-1055
20154	20139	19999	19603	18928	17941	16906	15866	14812
20154	20139	19999	19603	18928	17941	16906	15866	14812
10278	10271	10199	9997	9653	9150	8622	8092	7554
7860	7854	7800	7645	7382	6997	6593	6188	5777
1008	1007	1000	980	946	897	845	793	741
1008	1007	1000	980	946	897	845	793	741
TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
11286	11278	11199	10978	10599	10047	9467	8885	8295
112.9	112.8	112.0	109.8	106.0	100.5	94.7	88.9	82.9
5.64	**5.64**	**5.60**	**5.49**	**5.30**	**5.02**	**4.73**	**4.44**	**4.15**
613	654	545	303	31	-279	-335	-348	-371
26467	27121	27666	27969	28000	27721	27386	27038	26667
26467	27121	27666	27969	28000	27721	27386	27038	26667
13498	13832	14110	14264	14280	14138	13967	13789	13600
10322	10577	10790	10908	10920	10811	10680	10545	10400
1323	1356	1383	1398	1400	1386	1369	1352	1333
1323	1356	1383	1398	1400	1386	1369	1352	1333
TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
14822	15188	15493	15662	15680	15524	15336	15141	14933
148.2	151.9	154.9	156.6	156.8	155.2	153.4	151.4	149.3
7.41	**7.59**	**7.75**	**7.83**	**7.84**	**7.76**	**7.67**	**7.57**	**7.47**

2026-May	2026-Nov	2027-May	2027-Nov	2028-May	2028-Nov	2029-May	2029-Nov	2030-May

19	20	21	22	23	24	25	26	27

(2,254) (2,277) (1,151)

19	20	21	22	23	24	25	26	27
(1,131)	(1,212)	(1,298)	(1,389)	(1,484)	(1,584)	(1,690)	(1,802)	(1,920)

2030-Nov	2031-May	2031-Nov	2032-May	2032-Nov	2033-May	2033-Nov	2034-May	2034-Nov
4658	4173	4540	4253	4362	3972	4096	3740	3279
5714	5241	5614	5342	5456	5081	5207	4865	4397
26285	25880	25460	25015	24553	24065	23562	23032	22496
674	664	654	643	632	620	608	595	582
-1055	-1069	-1074	-1089	-1093	-1109	-1111	-1125	-1118
13756	12688	11614	10525	9432	8323	7213	6087	4970
13756	12688	11614	10525	9432	8323	7213	6087	4970
7016	6471	5923	5368	4810	4245	3678	3105	2535
5365	4948	4530	4105	3678	3246	2813	2374	1938
688	634	581	526	472	416	361	304	248
688	634	581	526	472	416	361	304	248
TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
7704	7105	6504	5894	5282	4661	4039	3409	2783
77.0	71.1	65.0	58.9	52.8	46.6	40.4	34.1	27.8
3.85	**3.55**	**3.25**	**2.95**	**2.64**	**2.33**	**2.02**	**1.70**	**1.39**
-382	-405	-420	-446	-461	-488	-503	-530	-536
26285	25880	25460	25015	24553	24065	23562	23032	22496
26285	25880	25460	25015	24553	24065	23562	23032	22496
13405	13199	12985	12757	12522	12273	12017	11746	11473
10251	10093	9930	9756	9576	9385	9189	8983	8774
1314	1294	1273	1251	1228	1203	1178	1152	1125
1314	1294	1273	1251	1228	1203	1178	1152	1125
TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
14720	14493	14258	14008	13750	13476	13195	12898	12598
147.2	144.9	142.6	140.1	137.5	134.8	131.9	129.0	126.0
7.36	**7.25**	**7.13**	**7.00**	**6.87**	**6.74**	**6.60**	**6.45**	**6.30**

2030-Nov	2031-May	2031-Nov	2032-May	2032-Nov	2033-May	2033-Nov	2034-May	2034-Nov

28	29	30

28	29	30	
(2,044)	(2,174)	(2,312)	(2,456)

2035-May	2035-Nov	2036-May	2036-Nov	2037-May	2037-Nov	2038-May	2038-Nov
2730	2836	2598	2699	2473	2569	2353	2444
3858	3962	3737	3837	3624	3718	3516	3606
21937	21365	20766	20153	19511	18855	18168	17466
568	554	540	525	509	493	476	459
-1128	-1126	-1139	-1138	-1151	-1149	-1163	-1161
3842	2716	1577	439	-711	-1861	-3023	-4185
3842	2716	1577	439	-711	-1861	-3023	-4185
1960	1385	804	224	0	0	0	0
1498	1059	615	171	0	0	0	0
192	136	79	22	0	0	0	0
192	136	79	22	0	0	0	0
TRUE	TRUE	TRUE	TRUE	FALSE	FALSE	FALSE	FALSE
2152	1521	883	246	0	0	0	0
21.5	15.2	8.8	2.5	0.0	0.0	0.0	0.0
1.08	**0.76**	**0.44**	**0.12**	**0.00**	**0.00**	**0.00**	**0.00**
-559	-572	-599	-613	-642	-656	-686	-702
21937	21365	20766	20153	19511	18855	18168	17466
21937	21365	20766	20153	19511	18855	18168	17466
11188	10896	10591	10278	9951	9616	9266	8908
8555	8332	8099	7860	7609	7353	7086	6812
1097	1068	1038	1008	976	943	908	873
1097	1068	1038	1008	976	943	908	873
TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
12285	11965	11629	11286	10926	10559	10174	9781
122.8	119.6	116.3	112.9	109.3	105.6	101.7	97.8
6.14	**5.98**	**5.81**	**5.64**	**5.46**	**5.28**	**5.09**	**4.89**

2035-May	2035-Nov	2036-May	2036-Nov	2037-May	2037-Nov	2038-May	2038-Nov

2039-May	2039-Nov	2040-May	2040-Nov	2041-May	2041-Nov	2042-May	2042-Nov
2240	2326	2132	2214	2029	2107	1931	2005
3414	3500	3318	3399	3228	3305	3142	3215
16732	15982	15199	14398	13562	12707	11817	10905
441	423	404	384	364	343	321	299
-1175	-1173	-1187	-1185	-1199	-1198	-1212	-1210
-5359	-6533	-7719	-8905	-10104	-11301	-12513	-13723
-5359	-6533	-7719	-8905	-10104	-11301	-12513	-13723
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
0	0	0	0	0	0	0	0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
-733	-751	-783	-801	-835	-855	-891	-911
16732	15982	15199	14398	13562	12707	11817	10905
16732	15982	15199	14398	13562	12707	11817	10905
8534	8151	7751	7343	6917	6481	6026	5562
6526	6233	5928	5615	5289	4956	4608	4253
837	799	760	720	678	635	591	545
837	799	760	720	678	635	591	545
TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
9370	8950	8511	8063	7595	7116	6617	6107
93.7	89.5	85.1	80.6	75.9	71.2	66.2	61.1
4.69	**4.47**	**4.26**	**4.03**	**3.80**	**3.56**	**3.31**	**3.05**

2039-May	2039-Nov	2040-May	2040-Nov	2041-May	2041-Nov	2042-May	2042-Nov

2043-May	2043-Nov	2044-May	2044-Nov	2045-May	2045-Nov	2046-May	2046-Nov
1837	1909	1749	1816	1664	1729	1584	1645
3061	3131	2985	3052	2914	2977	2846	2906
9957	8986	7976	6942	5868	4768	3626	2456
275	252	227	201	175	148	120	92
-1224	-1223	-1237	-1235	-1250	-1248	-1263	-1261
-14947	-16170	-17406	-18642	-19891	-21139	-22402	-23663
-14947	-16170	-17406	-18642	-19891	-21139	-22402	-23663
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
0	0	0	0	0	0	0	0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
-949	-971	-1010	-1034	-1074	-1100	-1142	-1169
9957	8986	7976	6942	5868	4768	3626	2456
9957	8986	7976	6942	5868	4768	3626	2456
5078	4583	4068	3540	2993	2432	1849	1253
3883	3504	3111	2707	2288	1860	1414	958
498	449	399	347	293	238	181	123
498	449	399	347	293	238	181	123
FALSE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
5576	5032	4466	3888	3286	2670	2030	1376
55.8	50.3	44.7	38.9	32.9	26.7	20.3	13.8
2.79	**2.52**	**2.23**	**1.94**	**1.64**	**1.34**	**1.02**	**0.69**

2043-May	2043-Nov	2044-May	2044-Nov	2045-May	2045-Nov	2046-May	2046-Nov

2047-May	2047-Nov	2048-May	2048-Nov	2049-May	2049-Nov
1507	1566	1434	1490	1365	1418
2783	2840	1434	1490	1365	1418
1243	0	0	0	0	0
62	31	0	0	0	0
-1276	-1274	0	0	0	0
-24939	-26213	-26213	-26213	-26213	-26213
-24939	-26213	-26213	-26213	-26213	-26213
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
0	0	0	0	0	0
0.0	0.0	0.0	0.0	0.0	0.0
0.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
-1214	-1243	0	0	0	0
1243	0	0	0	0	0
1243	0	0	0	0	0
634	0	0	0	0	0
485	0	0	0	0	0
62	0	0	0	0	0
62	0	0	0	0	0
TRUE	TRUE	FALSE	FALSE	FALSE	FALSE
696	0	0	0	0	0
7.0	0.0	0.0	0.0	0.0	0.0
0.35	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

2047-May	2047-Nov	2048-May	2048-Nov	2049-May	2049-Nov

Indicative New Issue Spreads
Week of July 4, 2017

	BMO			CIBC			NBF			RBC			Scotia			TD		
C$Pricing	**5-Year**	**10-Year**	**30-Year**	**5-Year**	**10-Year**	**30-Year**	**5-Year**	**10-Year**	**30-Year**	**5-Year**	**10-Year**	**30-Year**	**0.0108**	**10-Year**	**30-Year**	**5-Year**	**10-Year**	**30-Year**
Benchmark Canada Bond (2.75%, June 2022)	1.437%			1.460%			1.435%			1.447%			1.470%			1.464%		
Benchmark Canada Bond (1.00, June 2027)		1.812%			1.840%			1.792%			1.811%			1.850%			1.839%	
Benchmark Canada Bond (2.75%, Dec 2048)			2.169%			2.190%			2.154%			2.166%			2.190%			2.193%
Curve Adjustment (bp)	0.9	0.6	0	1.1	0.6	0	0.9	0.6	0	1	0.6	0	0	0	0	1.2	0.6	0
OPG Credit Spread to GoC Curve (bp)	86	114	156	81	108	145	85	105	145	85	111	155	86	112	153	80	100	142
Re-Offered Yield	2.31%	2.96%	3.73%	2.28%	2.93%	3.64%	2.29%	2.85%	3.60%	2.31%	2.93%	3.72%	2.330%	2.970%	3.720%	2.28%	2.84%	3.61%
Commission (bp)	7.0	4.0	1.7	7.5	4.7	2.8	7.5	4.6	2.7	7.5	4.7	2.8	7	5	4	7.3	4.4	2.3
All-in Canada Yield	2.376%	2.998%	3.746%	2.356%	2.973%	3.668%	2.369%	2.894%	3.631%	2.382%	2.974%	3.744%	2.400%	3.020%	3.760%	2.349%	2.889%	3.636%
All-in Spread to GoC Curve (bp)	**93.0**	**118.0**	**157.7**	**88.5**	**112.7**	**147.8**	**92.5**	**109.6**	**147.7**	**92.5**	**115.7**	**157.8**	**93.0**	**117.0**	**157.0**	**87.3**	**104.4**	**144.3**
All-in Swapped to BA's (before credit charges)																		

Comparables 10-Year (bp)	**5-Year**	**10-Year**	**30-Year**	**5-Year**	**10-Year**	**30-Year**	**5-Year**	**10-Year**	**30-Year**	**5-Year**	**10-Year**	**30-Year**	**5-Year**	**10-Year**	**30-Year**	**5-Year**	**10-Year**	**30-Year**
Hydro One (A/A)	69	92	132	69	94	134	70	90	130	68	94	132	66	92	133	70	90	132
TransAlta Corp (BBB-/BBB)																		
Nova Scotia Power (BBB+/A-)	77	100	140	76	105	145	80	100	140	78	104	143	75	102	144	80	100	140
Toronto Hydro (A/A)	66	89	129	68	93	133												
EPCOR (A-/A(L))	69	92	132				75	95	135	70	96	134	65	91	132	70	90	130
FortisBC (Baa1/A(L))							75	95	135	71	97	135						
FortisAlberta (A- / Baa1 / A(l))				72	98	138	75	95	130	68	94	132						
TransCanada Pipeline (A-/A)	80	120	178							85	125	175						

Average All-in OPG Spreads to GOC Curve		
5-Year	**10-Year**	**30-Year**
91.1	112.9	152.0
-1.56	*-0.73*	*-3.03*

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	TD	***TD***	***TD***
Minimum:	87.3	104.4	144.3
Maximum:	93.0 ***BMO***	118.0 ***BMO***	157.8 ***RBC***
Difference:	5.7 bps	13.6 bps	13.5 bps

From:	Mike Manning
To:	"Gadi Mayman"
Cc:	Ken Kandeepan; Ronald Kwan; "Anna Strathy"; James Devine; Carlos Yep
Subject:	Provincial Protection and Assurances - Fair Hydro Plan
Date:	Tuesday, August 08, 2017 3:10:38 PM

Hi Gadi:

I talked to John Lee today regarding our upcoming meeting. His assessment is that the dealers will stick to the principles you outlined at the last meeting and provide some options for further consideration. John says the dealers are working on a one page summary that he will be able to send to us in advance of the meeting. He expects it will be more of a business issues meeting rather than a legal meeting. His goal will be to get clarity on the path going forward; understand the options and finalize a plan for moving forward. I expect the one pager may be available over the next day or so.

Mike

From:	Gadi Mayman
To:	Mike Manning; Carlos Yep; Ken Kandeepan; Ronald Kwan; Scott Nelms (ENERGY)
Cc:	Anna Strathy; Hresa Gavaris
Subject:	Provincial Support Agreement
Date:	Thursday, July 27, 2017 9:09:16 AM

OPG wants to meet with us tomorrow to give us the banks' feedback. 1pm works for me if most/many of you are available. I'd like to get the ball rolling on this tomorrow, given that I'm away next week.

Gadi

From: Thompson, Susan
To: Mike Manning; Carlos Yep
Cc: Thom, Trevor
Subject: Provincial Support Agreement relating to the Fair Hydro Trust
Date: Friday, May 19, 2017 8:09:43 AM

Mike, Carlos

We are working on comments relating to the Dealers draft of the Provincial Support Agreement. Would a call Tuesday (May 23) at 2:00 work for you and your teams to discuss? If so, I'll circulate a meeting invite.

Regards,

Susan

Susan Thompson, MBA | Director | Government Finance | **TD Securities**
222 Bay Street, 7th Floor, Toronto, Ontario, M5K 1A2
T: 416 982 6587 | C: 416 436 2533 | Susan.Thompson@tdsecurities.com

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From:	Carlos Yep
To:	Ken Kandeepan; Ronald Kwan; John Kim; John Psinas; James Devine; Bruno Amara; Mike Manning; Opal Kandelas; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Elcombe, James (MOF); Nadine Petsche (MOF); "Cindy.Veinot@ontario.ca"; Bharat Patel (MOF); Salman Qadir; Tom McKinlay (MAG); stephen.ashbourne@blakes.com; Scott Nelms (ENERGY); "Montgomery, Kaitlin (MOF)"
Cc:	Anis Hirani; Angie Georgakakos; Carolyn Calwell (MCSS)
Subject:	Provincial Support Discussion
Attachments:	23148306-v5-Term Sheet - Provincial Support Agreement - May 12.docx 23148306-vpdf-Term Sheet - Provincial Support Agreement - May 12.pdf

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Conference call
Telephone: 416-406-5763 or 1-866-596-5280
Passcode: 9763326#

Provincial Protection and Assurances

Indicative Term Sheet[1]

Ontario Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate.*

Performance Guarantees	
Performance Guarantor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Beneficiaries:	Each Financing Entity that owns an investment interest from time to time. A Financing Entity may grant a security interest over its rights and interests under a Performance Guarantee to its creditors and contractual counterparties, including any indenture trustee acting on behalf of itself and other persons having debt or other claims against the Financing Entity that are secured under a related trust indenture.

[1] This draft term sheet is intended for discussion purposes only and does not represent a commitment of any party. Any agreement or undertaking of the Province contemplated in this term sheet may only be made either (a) with the approval of the Lieutenant Governor in Council as contemplated in subsection 5(2) of the Act or (b) under, and subject to, an order made by the Lieutenant Governor in Council as contemplated in subsection 5(3) of the Act.

Performance Guarantee:	Pursuant to a Performance Guarantee, the Performance Guarantor will guarantee the performance, or cause the performance, of the obligations of IESO as servicer under the Act and under any agreement under which the applicable Financing Entity acquires an investment interest from IESO and IESO undertakes on-going obligations in respect of such investment interest, including servicing obligations undertaken by IESO to enforce the performance by electricity vendors of their respective obligations under the Act. It is anticipated that such obligations will include matters related to the billing, collection and remittance of clean energy adjustments by IESO and electricity vendors, as the case may be, and regarding the commingling by IESO and electricity vendors of collections of clean energy adjustments with other amounts. In the event that the Performance Guarantee is held to be unenforceable against the Performance Guarantor, the Performance Guarantee will contemplate, in the alternative, a functionally equivalent direct covenant of the Performance Guarantor.
Term:	The Performance Guarantor's obligations under a Performance Guarantee in respect of a Financing Entity will continue during the term of any obligation incurred by the Financing Entity that is or is intended to be secured by the Performance Guarantee.
Approval Requirement:	The servicing obligations (including any amendments) to which the Performance Guarantee relates, together with the provisions of any Performance Guarantee itself, will be subject to the approval of the Minister of Energy and the Minister of Finance acting together.
Limits under Performance Guarantee:	Under no circumstances shall the Performance Guarantor be obligated to pay special or punitive damages, or for loss of profits.
Indemnity	
Indemnitor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indemnitees:	Each Financing Entity that owns an investment interest from time to time. A Financing Entity may grant a security interest over the Indemnity to specified creditors, including to an indenture trustee under a trust indenture on behalf of itself and other persons having debt or other claims against the Financing Entity secured under the trust indenture.

Indemnity of the Province:	The Province of Ontario will indemnify each Indemnitee for its costs, expenses and losses reasonably incurred by the Indemnitee (including because of claims made against the Indemnitee by one or more of its specified creditors) that result from any of the following (each, an "**Indemnification Event**"): (A) the Legislative Assembly of Ontario repealing (and not replacing on an equivalent basis) the Act; (B) the Legislative Assembly of Ontario amending the Act or a Regulation made thereunder in a way that materially and adversely affects the rights and interests of the Financing Entity under its investment interest; or (C) a court of competent jurisdiction in a final and non-appealable judgement determines that all or a portion of the Act is *ultra vires* in a way that materially and adversely affects the rights and interests of the Financing Entity under its investment interest.
Term:	The Indemnity will continue during the term of any obligation incurred by a Financing Entity that is or is intended to be secured by the Indemnity.
Approval Requirement:	The terms and conditions of the obligations incurred by a Financing Entity that are secured or intended to be secured by an Indemnity, together with the provisions of any Indemnity itself, the will be subject to the approval of the Minister of Energy and the Minister of Finance acting together.
Limits under Indemnity:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or for loss of profits.
Undertakings regarding Certain Mismatches	
Avoidance of Mismatches	If a Financing Entity proposes to incur one or more funding obligations that would require the Financing Entity to pay an aggregate amount during any reference period that would exceed the amount otherwise available to the Financing Entity during the reference period from its investment interests to pay such amounts (a "**Mismatch**"), the Financing Entity will, before incurring such funding obligations, undertake commercially reasonable efforts to arrange for commitments from highly creditworthy, market-based funding sources in accordance with the Financing Plan to enable it to satisfy all of its related payment obligations and thereby avoid any Mismatch.

Possible Undertaking to Fund Mismatches	If a Financing Entity is unable to arrange for commitments from one or more highly creditworthy, market-based funding sources in accordance with the Financing Plan to avoid a Mismatch on commercially reasonable terms and conditions, the Minister of Energy and the Minister of Finance acting together may undertake on behalf of the Province of Ontario to provide funding commitments to the extent necessary to provide the Financing Entity with required funding to avoid the Mismatch. Any such undertaking may only be given at or before the incurrence of the funding obligation that would otherwise result in the Mismatch and would be on such terms and conditions, including appropriate compensation to the Province of Ontario, as the Minister of Energy and the Minister of Finance determine are reasonable and appropriate in the circumstances. The decision to provide such an undertaking will be in the sole discretion of the Minister of Energy and the Minister of Finance.
<u>Documentation</u>	
Representations, Terms and Conditions:	Subject to approval of the Minister of Energy and the Minister of Finance acting together.
FIPPA:	Acknowledgement that the Performance Guarantor and the Indemnitor will be bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Performance Guarantor or the Indemnitor, or any agent or representative of the Performance Guarantor or the Indemnitor, in connection with the transaction documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Confidentiality obligations of each Financing Entity and its assignees, representatives and agents as may be determined to be appropriate by the Minister of Energy and the Minister of Finance acting together.
Governing Law:	Province of Ontario.

Provincial ~~Support Agreement~~Protection and Assurances

Indicative Term Sheet[1]

Ontario Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") ~~is provided exclusively to the parties listed herein in connection with the draft~~relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. ~~Defined~~Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial ~~support agreement (the "**Provincial Support Agreement**") will contain the terms and conditions set out~~protection and assurance arrangements contemplated in this Term Sheet ~~in addition to such other representations, warranties, indemnities, and other~~will include such terms and conditions as the ~~Guarantor and the Beneficiaries (each as defined below) may reasonably require~~Minister of Energy and the Minister of Finance determine to be appropriate.*

Performance Guarantees	
Performance Guarantor:	~~Her Majesty the Queen in right~~The Province of Ontario, ~~as represented~~ by the Minister of Energy and the Minister of Finance acting together.
Beneficiaries:	~~The indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**")~~Each Financing Entity that owns an investment interest from time to time. A Financing Entity may grant a security interest over its rights and interests under a Performance Guarantee to its creditors and contractual counterparties, including any indenture trustee acting on behalf of itself and ~~all~~ other persons having debt or other claims against ~~a~~the Financing Entity that are secured under ~~the Master Trust Indenture (collectively, the "**Beneficiaries**") including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee, the trustee of the Financing Entity if the Financing Entity is a trust, and any other administrator of the Financing Entity~~a related trust indenture.

[1] This draft term sheet is intended for discussion purposes only and does not represent a commitment of any party. Any agreement or undertaking of the Province contemplated in this term sheet may only be made either (a) with the approval of the Lieutenant Governor in Council as contemplated in subsection 5(2) of the Act or (b) under, and subject to, an order made by the Lieutenant Governor in Council as contemplated in subsection 5(3) of the Act.

~~**Term:**~~	~~The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[1] after all funding obligations (to be defined to include principal, interest, fees, hedge settlement and termination obligations and other related amounts) of all Financing Entities have been repaid.~~
Performance Guarantee:	~~Under the Master Sale and Servicing Agreement to be entered into by IESO and the Financing Entity, **[and OPG as Financial Services Manager]** ("**MSSA**"), IESO will have obligations both as a seller and as a servicer. Pursuant to a performance guarantee~~Pursuant to a Performance Guarantee, the Performance Guarantor will guarantee ~~in favour of the Beneficiaries to perform~~the performance, or cause the performance, of ~~(which may be by way of the appointment of a replacement servicer),~~ the obligations of IESO as servicer under the ~~MSSA and the~~ Act and under any agreement under which the applicable Financing Entity acquires an investment interest from IESO and IESO undertakes on-going obligations in respect of such investment interest, including ~~the obligations of any replacement servicer. The Guarantor will also guarantee the~~ servicing obligations ~~of the~~undertaken by IESO to enforce the performance by electricity vendors of their respective obligations under the Act. ~~The servicing~~It is anticipated that such obligations ~~covered~~ will include ~~all obligations~~matters related to the ~~collecting~~billing, collection and ~~remitting~~remittance of clean energy adjustments ~~and will protect the Beneficiaries from any risks arising from~~by IESO and electricity vendors, as the case may be, and regarding the commingling by IESO and electricity vendors of collections of clean energy adjustments ~~being commingled~~ with other amounts. In the event that the ~~performance guarantee~~Performance Guarantee is held to be unenforceable against the Performance Guarantor, the ~~Provincial Support Agreement~~Performance Guarantee will contemplate ~~a separate legal obligation by the Guarantor to indemnify the Beneficiaries for any losses that result~~, in the alternative, a functionally equivalent direct covenant of the Performance Guarantor.
Term:	The Performance Guarantor's obligations under a Performance Guarantee in respect of a Financing Entity will continue during the term of any obligation incurred by the Financing Entity that is or is intended to be secured by the Performance Guarantee.
Approval Requirement:	The servicing obligations (including any amendments) to which the Performance Guarantee relates, together with the provisions of

[1] ~~This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.~~

	any Performance Guarantee itself, will be subject to the approval of the Minister of Energy and the Minister of Finance acting together.
Limits under Performance Guarantee:	Under no circumstances shall the Performance Guarantor be obligated to pay special or punitive damages, or for loss of profits.
Indemnity	
Indemnitor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indemnitees:	Each Financing Entity that owns an investment interest from time to time. A Financing Entity may grant a security interest over the Indemnity to specified creditors, including to an indenture trustee under a trust indenture on behalf of itself and other persons having debt or other claims against the Financing Entity secured under the trust indenture.
~~Payment Guarantee Event~~Indemnity of the Province:	~~A Payment Guarantee Event will occur if~~The Province of Ontario will indemnify each Indemnitee for its costs, expenses and losses reasonably incurred by the Indemnitee (including because of claims made against the Indemnitee by one or more of its specified creditors) that result from any of the following (each, an "**Indemnification Event**"): (A) the Legislative Assembly of Ontario ~~repeals~~repealing (and not replacing on an equivalent basis) the Act; ~~or~~ (B) the Legislative Assembly of Ontario ~~amends~~amending the Act or a Regulation made thereunder ~~is amended~~ in a way that materially and adversely ~~impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such~~affects the rights and interests of the Financing Entity under its investment interest; or (C) a court of competent jurisdiction ~~(i)~~in a final and non-appealable judgement determines that all or a portion of the Act ~~to be~~is *ultra vires* in a way that materially and adversely ~~impacts~~affects the ~~ability~~rights and interests of ~~a~~the Financing Entity ~~to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable; or~~ ~~(D) funding obligations are due and payable at a time when a market disruption (a period of [six months or more] when capital~~

	~~markets term funding is not available to effect refinancings of funding obligations) is occurring and, in the case of long term funding obligations only, a moratorium or limitation on the imposition and collection of clean energy adjustments to repay such funding obligations is in effect under the Act~~under its investment interest.
~~Payment Guarantee~~Term:	~~Upon the occurrence of a Payment Guarantee Event under clauses (A), (B) or (C) of the above definition:~~ ~~(x) the Guarantor shall assume and pay when due (without acceleration) all funding obligations and all other obligations of the Financing Entities to the Beneficiaries by paying all regularly scheduled amounts in respect thereof during the term of each Financing Entity's contractual obligation to such Beneficiaries; and~~ ~~(y) Beneficiaries holding funding obligations consisting of bonds [with a remaining term to maturity of greater than **one year**]~~ ~~shall have the option to put the bonds to the Financing Entity for a put price equal to 101% of the principal amount thereof plus accrued and unpaid interest. In connection with any put under this clause (y), the Guarantor shall guarantee payment of the put price and any related hedge breakage but shall not be responsible for any other default, penalty, prepayment or make whole amounts.~~ The Indemnity will continue during the term of any obligation incurred by a Financing Entity that is or is intended to be secured by the Indemnity.
Approval Requirement:	The terms and conditions of the obligations incurred by a Financing Entity that are secured or intended to be secured by an Indemnity, together with the provisions of any Indemnity itself, the will be subject to the approval of the Minister of Energy and the Minister of Finance acting together.
Limits under ~~Guarantees~~Indemnity:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or for loss of profits.
~~Priority of Payments:~~	~~The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.~~
~~Subrogation:~~	~~Where the Guarantor has repaid all Beneficiaries in full, to the extent of such payments the Guarantor shall be subrogated in and to all the rights of recovery of the Beneficiaries in respect of their~~

	~~applicable indebtedness and obligations and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all indebtedness and obligations owing to the Beneficiaries, the Indenture Trustee will acknowledge and agree on behalf of the Beneficiaries that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiaries have or may exercise in respect of the repaid indebtedness and obligations, all in accordance with the terms of the Master Trust Indenture. Prior to the repayment in full of the indebtedness and obligations owed to the Beneficiaries, the Guarantor shall have no rights of subrogation.~~
~~**Notice Requirements:**~~**Undertakings regarding Certain Mismatches**	~~The Indenture Trustee will be required to provide notice to the Guarantor of a Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.~~
~~**Closing:**~~**Avoidance of Mismatches**	~~Date to be determined but no later than [■, 2017]. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered~~If a Financing Entity proposes to incur one or more funding obligations that would require the Financing Entity to pay an aggregate amount during any reference period that would exceed the amount otherwise available to the Financing Entity during the reference period from its investment interests to pay such amounts (a "**Mismatch**"), the Financing Entity will, before incurring such funding obligations, undertake commercially reasonable efforts to arrange for commitments from highly creditworthy, market-based funding sources in accordance with the Financing Plan to enable it to satisfy all of its related payment obligations and thereby avoid any Mismatch.
~~**Reporting Requirements of a Financing Entity:**~~ **Possible Undertaking to Fund Mismatches**	~~The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture~~If a Financing Entity is unable to arrange for commitments from one or more highly creditworthy, market-based funding sources in accordance with the Financing Plan to avoid a Mismatch on commercially reasonable terms and conditions, the Minister of Energy and the Minister of Finance acting together may undertake on behalf of the Province of Ontario to provide funding commitments to the extent necessary to provide the Financing Entity with required funding to avoid the Mismatch. Any such undertaking may only be given at or before the incurrence of the funding obligation that would otherwise result in the Mismatch and would be on such terms and conditions, including appropriate compensation to the Province of Ontario, as the Minister of Energy and the Minister of Finance

	determine are reasonable and appropriate in the circumstances. The decision to provide such an undertaking will be in the sole discretion of the Minister of Energy and the Minister of Finance.
~~Conditions Precedent to Closing:~~Documentation	~~Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.~~[2]
Representations, Terms and Conditions:	~~Customary representations~~Subject to approval of the Minister of Energy and ~~warranties of the Guarantor~~the Minister of Finance acting together.
FIPPA:	Acknowledgement that the Performance Guarantor ~~is~~and the Indemnitor will be bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Performance Guarantor or ~~its agents or representatives~~the Indemnitor, or any agent or representative of the Performance Guarantor or the Indemnitor, in connection with the ~~Transaction Documents~~transaction documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	~~Customary confidentiality~~Confidentiality obligations ~~to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor~~of each Financing Entity and its assignees, representatives and agents as may be determined to be appropriate by the Minister of Energy and the Minister of Finance acting together.
Governing Law:	Province of Ontario.

[2] ~~Opinions on the validity and enforceability of Provincial Support Agreement will be required.~~

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Input:	
Document 1 ID	PowerDocs://TOR_2528/23148306/1
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Document 2 ID	PowerDocs://TOR_2528/23148306/5
Description	TOR_2528-#23148306-v5-Term_Sheet_-_Provincial_Support_Agreement_-_May_12
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	88
Deletions	75
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	163

From:	Hanslep, Malle (MOF)
To:	Mike Manning; James Devine; Carlos Yep; Opal Kandelas; Ken Kandeepan; Ronald Kwan
Cc:	Tobias P. Whitfield (MOF)
Subject:	Provincial Support Term Sheet
Date:	Friday, May 26, 2017 3:16:14 PM

Hi all,

Further to our meeting on Wednesday, Toby and I have now been in touch with Energy Legal regarding the term sheet and will be attending a meeting with counsel at Blakes next Wednesday morning.

Best,

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

From:	Ken Kandeepan
To:	Gadi Mayman
Cc:	Anna Strathy; Deena Padamadan; Ronald Kwan; Mike Manning
Subject:	RE: AGENDA & MATERIAL: Fiscal Prep Committee, May 3, 2017
Date:	Tuesday, May 02, 2017 4:39:25 PM

Hi Gadi
I am ok up to page 7, have few comments thereafter, mostly on the lack of clarity with regard to interest costs incurred by the Trust over the first 5 years and how these costs are to be funded. I have limited my comments to the Fair Hydro portion of the slides.
Page 8: last bullet; further detail is required. As it stands no distinction between the first five years where the interest costs incurred by the Trust in financing the regulatory/investment assets have to be recovered from ratepayers(my understanding of the model) against future years when the ratepayers are responsible for repayment of the debt of the Trust.
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Page 16 first and last bullet; not all of the acquisition of the investment asset is funded by the capital markets, 44% is via the equity injection. That point should be made and so should the concept of fiscal neutrality from the perspective of the Province. the Province should be made whole from a fiscal and cash flow perspective re the debt it incurs for the equity injection.
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Thanks
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From: Gadi Mayman
Sent: Tuesday, May 02, 2017 10:10 AM
To: Ronald Kwan ; Mike Manning ; Ken Kandeepan
Cc: Anna Strathy ; Deena Padamadan
Subject: FW: AGENDA & MATERIAL: Fiscal Prep Committee, May 3, 2017

Any thoughts?

From: Anna Strathy
Sent: Tuesday, May 02, 2017 9:16 AM

To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Cc: Hresa Gavaris <Hresa.Gavaris@ofina.on.ca>
Subject: FW: AGENDA & MATERIAL: Fiscal Prep Committee, May 3, 2017
FYI, materials for FPC tomorrow attached.

From: Young, Gwendolynne (MOF) [mailto:Gwendolynne.Young@ontario.ca]
Sent: Tuesday, May 02, 2017 9:12 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Colleen Waddell (ENERGY) <Colleen.Waddell@ontario.ca>
Cc: Vivienne Skoberne (MOHLTC) <Vivienne.Skoberne@ontario.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>
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Hi Anna and Colleen,
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Could you please line up Gadi and Scott to attend with the Deputy? Please let me know if there are any issues.
Thanks!
Gwen.
Gwen Young
p: 416.325.0741 | bb: 647.982.2419

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Sent: May 2, 2017 8:37 AM
To: Kim, Minzi (MOF); Clarke-Darshanand, Jamille (MOF); Young, Gwendolynne (MOF); Tekle, Jonathan (MOF)
Subject: FW: AGENDA & MATERIAL: Fiscal Prep Committee, May 3, 2017
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Executive Advisor (Acting)
Office of the Secretary of the Cabinet
416-325-7641

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To: Angus, Helen (TBS); Betzner, Lynn (CAB); Bevan, Andrew (OPO); Bossin, Bryan (OPO); Bromm, William (CAB); Davidson, Steven (CAB); Ghiassi, Ali (MOF); Greenberg, Martha (CAB); Hughes, Karen (TBS); Jackson, Kelly (MOF); Jancik, Mike (TBS); MacKenzie, Rebecca (OPO); Madhany, Shamira (CAB); McEachern, Gillian (OPO); McIntyre, Moira (OPO); Mendes, Elizabeth (MOF); Mksyartinian, Jacob (OPO); Orsini, Steve (CAB); Pichelli, Jason (TBS); Rowe, Mary (OPO); Schuurman, Tim (MOF); Thompson, Scott (MOF); Tomney, Genevieve (OPO); Zegarac, George (MOI)
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Subject: MATERIAL: Fiscal Prep Committee, May 3, 2017

Hello everyone,

Attached is material for this week's Fiscal Prep Committee mtg which is scheduled to take place on Wednesday, May 3rd from 10:15 – 11:45 in Boardroom 6501.

Thank you,

Pina

Pina Bosco
Executive Advisor (Acting)
Office of the Secretary of the Cabinet
(416) 325-7641

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Executive Advisor (Acting)
Office of the Secretary of the Cabinet
(416) 325-7641

From:	Ronald Kwan
To:	Ken Kandeepan
Cc:	Mike Manning; John Psinas; John Kim
Subject:	RE: DRAFT IESO FH credit letter
Date:	Thursday, May 11, 2017 5:23:44 PM

Hi Ken,
Not saying it could not fit into the mandate of OEFC, but I think there may be reasons to keep the FHP separate from OEFC.
And, as the FHP is essentially targeted at the RPP-eligible, and its effectively the lower GA recovery in the RPP prices that IESO has to cover the gap for compared to its market settlement costs with generators, I think there is a good continuity link to having this continue as an OFA facility.
We had this discussion before, and it would have been better to have had this discussion again internally before raising it with the IESO.
Ron

From: Ken Kandeepan
Sent: May-11-17 17:18
To: Ronald Kwan
Cc: Mike Manning ; John Psinas ; John Kim
Subject: RE: DRAFT IESO FH credit letter
Good points though I believe that this falls within the mandate of OEFC which includes: "Providing financial assistance to the successor corporations of Ontario Hydro". Note that IESO already has a facility with OEFC and the only reason the RPP facility is with the OFA is because it was previously extended to the OPA and subsumed by IESO when the latter merged with the former.
Can we have a quick discussion on this tomorrow, not sure Mike will care as to which entity is providing the facility but if you do Mike pls join us.
Thanks
Ken k

From: Ronald Kwan
Sent: Thursday, May 11, 2017 5:04 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Re: DRAFT IESO FH credit letter
Hi Ken.
Leaving out IESO for now.
I think that there would be different challenges for this to be done through OEFC.
One is having this associated with OEFC's legacy mandate.
Another is the 50 bps DGF charged to OEFC. That may not come into play for any given period, but if it does, OEFC would either have to charge that to IESO to stay whole, or carve this out from the DGF requirement, which would be an additional approval, and could raise the whole issue of why OEFC pays a DGF in the first place, or the appropriate size.
It would be in many ways simpler to have this facility provided by the OFA.
Ron

On May 11, 2017, at 4:55 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

Hi Anthony

As discussed, while I have no comments in addition to what was already provided by both Mike and Ron, I would like to make the following clarifications:

- A separate facility for the Fair Hydro Plan is preferable given that my understanding is all interest incurred in setting up the regulatory asset should be capitalized. As such, from a practical and operational perspective it will be much easier for IESO to draw upon a separate facility to fund the regulatory from the point it is set up to the eventual purchase by the Trust.
- This will ensure that any interest incurred will be accurately capitalized and not be part of IESO's interest expenses, thus allowing the Province, upon consolidation with IESO, to offset its own interest expense relating to the provision of the credit facility.
- Since a separate facility will be set up it may make sense to reduce the limit of the current facility with the OFA and increase the limit of the new one from the proposed $1.5 billion in IESO's draft memo. From a structural perspective it may also be appropriate for this new facility to be granted by OEFC as opposed to the OFA.
- As stated in the comments to the memo the existing facility can be used on an interim basis until the new one is set up.

Thanks

Ken k

From: Ronald Kwan
Sent: Thursday, May 11, 2017 1:06 PM
To: Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter

Hi Anthony,

Staff had a few suggestions/comments.

As discussed on the last call, we had talked about it being cleaner to have a separate facility for the FHP. The draft letter seems to have a potential for IESO drawing both on the new facility and the existing one. While drawing on the existing facility might be needed on an interim basis, it would seem cleaner and more transparent to have that possibility only until a new, separate facility is in place.

Ron

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: May-09-17 10:26
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: DRAFT IESO FH credit letter

See attached draft letter we hope to issue this week – for your comments (will appreciate by Thursday this week if any).

I did speak with Moody's on April 28 to obtain their feedback.
Call me @ 905.403.6944 to discuss (…Ken can we discuss the interest exp/income flows when you have a moment).
As mentioned the current $975M supports the RPP today which will be transitioned to the new FH going forward – for this draft as discussed with my CFO I have left the $975M as is but will seek to use for FH too.
Regards.

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

From:	Ronald Kwan
To:	Mike Manning; Ken Kandeepan; John Psinas; John Kim
Subject:	RE: DRAFT IESO FH credit letter
Date:	Thursday, May 11, 2017 12:38:03 PM
Attachments:	IESO_OFA FEP 2017 Credit Letter v3 draft_CEFDmarkup4.docx

Hi,

Following a call with Mike, I made some edits. I can send this back to Anthony.

Ron

From: Ronald Kwan

Sent: May-11-17 12:21

To: Mike Manning ; Ken Kandeepan ; John Psinas ; John Kim

Subject: RE: DRAFT IESO FH credit letter

Hi Mike, Ken,

Did you have comments on the letter? Staff here have made some initial comments. IESO wanted to issue this this week.

I think on the last call, we had talked about it being cleaner to have a separate facility for the FHP. The draft letter seems to have a potential for IESO drawing both on the new facility and the existing one. Does that work for you?

Do the timelines and spread wording work for you?

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ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 8, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan~~rogram~~**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its inten~~s~~tion to implement the proposed Fair Hydro Plan~~program~~ (FHP) to reduce electricity prices for eligible consumers in the province. Proposed l~~L~~egislation ~~is expected to be~~was introduced this month for the program. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that to support the IESO's role in implementation it will need greater credit liquidity than currently exists.

The existing credit facility between the IESO and the Ontario Financing Authority~~'s~~ (OFA) is $975 million. The IESO proposes that an additional facility/commitment be provided in the amount of $1,500 million. This would enable the IESO to provide interim financing for the FHP's spreading out of global adjustment costs~~smoothing~~ for a period of several months, if needed.

We suggest the OFA's current $975 million agreement and the new separate (or co-mingled) FHP agreement consider the following key provisions:

- FHP: 5 year term to align with the FHP's initial period of deferral of electricity prices~~, period~~ plus a few months of contingency (i.e., to September 30, 2022);
- FHP: interest charge to be Province's cost of funds for borrowing with a similar term as determined by OFA plus 0.25 per cent per annum;
- FHP: drawings to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers;
- Existing $975 million facility: draws to permit for FHP purposes until the credit agreement for FHP purposes has been made available; and

Commented [A1]: Please confirm that the requirement is $1.5 billion as it is preferred to keep the $975M separate from FHP. And see comment below.

Commented [A2]: It is preferred that a separate credit facility be set up for FHP purposes. OFA is working to obtain the appropriate approvals required. Option to use the existing facility on an interim basis may be exercised if timing does not permit putting in place a new credit facility by the time IESO needs to make a first draw.

Commented [A3]: Overall, would it be better to purely separate out the FHP borrowing – so a larger than $1.5 bn new facility, and potentially shrink the existing $975 facility?

- $975 million: a reduction in the 28 days minimum draw for the existing facility to a minimum of 7 days to a maximum of 95 days;

Should the IESO find that there is persistent~~consistent~~ usage of these facilities we will contact the OFA for further arrangements.

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facility(ies) and we will provide such evidence for the OFA's records.

We appreciate the OFA's continue support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

DRAFT

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

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Attachments:	IESO_OFA FEP 2017 Credit Letter v3 draft_CEFDmarkup4.docx

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Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 8, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

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DRAFT

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From:	Ronald Kwan
To:	Mike Manning; Ken Kandeepan; John Psinas; John Kim
Subject:	RE: DRAFT IESO FH credit letter
Date:	Thursday, May 11, 2017 12:38:03 PM
Attachments:	IESO_OFA FEP 2017 Credit Letter v3 draft_CEFDmarkup4.docx

Hi,

Following a call with Mike, I made some edits. I can send this back to Anthony.

Ron

From: Ronald Kwan

Sent: May-11-17 12:21

To: Mike Manning ; Ken Kandeepan ; John Psinas ; John Kim

Subject: RE: DRAFT IESO FH credit letter

Hi Mike, Ken,

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From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]

Sent: May-09-17 10:26

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>

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Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From:	Ronald Kwan
To:	Mike Manning; Ken Kandeepan; John Psinas; John Kim
Subject:	RE: DRAFT IESO FH credit letter
Date:	Thursday, May 11, 2017 12:20:59 PM
Attachments:	IESO_OFA FEP 2017 Credit Letter v3 draft_CEFDmarkup3.docx

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Date:	Thursday, May 11, 2017 12:20:59 PM
Attachments:	IESO_OFA FEP 2017 Credit Letter v3 draft_CEFDmarkup3.docx

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Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From:	Sarah Harris
To:	Mike Manning
Cc:	Opal Kandelas; Linda Smith
Subject:	RE: DRAFT IESO FH credit letter
Date:	Thursday, May 11, 2017 10:56:24 AM

Thanks, Mike.
Sarah

From: Mike Manning
Sent: Thursday, May 11, 2017 10:47 AM
To: Sarah Harris
Cc: Opal Kandelas ; Linda Smith
Subject: RE: DRAFT IESO FH credit letter

Hi Sarah:
I'm thinking at this time that 7 to 95 days would be ok. Also the Ontario + 25bps off the top for the new facility is likely ok as it matches the $975 facility. Happy to discuss further.
Mike

From: Sarah Harris
Sent: Wednesday, May 10, 2017 4:28 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter

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Thanks,
Sarah

From: Opal Kandelas
Sent: Tuesday, May 09, 2017 11:54 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter
Importance: High

From: Mike Manning
Sent: Tuesday, May 09, 2017 11:21 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter

Importance: High

As discussed.

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Sent: Tuesday, May 09, 2017 10:26 AM

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Sent: Tuesday, May 09, 2017 11:54 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter
Importance: High

From: Mike Manning
Sent: Tuesday, May 09, 2017 11:21 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: FW: DRAFT IESO FH credit letter
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Sent: Tuesday, May 09, 2017 10:26 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
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From:	Sarah Harris
To:	Mike Manning
Cc:	Opal Kandelas; Linda Smith
Subject:	RE: DRAFT IESO FH credit letter
Date:	Wednesday, May 10, 2017 4:28:02 PM
Attachments:	IESO_OFA FEP 2017 Credit Letter v3 draft.docx

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May 8, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Program**

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From:	Ken Kandeepan
To:	Ronald Kwan
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Subject:	RE: DRAFT IESO FH credit letter
Date:	Thursday, May 11, 2017 5:18:14 PM

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From: Ken Kandeepan
To: Anthony Martinello
Cc: Mike Manning; John Psinas; John Kim; Ronald Kwan
Subject: RE: DRAFT IESO FH credit letter
Date: Thursday, May 11, 2017 4:55:55 PM

Hi Anthony
As discussed, while I have no comments in addition to what was already provided by both Mike and Ron, I would like to make the following clarifications:

- A separate facility for the Fair Hydro Plan is preferable given that my understanding is all interest incurred in setting up the regulatory asset should be capitalized. As such, from a practical and operational perspective it will be much easier for IESO to draw upon a separate facility to fund the regulatory from the point it is set up to the eventual purchase by the Trust.
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- As stated in the comments to the memo the existing facility can be used on an interim basis until the new one is set up.

Thanks
Ken k

From: Ronald Kwan
Sent: Thursday, May 11, 2017 1:06 PM
To: Anthony Martinello
Cc: Mike Manning ; Ken Kandeepan ; John Psinas ; John Kim
Subject: RE: DRAFT IESO FH credit letter
Hi Anthony,
Staff had a few suggestions/comments.
As discussed on the last call, we had talked about it being cleaner to have a separate facility for the FHP. The draft letter seems to have a potential for IESO drawing both on the new facility and the existing one. While drawing on the existing facility might be needed on an interim basis, it would seem cleaner and more transparent to have that possibility only until a new, separate facility is in place.
Ron

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: May-09-17 10:26
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: DRAFT IESO FH credit letter
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Call me @ 905.403.6944 to discuss (…Ken can we discuss the interest exp/income flows when you have a moment).

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From:	Sarah Harris
To:	Mike Manning; Linda Smith
Subject:	RE: DRAFT IESO FH credit letter
Date:	Thursday, May 11, 2017 2:49:43 PM

Thank you.
Sarah

From: Mike Manning
Sent: Thursday, May 11, 2017 2:49 PM
To: Sarah Harris ; Linda Smith
Subject: FW: DRAFT IESO FH credit letter
For your info.
Mike

From: Ronald Kwan
Sent: Thursday, May 11, 2017 12:38 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter
Hi,
Following a call with Mike, I made some edits. I can send this back to Anthony.
Ron

From: Ronald Kwan
Sent: May-11-17 12:21
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter
Hi Mike, Ken,
Did you have comments on the letter? Staff here have made some initial comments. IESO wanted to issue this this week.
I think on the last call, we had talked about it being cleaner to have a separate facility for the FHP. The draft letter seems to have a potential for IESO drawing both on the new facility and the existing one. Does that work for you?
Do the timelines and spread wording work for you?
Ron

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Sent: May-09-17 10:26
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To:	Anthony Martinello
Cc:	Mike Manning; Ken Kandeepan; John Psinas; John Kim
Subject:	RE: DRAFT IESO FH credit letter
Date:	Thursday, May 11, 2017 1:06:07 PM
Attachments:	IESO_OFA FEP 2017 Credit Letter v3 draft_CEFDmarkup4.docx ATT00001.htm

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t 905.403.6900
www.ieso.ca

May 8, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan~~rogram~~**

Dear Mr. Mayman,

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Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facility(ies) and we will provide such evidence for the OFA's records.

We appreciate the OFA's continue support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

DRAFT

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From:	Ronald Kwan
To:	Anthony Martinello
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Subject:	RE: DRAFT IESO FH credit letter
Date:	Thursday, May 11, 2017 1:06:07 PM
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416-969-6232

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Sent: May-09-17 10:26

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From:	Ronald Kwan
To:	Ken Kandeepan
Cc:	Mike Manning; John Psinas; John Kim
Subject:	RE: DRAFT IESO FH credit letter
Date:	Thursday, May 11, 2017 5:23:44 PM

Hi Ken,
Not saying it could not fit into the mandate of OEFC, but I think there may be reasons to keep the FHP separate from OEFC.
And, as the FHP is essentially targeted at the RPP-eligible, and its effectively the lower GA recovery in the RPP prices that IESO has to cover the gap for compared to its market settlement costs with generators, I think there is a good continuity link to having this continue as an OFA facility.
We had this discussion before, and it would have been better to have had this discussion again internally before raising it with the IESO.
Ron

From: Ken Kandeepan
Sent: May-11-17 17:18
To: Ronald Kwan
Cc: Mike Manning ; John Psinas ; John Kim
Subject: RE: DRAFT IESO FH credit letter
Good points though I believe that this falls within the mandate of OEFC which includes: "Providing financial assistance to the successor corporations of Ontario Hydro". Note that IESO already has a facility with OEFC and the only reason the RPP facility is with the OFA is because it was previously extended to the OPA and subsumed by IESO when the latter merged with the former.
Can we have a quick discussion on this tomorrow, not sure Mike will care as to which entity is providing the facility but if you do Mike pls join us.
Thanks
Ken k

From: Ronald Kwan
Sent: Thursday, May 11, 2017 5:04 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Re: DRAFT IESO FH credit letter
Hi Ken.
Leaving out IESO for now.
I think that there would be different challenges for this to be done through OEFC.
One is having this associated with OEFC's legacy mandate.
Another is the 50 bps DGF charged to OEFC. That may not come into play for any given period, but if it does, OEFC would either have to charge that to IESO to stay whole, or carve this out from the DGF requirement, which would be an additional approval, and could raise the whole issue of why OEFC pays a DGF in the first place, or the appropriate size.
It would be in many ways simpler to have this facility provided by the OFA.
Ron

On May 11, 2017, at 4:55 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

Hi Anthony

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From:	Ken Kandeepan
To:	Carlos Yep; Mike Manning; James Devine
Cc:	Graham Monroe; Connie Chen; Opal Kandelas; John Psinas; John Kim; Bruno Amara; "Montgomery, Kaitlin (MOF)"
Subject:	RE: Draft GA Sub debt term sheet - Performance Fee Recommendations
Date:	Friday, June 02, 2017 1:29:00 PM

Carlos, Mike and Jim
Since I will not be available for the meeting this afternoon here is my single comment.
I have concerns with the weighted average calculation of both the benchmark and actual issuance including the debt issued to the Trust by OPG funded by the 44% equity injection given that there are no market forces in play with regard both issuance and funding of this tranche, at least from an OPG perspective.
The only way in which this tranche is acceptable for performance inclusion is by OPG linking the yield on this debt to what was issued to the markets by the Trust. For example the debt from the equity injection is X bps above or below what was issued in the markets for equal tenors. Even so a linked component in the benchmark, in my opinion, adds limited value.
Thanks
Ken k

From: Carlos Yep
Sent: Wednesday, May 31, 2017 9:06 AM
To: Mike Manning ; James Devine ; Opal Kandelas ; Ken Kandeepan ; John Psinas ; John Kim ; Bruno Amara ; 'Montgomery, Kaitlin (MOF)'
Subject: FW: Draft GA Sub debt term sheet - Performance Fee Recommendations
fyi

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, May 31, 2017 9:03 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: RE: Draft GA Sub debt term sheet
Carlos,
Attached for your review please also find the recommended structure of variable performance fee and benchmark relating to GA financing. We can discuss it at our meeting with OFA as well.
Sheen

From: LIU Sheen -TREASURY
Sent: Tuesday, May 30, 2017 4:26 PM
To: 'Carlos Yep'
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY; HAHN PARKER Janet -TREASURY
Subject: Draft GA Sub debt term sheet
Carlos,
Further to our discussions re establishing GA financing benchmark. Attached please find the draft term sheet of the subordinated debt (from Province equity injection). Could you please review and circulate it to the appropriate contacts/group on your side. We'd also like to set up a meeting with OFA, at your earliest convenience, to go over the document and get your feedback. Please let us

know your availability.
Thanks
Sheen
<< File: Draft Subordianted Debt Term Sheet.doc >>

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From: John Kim
To: Carlos Yep; Mike Manning
Cc: Bruno Amara; Ken Kandeepan
Subject: RE: Draft GA Sub debt term sheet - Performance Fee Recommendations
Date: Friday, June 02, 2017 2:27:34 PM

Hi Carlos, Mike,
I would appreciate a bit of a debrief on the meeting and may organize a short meeting Tuesday or so next week for a small group to that end.
I don't have an interest in terms of the benchmark, etc. per se but do have an interest looking it from the electricity sector perspective.
John

From: Ken Kandeepan
Sent: Friday, June 02, 2017 1:29 PM
To: Carlos Yep ; Mike Manning ; James Devine
Cc: Graham Monroe ; Connie Chen ; Opal Kandelas ; John Psinas ; John Kim ; Bruno Amara ; 'Montgomery, Kaitlin (MOF)'
Subject: RE: Draft GA Sub debt term sheet - Performance Fee Recommendations

Carlos, Mike and Jim
Since I will not be available for the meeting this afternoon here is my single comment.
I have concerns with the weighted average calculation of both the benchmark and actual issuance including the debt issued to the Trust by OPG funded by the 44% equity injection given that there are no market forces in play with regard both issuance and funding of this tranche, at least from an OPG perspective.
The only way in which this tranche is acceptable for performance inclusion is by OPG linking the yield on this debt to what was issued to the markets by the Trust. For example the debt from the equity injection is X bps above or below what was issued in the markets for equal tenors. Even so a linked component in the benchmark, in my opinion, adds limited value.
Thanks
Ken k

From: Carlos Yep
Sent: Wednesday, May 31, 2017 9:06 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca>
Subject: FW: Draft GA Sub debt term sheet - Performance Fee Recommendations

fyi

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, May 31, 2017 9:03 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
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Subject: Draft GA Sub debt term sheet

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Thanks

Sheen

<< File: Draft Subordianted Debt Term Sheet.doc >>

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From: James Devine
To: John Psinas
Cc: Carlos Yep; Mike Manning
Subject: RE: Draft Provincial Guarantee Deck
Date: Wednesday, August 23, 2017 11:59:54 AM

Carlos and I took a look at it and tried to bring in some of the concerns that were brought up at yesterday s meeting.

Page 3

- A court decision that declares any funding obligations of the Financing Entity to be invalid or unenforceable

I think that Steve believed this language to be too lose

We might want to mention the court challenge on the constitutionality.

- In the event the guarantee is triggered, the Province would take over the obligations of the Financing Entity including principal and interest payments on debt issued to date and any outstanding payments to service providers

The Province is still working to figure out if we are going to indemnify or guarantee which will impact how we will support the funding entity in the event of a trigger.

- The guarantee would continue until all guaranteed obligations of the Financing Entity are fully discharged

Replace discharged with “for as long as the entity has outstanding debt or other contractual obligations”

Page 5

Add a comment that the structure of the warehousing may be subject to change.

From: John Psinas
Sent: Wednesday, August 23, 2017 11:14 AM
To: Anna Strathy ; Ronald Kwan ; Mike Manning ; John Kim ; James Devine ; Carlos Yep
Cc: Ken Kandeepan ; Gadi Mayman
Subject: RE: Draft Provincial Guarantee Deck

Matt,

My suggested edits in red font, on slide 4.

Thanks.

John

From: Anna Strathy
Sent: Wednesday, August 23, 2017 10:59 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>

Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: FW: Draft Provincial Guarantee Deck

Hi All,

Attached is a briefing deck for the Minister of Energy on the FHP Provincial Guarantee. The OFA has been asked to provide review and comments by EOD today.

They're also looking for an OFA attendee for the Minister of Energy's briefing next week, so please let me know if any of you would be willing to attend.

Thanks,

Matt Breadner on behalf of Anna Strathy

From: Katona, Keley (MOF) [mailto:Keley.Katona@ontario.ca]
Sent: Wednesday, August 23, 2017 10:38 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Draft Provincial Guarantee Deck

Hi Matt,

ENERGY has asked us to prepare a product for a Minister's briefing next week on the OFHP. They wanted a specific product on the Provincial Guarantee. Given the main OFA folks working on this file are on vacation, I've prepared the attached draft deck. I was hoping you could circulate this to folks internally for review and comment. We've been asked to provide a draft deck to the DMO tomorrow. Could you please aim to provide any OFA comments by end of day today.

Also, is there someone from the OFA who could attend next week's briefing to answer questions as required? Please let me know who that might be.

Thanks in advance,

Keley

Keley Katona
Director | Investment Governance Branch
Government Business Enterprise Division | Ministry of Finance
Work: 416-325-1539 | Cell: 416-727-5696
E-mail: keley.katona@ontario.ca
7th Floor, 375 University Ave, Toronto, ON

From:	John Psinas
To:	Anna Strathy; Ronald Kwan; Mike Manning; John Kim; James Devine; Carlos Yep
Cc:	Ken Kandeepan; Gadi Mayman
Subject:	RE: Draft Provincial Guarantee Deck
Date:	Wednesday, August 23, 2017 11:13:33 AM
Attachments:	ENERGYMinister"sBriefing_OFHP_ProvincialGuarantee_v1 August 23.pptx

Matt,

My suggested edits in red font, on slide 4.

Thanks.

John

From: Anna Strathy

Sent: Wednesday, August 23, 2017 10:59 AM

To: Ronald Kwan ; Mike Manning ; John Kim ; John Psinas ; James Devine ; Carlos Yep

Cc: Ken Kandeepan ; Gadi Mayman

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Matt Breadner on behalf of Anna Strathy

From: Katona, Keley (MOF) [mailto:Keley.Katona@ontario.ca]

Sent: Wednesday, August 23, 2017 10:38 AM

To: Anna Strathy <Anna.Strathy@ofina.on.ca>

Subject: Draft Provincial Guarantee Deck

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Also, is there someone from the OFA who could attend next week's briefing to answer questions as required? Please let me know who that might be.

Thanks in advance,

Keley

Keley Katona

Director | Investment Governance Branch

Government Business Enterprise Division | Ministry of Finance

Work: 416-325-1539 | Cell: 416-727-5696

E-mail: keley.katona@ontario.ca

7th Floor, 375 University Ave, Toronto, ON

Provincial Guarantee

Briefing for Minister of Energy

DRAFT – Tuesday August 22nd, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Background

- The *Fair Hydro Act, 2017,* enables the IESO to create a regulatory asset approximately equal to the difference between collections from current ratepayers and payment obligations to generators
    - The IESO can then sell the regulatory asset and has the right to recover those deferred amounts from specified consumers in the future
    - OPG as the Financial Services Manager is authorized to establish one or more financing entities that may incur funding obligations
    - The Financing Entity will purchase the regulatory asset, effectively financing the shortfall in current rates not received from ratepayers
- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets
    - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable
- OPG has requested that the Province provide a guarantee to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would step in and assume the funding obligations of the Financing Entity

Provincial Guarantee

- Certain events that would negatively impact holders of Fair Hydro Plan debt would activate the Provincial Guarantee, including:
    - Decisions by the Legislative Assembly, i.e., repeal of the *Fair Hydro Plan Act, 2017*, or amendments or new legislation that adversely affect the Financing Entity
    - A court decision that declares any funding obligations of the Financing Entity to be invalid or unenforceable
    - Changes to the organization, structure or operations of IESO adversely impacting the Financing Entity
- In the event the guarantee is triggered, the Province would take over the obligations of the Financing Entity including principal and interest payments on debt issued to date and any outstanding payments to service providers
- The guarantee would continue until all guaranteed obligations of the Financing Entity are fully discharged
- The guarantee may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access US market as investors in that market will likely require additional compensation if the guarantee is triggered

Considerations

- If a guarantee is not provided, the Financing Entity would either be unable to raise sufficient financing from capital markets to purchase the regulatory asset from the IESO or the cost of the financing will be potentially materially greater than it otherwise would be
- If a guarantee is provided, the Province takes on a contingent liability
  - The creation of a contingent liability will not currently affect net debt.
  - The amount of the liability will increase over the duration of the Fair Hydro Plan and peak at an estimated [$24B to $26B (TBC)] of debt principal, along with associated interest payments
- In the event the guarantee is triggered, the Province's net debt mostly likely will increase by an amount equal to the contingent liability at that point in time
  - The Province's interest payments will also increase by an amount equal to the weighted average cost of the debt it has assumed under the guarantee

Events Not Covered by the Provincial Guarantee

Short Term Debt Financing Takeout Risk

- Monthly purchases by the financing entity would initially be financed using short term debt as the financing entity needs to warehouse a larger amount for efficient execution in the term debt markets
    - Short term debt providers are exposed to the risk that takeout funding is not available in term debt markets for a period of time
- If this short term debt is not repaid by the end of the short term debt facility commitment this risk would be addressed through an escalation of the pricing of such short term debt:
    - Interest rate for short term debt increases by a specified amount at the time of the event until the moratorium period ends
    - Thereafter, interest rate increases by a further specified amount for every additional 6 month interval during which the short term debt remains unpaid

Events Not Covered by Provincial Guarantee

LDC Comingling Risk

- Clean Energy Adjustment amounts will be collected from consumers by LDCs and held until remitted to the IESO / financing entity
    - For any LDC which is not rated by rating agencies which are rating the funding obligations, the agencies will require these LDCs to remit collections daily, unless a mitigation strategy is in place
- The majority of LDCs are not rated and it would be cost prohibitive to establish ratings for these entities; 10 LDCs are collectively rated by S&P, DBRS and Moody's
    - It is estimated that LDCs not rated by any agency deliver power to ~25% of the Ontario electricity market
- This risk could be addressed through providing the financing entity with a letter of credit:
    - Amount of letter of credit is approximately one to two months estimated collections from all unrated or non-investment grade LDCs
    - Letter of credit to be provided by the IESO on behalf of the LDCs
    - Cost of the letter of credit and any amounts drawn can be recovered by the IESO through the Global Adjustment
- Alternatively, this risk may be addressed by the IESO depositing funds into a reserve account for a similar amount or the IESO contractually agreeing to assume responsibility for paying the CEA amounts required to be remitted by such LDCs

Next Steps

- Finalize draft term sheet, working with OPG / OFA / MOF / Legal / Dealers
- Ministry of Finance to seek necessary approvals from TB / MBC
- [Others]

From:	Anna Strathy
To:	John Psinas; Ronald Kwan; Mike Manning; John Kim; James Devine; Carlos Yep
Subject:	RE: Draft Provincial Guarantee Deck
Date:	Wednesday, August 23, 2017 4:17:08 PM
Attachments:	ENERGYMinister"sBriefing_OFHP_ProvincialGuarantee_v1 OFA edits.pptx

Hi All,
Please let me know soon if anyone has additional comments on this deck, as I'll be providing OFA feedback EOD today.
Thanks,
Matt Breadner on behalf of Anna Strathy

From: John Psinas
Sent: Wednesday, August 23, 2017 11:14 AM
To: Anna Strathy ; Ronald Kwan ; Mike Manning ; John Kim ; James Devine ; Carlos Yep
Cc: Ken Kandeepan ; Gadi Mayman
Subject: RE: Draft Provincial Guarantee Deck
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My suggested edits in red font, on slide 4.
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DRAFT – Tuesday August 22nd, 2017

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- Ministry of Finance to seek necessary approvals from TB / MBC
- [Others]

From: Sarah Neville
To: Anna Strathy; James Devine
Cc: Carlos Yep; Mike Manning
Subject: RE: Draft Provincial Guarantee Deck for Minister of Energy Briefing
Date: Friday, August 25, 2017 11:41:03 AM

Hello – I have not been involved in this to date because the OFA is not providing the guarantee so do not have the benefit of the background or discussions on the development of these materials/the support agreement.
Based only my review of the deck and the context provided therein, my only comment on the use of guarantee vs. indemnity is that the word indemnity is only referenced on slide 3 in a recitation of the legislative authority under s.5(3) of the OFHP in which the LGIC is empowered through OIC to authorize the Ministers of Energy and Finance to jointly agree to guarantee or indemnify the investment interest and to determine the terms and conditions and maximum liability.
The rest of the deck refers only to a "guarantee" and drops the reference to indemnity. The only missing link I see is that it appears from that drafting that a decision has been made/potentially already taken to provide the Provincial support in the form of a guarantee rather than an indemnity. Has an OIC been issued to this effect under OFHP s. 5(3)? If so, it may be prudent for clarity to reference the OIC. If not, then it might be prudent to reference "guarantee or indemnity" throughout the deck consistent with the LGIC's legislative authority to order one or the other. I don't see this as a significant issue though, and would defer to MOF Legal on any changes to the deck.
Sarah

From: Anna Strathy
Sent: Friday, August 25, 2017 10:59 AM
To: James Devine ; Sarah Neville
Cc: Carlos Yep ; Mike Manning
Subject: RE: Draft Provincial Guarantee Deck for Minister of Energy Briefing
Thanks James,
Sarah, any thoughts on the use of language re: Guarantee vs. indemnity as James mentioned?
Matt

From: James Devine
Sent: Friday, August 25, 2017 10:54 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Carlos Yep <Carlos.Yep@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Draft Provincial Guarantee Deck for Minister of Energy Briefing
The revised version addresses most of my concerns and accommodates future adjustments.
OFA legal may have some comments with respect to use of the word Guarantee vs. indemnity.

From: Anna Strathy
Sent: Friday, August 25, 2017 10:36 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: FW: Draft Provincial Guarantee Deck for Minister of Energy Briefing
Hi All,

One more round of comments on the briefing deck for the Minister of Energy on the FHP Provincial Guarantee.
We're being asked if we're ok with MOF LSB edits (tracked in red). Please let me know by mid-day if there are any further comments.
Thanks,
Matt Breadner on behalf of Anna Strathy

From: Katona, Keley (MOF) [mailto:Keley.Katona@ontario.ca]
Sent: Friday, August 25, 2017 10:23 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: FW: Draft Provincial Guarantee Deck for Minister of Energy Briefing

Hi Matt,
Is OFA comfortable with the edits made by MOF LSB? I went through and was able to track them in red in the attached. It would be helpful if you could let me know by mid-day if there are any further edits / comments.
Thanks,
Keley

From: Katona, Keley (MOF)
Sent: August 25, 2017 10:21 AM
To: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: Draft Provincial Guarantee Deck for Minister of Energy Briefing

Hi Toby,
Thanks for these comments. We had provided an initial draft to ENERGY legal to review but have not received any comments. We are planning to make it clear at the briefing that this is a work in progress.
Keley

From: Whitfield, Tobias P. (MOF)
Sent: August 25, 2017 9:53 AM
To: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Cc: Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: Draft Provincial Guarantee Deck for Minister of Energy Briefing

Keley,
I have attached some comments. Because it is a powerpoint, there are no track changes.
I have some larger concerns. The current proposal in the draft term sheet is based on the proposal of OPG and the Dealers, and there are a number of issues with the new way that it is structured. I think the materials need to reflect the contingent nature and the fact that some of these points are still subject to negotiation. For instance, the recent version of the term sheet collapses the former "performance guarantee" of the Province with respect to the IESO to a change in law type of provision, which may be acceptable after some more consideration and negotiation, but is a new concept that has not been discussed between the parties. This is one of several issues that is still up for negotiation and may change significantly from the current form.
In addition, I have changed the use of "guarantee" to "support agreement" to reflect the limited and contingent nature of the Province's obligations.

I also wonder, if given that the presentation is to the Minister of Energy, that Energy legal should take a look as well.

Let me know if I can be of further assistance.

Best,

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Katona, Keley (MOF)
Sent: August 24, 2017 5:12 PM
To: Whitfield, Tobias P. (MOF)
Cc: Strathy, Anna (OFA); Hanslep, Malle (MOF)
Subject: Draft Provincial Guarantee Deck for Minister of Energy Briefing

HI Toby,

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Happy to discuss if you have any questions.

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Keley

Keley Katona
Director | Investment Governance Branch
Government Business Enterprise Division | Ministry of Finance
Work: 416-325-1539 | Cell: 416-727-5696
E-mail: keley.katona@ontario.ca
7th Floor, 375 University Ave, Toronto, ON

From:	Anna Strathy
To:	James Devine; Sarah Neville
Cc:	Carlos Yep; Mike Manning
Subject:	RE: Draft Provincial Guarantee Deck for Minister of Energy Briefing
Date:	Friday, August 25, 2017 10:59:13 AM
Attachments:	ENERGYMinister"sBriefing_OFHP_ProvincialGuarantee_v3 - MOF Legal.pptx

Thanks James,
Sarah, any thoughts on the use of language re: Guarantee vs. indemnity as James mentioned?
Matt

From: James Devine
Sent: Friday, August 25, 2017 10:54 AM
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I also wonder, if given that the presentation is to the Minister of Energy, that Energy legal should take a look as well.

Let me know if I can be of further assistance.

Best,

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Katona, Keley (MOF)
Sent: August 24, 2017 5:12 PM
To: Whitfield, Tobias P. (MOF)
Cc: Strathy, Anna (OFA); Hanslep, Malle (MOF)
Subject: Draft Provincial Guarantee Deck for Minister of Energy Briefing

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7th Floor, 375 University Ave, Toronto, ON

Provincial Support Agreement

Briefing for Minister of Energy

DRAFT – Thursday August 24th, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Background

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset to recover the balance in the variance account
    - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
    - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
    - The Financing Entity will purchase the regulatory asset, effectively financing the shortfall in current rates not received from ratepayers
- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
    - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- OPG has requested that the Province provide a support agreement that supports the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would guarantee the repayment of the funding obligations of the Financing Entity

Provisions Under the Act

- As contemplated under the Act, OPG is requesting a Provincial commitment to support the planned Financing Entity's ability to borrow to finance the deferral of global adjustment amounts in certain limited circumstances
- Under s.5(3) of the OFHP Act,
  - *The LGIC may by order,*
    - *Authorize the Minister (of Energy) and the Minister of Finance, acting together on behalf of the Province,*
      - *To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and*
      - *To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity*
    - *Specify terms and conditions that must be included in any guarantee or indemnity given by the Minister and the Minister of Finance*
    - *Specify a maximum liability for the guarantee or indemnity*

Provincial Support Agreement

- Certain events that would negatively impact holders of Fair Hydro Plan debt would activate the Provincial support, including:
  - Decisions by the Legislative Assembly, i.e., repeal of the *Ontario Fair Hydro Plan Act, 2017*, or amendments or new legislation that adversely affect the Financing Entity
  - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
  - Changes to the organization, structure or operations of IESO adversely impacting the Financing Entity
- In the event the guarantee is triggered, the Province may take over the obligations of the Financing Entity including principal and interest payments on debt issued to date and any outstanding payments to service providers
  - The Province could potentially service the debt and service providers rather than replace the debt with Provincial debt and could replace OPG as the financial services manager
- The support agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access US market as investors in that market will likely require additional compensation if the guarantee is triggered
- Additional details, including terms and conditions to be specified by the LGIC in an Order-In-Council (OIC), or by the Ministers, need to be settled on, as the approvals process proceeds

Considerations

- If a support agreement is not provided, the Financing Entity would either be unable to raise sufficient financing from capital markets to purchase the regulatory asset from the IESO or the cost of the financing will be potentially materially greater than it otherwise would be
- OPCD will need to review the details of the proposed Provincial support agreement for any accounting implications
    - E.g., an unlimited Provincial guarantee would cause the debt to be treated as Provincial debt
- If a support agreement is provided, the Province takes on a contingent liability
    - The creation of a contingent liability will not currently affect net debt
    - The amount of the liability will increase over the duration of the Fair Hydro Plan
        - The most recent estimate for total debt to be financed by a financing entity would be in the range of $11 billion (assuming a 5% interest rate)
- In the event the support agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
    - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the support agreement

Next Steps

- Continue to work through outstanding issues related to the provincial support agreement
- Negotiate draft term sheet, working with OPG / OFA / MOF / Legal / Dealers
- Ministry of Finance to seek necessary approvals from TB / MBC
- Seek LRC / Cabinet approval for OIC
    - The term sheet would inform a proposed OIC
        - Whether to include a maximum liability amount would need to be considered in developing the TB submission and the request for the OIC
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From:	John Psinas
To:	Anna Strathy; Ronald Kwan; Mike Manning; John Kim; James Devine; Carlos Yep
Cc:	Ken Kandeepan; Gadi Mayman
Subject:	RE: Draft Provincial Guarantee Deck for Minister of Energy Briefing
Date:	Friday, August 25, 2017 11:44:20 AM
Attachments:	ENERGYMinister"sBriefing_OFHP_ProvincialGuarantee_v3 - August 25.pptx

Matt,

I spoke with Ken, and we have two small edits in blue font on slides 4 and 5.

Thanks.

John

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From:	Ken Kandeepan
To:	Gadi Mayman; Mike Manning
Cc:	Ronald Kwan; Anna Strathy
Subject:	RE: Drafts of accounting memos
Date:	Sunday, May 07, 2017 11:31:44 AM
Attachments:	Fw Drafts of accounting memos.msg

Hi Gadi

As requested, pls see attached, the E&Y draft opinion is also included but I wouldn't spend too much time on it since it simply affirms that the Trust can indeed be consolidated with OPG and points out potential IFRS issues.

Thanks

Ken K

From: Gadi Mayman
Sent: Sunday, May 07, 2017 11:25 AM
To: Ken Kandeepan ; Mike Manning
Cc: Ronald Kwan ; Anna Strathy
Subject: Re: Drafts of accounting memos

Thanks, Ken. Could you forward the OPG paper. As you've suggested, I'm particularly interested in how much they plan to reward themselves as performance fees. The first year is a bit of an easy one for them, as Energy, and I agree with this, has set the model based on 5% interest rates, and we know that they will borrow at rates far below that at the beginning, firstly because of where rates currently are, and, secondly, because they will be borrowing in terms far shorter than 30-years.

As for your comments on the ministry having approval rights, or a veto, on the financing plan, while that entirely makes sense in the world that I live in, I don't think, and I'll defer to you and Cindy on this, it works on the accounting/consolidation side.

Thanks again,

Gadi

From: Ken Kandeepan
Sent: Sunday, May 7, 2017 10:54:18 AM
To: Gadi Mayman; Mike Manning
Cc: Ronald Kwan; Anna Strathy
Subject: FW: Drafts of accounting memos

Hi Gadi and Mike

As mentioned on Friday, pls see my comments on the OPG paper on Accounting Considerations. You may find my comments on the performance fee structure proposed by OPG of particular interest.

Thanks

Ken K

From: Ken Kandeepan
Sent: Sunday, May 07, 2017 10:51 AM
To: 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>
Subject: RE: Drafts of accounting memos

Hi Cindy

Thanks for forwarding these, I have a few comments as follows.
Happy to discuss.
Thanks
Ken K
General Comments - OPG Accounting Considerations
The paper is very OPG centric with little or no acknowledgement of the role of the other participants in the Fair Hydro Plan. It appears that OPG intends to change a performance fee and management fee as the Financial Service manager. While the latter is reasonable since the Trust will most likely leverage existing OPG resources for front and back office functions, a performance fee will only add to the value of the regulatory asset to be repaid by future ratepayers.
The performance fee appears to be based on OPG beating a pre-set benchmark cost of borrowing for the Trust. I am not sure that ratepayers should be on the hook for this, if OPG beats the benchmark the benefits should be passed on to the ratepayers not retained by the company. The reward for performance exceeding the benchmark should be limited to the compensation of OPG/Trust trading floor staff and be part of the overall management fee OPG charges for managing the Trust. The role of the Financial Services Manager should not be conflated by OPG with managing a mutual or hedge fund where gains from beating a benchmark accrue to the managing entity. Plus this also raises the question of who sets the benchmark.
The overall concept should be of fiscal neutrality, where the Trust capitalizes the actual interest incurred annually plus a reasonable administration fee paid to OPG. This will ensure that future ratepayers are not overly burdened.
Specific Comments

- Page 1 second bullet; as mentioned above rewards for performance should be limited to compensation for trading floor staff, not a performance fee for OPG, adopting the former will result in a substantially lower impact to ratepayers when compared to the latter.
- Page 2 last bullet: If the role of Financial Service Manager is taken away from OPG and given to another entity wouldn't it make sense for that entity to take on the debt incurred to date as long as that is practically feasible. It's not particularly efficient for two separate entities to be managing debt incurred for the same purpose and the ratepayers to be saddled with two sets of management fees.
- Last item on page 2, Purpose and Design of the Trust: the purpose of the Trust is not to allow OPG to earn a fee, rather to exist as a vehicle to smooth the GA costs between current and future ratepayers. OPG's fees should be limited a to a reasonable management fee and the interest fee accruing from the debt issued to the Trust funded by the 44% equity injection.
- Page 3, Financing Plan, 2nd and 3rd bullets: the ministry should have some approval authority over the Financing Plan and giving OPG the ability to unilaterally amend the plan is problematic.
- Page 3 last bullet: OPG having the power to reject purchasing the investment asset places the entire Fair Hydro Plan in jeopardy, including the possibility of a large regulatory asset being included in IESO's financial statements and by extension in the Province's PA.
- Page 4, the analysis under "Assessment": fees and Financing Plan, pls see comments above.
- Page 5, 1st bullet Fees: already covered in previous comments
- Page 5, 2nd bullet: OPG should recognize that the only 5% of its own debt is at risk, the balance 44% being funded via the equity injection the risk resides with Province since there is

expectation on the part of the latter that the equity injection will also be repaid in proportion to the repayment of the debt the Trust owes to the markets.

- Page 5, 3rd bullet: wouldn't direct funding from the Province to OPG, impact the sanctity of the GBE model? In the event of a market disruption, a better approach maybe for IESO to continue accumulating the regulatory asset, however, there are accounting implications re including said asset in the Province's PA upon consolidation.
- Page 6, last two items relating to "Assessment": I am a little confused regarding OPG's exposure to variable returns, assuming the model includes a tru-up mechanism that allows the Trust to recover any variation from the pre-determined benchmark borrowing rate, the risk arising from a variance is entirely borne by the ratepayers.
- Page 9, item 4: As mentioned previously the Province should have some authority over the Financing Plan including the ability to veto provisions and/or amendments.
- Page 9, item 6: equity injection is from the Province not OEFC.
- Page 10, item 8 (b) and (c): benchmark vs. actual previously discussed.

-----Original Message-----
From: Veinot, Cindy (TBS) [mailto:Cindy.Veinot@ontario.ca]
Sent: Thursday, May 04, 2017 3:02 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: Fw: Drafts of accounting memos
Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: MAUTI John -FIN & C CTRL <john.mauti@opg.com>
Sent: Tuesday, May 2, 2017 6:38 PM
To: Veinot, Cindy (TBS)
Subject: FW: Drafts of accounting memos
Hi Cindy,
Attached is OPG's accounting memo and a draft of the EY letter.
FYI
Thanks
John G. Mauti
Chief Controller & Accounting Officer
OPG Inc.
(416) 592-4046

From: MAUTI John -FIN & C CTRL
Sent: Tuesday, May 02, 2017 5:00 PM
To: 'steen.hume@ontario.ca'
Cc: HARTWICK Ken -FINANCE; MAUTI John -FIN & C CTRL; JORDA Jenny -FIN & C CTRL
Subject: Drafts of accounting memos
Attached is a current draft of the OPG accounting memo and then EYs letter (again in draft) Minor changes may be made in the interim.
Draft OPG accounting memo
Draft of EY opinion letter
Thanks
John G. Mauti

Chief Controller & Accounting Officer
OPG Inc.
(416) 592-4046

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From: Veinot, Cindy (TBS) [Cindy.Veinot@ontario.ca]
To: Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]
Subject: Fw: Drafts of accounting memos
Date: Thursday, May 04, 2017 15:01:34
Attachment 1: GA Consolidated Memo_May 2_FINAL.docx
Attachment 2: OPG - Letter on Fair Hydro Act May 2 clean.docx

---

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Draft OPG accounting memo

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May 2, 2017

OPG ACCOUNTING CONSIDERATIONS OF ONTARIO FAIR HYDRO PLAN

Purpose:

The purpose of this document is to summarize the preliminary views of Ontario Power Generation (OPG) on the ability for OPG to consolidate the Financing Entity Trust associated with the Ontario Fair Hydro Plan.

This memo is assessed against the Legislation proposal 'Ontario Fair Hydro Plan Act, 2017, if enacted V6' sent by Carolyn Calwell on May 1, 2017. Note that this assessment is preliminary pending the finalization of the Legislation, the Trust indentures, Regulations, financing structure and other detailed terms, and all related documentary evidence. This assessment will be updated once final documentation is available.

Background:

On March 2, 2017, the Province of Ontario (the Province) announced Ontario's Fair Hydro Plan (the Plan) aimed at reducing electricity bills by 25 percent on average for all residential consumers in the province. As part of the Plan, the Province has proposed financing a portion of the Global Adjustment costs over a longer time period for Regulated Price Plan eligible customers (e.g., residential, farm, small businesses).

On April 13th, the Province requested that OPG consider administering the financing associated with the Plan, because of OPG's participation in the market, regulatory knowledge and the potential ability to consolidate the related financing activities. To undertake this financing, OPG will establish a Financing Entity Trust (the Trust) to finance and administer the Global Adjustment costs through a mixture of external financing and an equity injection from the Ontario Financing Authority. It is expected that OPG will control the Trust for accounting purposes and that its financial position and results will be consolidated within OPG's consolidated financial statements.

Assumptions made to perform accounting analysis which are not yet addressed in Legislation – it is expected that these matters will be addressed in Regulations, Trust documents, and various other agreements:

- The Regulation must require interest, carrying and administrative costs to be paid to the Trust in cash on a monthly basis, so that the Trust is able to recognize appropriate revenue to offset any ongoing costs.
- The Regulations, Trust documents and various agreements will provide that OPG will have significant variability and exposure from the activities of the Trust relative to the rate of return that OPG would recognize from its role as the Financial Services Manager of the Trust. The performance fee will be meaningful and allow OPG to make decisions that will significantly impact its returns.
- The Minister of Energy will have the ability to replace the Financial Services Manger (OPG) if there is a failure to perform. There will be a bifurcation of roles where the Province could not remove OPG as manager/administrator with respect to the existing debt placed by the Trust, but could remove OPG's responsibility/right to prepare the Financing Plan going forward. The ability for the Minister of Energy to remove OPG as the Financial Services Manager should not impact the recoverability of existing intangible assets.

- The calculation of the Fair Allocation Amount will be performed by the Minister of Energy.
- OPG has the ability to appoint and remove the Trustee (or Board of Trustees) and there are no veto rights by the Province. No party has the ability to remove OPG from its role and authority in the Trust.
- Neither the OEB nor any other party can discretionally reduce the management fee or performance fee except due to a calculation error.
- The margin on the interest rates associated with Tranche B and Tranche C which will be recovered from the ratepayers will be reflective of the risk profile of the debt and the associated market terms.
- The indemnification provided to the Trust by the Minister of Finance on behalf of the Province as described in *Part I – General - Section 5.3 Guarantee, indemnification Protection and assurances* will be subject to terms and conditions in a separate Provincial support agreement. The guarantee is expected to be in place only in the event of a Payment Guarantee Event, such as if the Legislative Assembly of Ontario repeals the Fair Hydro Act or amends the Act in a way that adversely impacts the ability of the Trust to fully recover an intangible asset in order to pay the obligations of the Trust.
- The approval by the Ontario Energy Board of the Financial Services Manager (i.e. OPG's) fees as described in *Part IV – Implementation - Section 14.4 Same, Board Approval* will not allow them to change or limit the management fee structure, but only ensure that it is prudent by ensuring it is calculated in accordance with the Regulations.
- In the event that a different Financial Services Manager is appointed by the Minister of Energy, the IESO is required to continue to make cash payments for interest to the Trust for the existing debt. Principal repayments on existing debt will continue to be repaid by ratepayers to the Trust in accordance with the terms of the issued debt.
- All other items as indicated in *Appendix A.*

Accounting Analysis:

In order to meet the accounting definition of 'control', accounting guidance must be considered. There are no bright lines to determine whether OPG has exposure, or rights, to variable returns from its involvement with the Trust, or whether it has the ability to affect the returns of the Trust through its power over the Trust. Rather, all facts and circumstances are considered when assessing whether an entity has control over another entity.

In order to consolidate the Trust, OPG must be able to demonstrate that it controls the Trust.

Control

An investor controls an investee if and only if the investor has all the following:

a) *power over the investee;*
b) *exposure, or rights, to variable returns from its involvement with the investee; and*
c) *the ability to use its power over the investee to affect the amount of the investor's returns.* [IFRS 10, paragraph 7]

Purpose and design of the investee
When assessing control of an investee, an investor shall consider the purpose and design of the investee in order to identify the relevant activities, how decisions about the relevant activities are made, who has the current ability to direct those activities and who receives returns from those activities. [IFRS 10, paragraph B5]

Criteria	Analysis
Purpose and design of the Trust	The purpose of the Trust is to allow OPG to earn a return on the Intangible Asset from the IESO by effectively managing financing to earn a spread, earn management fees, and earn interest fees.

Purpose and design of the investee *When assessing control of an investee, an investor shall consider the purpose and design of the investee in order to identify the relevant activities, how decisions about the relevant activities are made, who has the current ability to direct those activities and who receives returns from those activities.* [IFRS 10, paragraph B5]	
Relevant activities of the Trust and how decisions are made about those activities	Relevant activities: The relevant activities of the Trust are: • To evaluate and make decisions on financing alternatives, duration, and the strategy to minimize financing costs. • To effectively manage funding obtained through the capital markets and be able to make or lose any spread from financing • To provide funding to the IESO in return for an interest in a future cash flow stream • To obtain funding through the capital markets and other vehicles available to OPG to be able to provide the IESO funding. • To make capital and funding decisions required to meet the Fair Allocation Plan objectives as set out in Legislation • To finance the requirements associated with the short-fall amount • To raise debt, pay bond debt holders, and determine capacity for the Trust to raise additional financing Financing Plan (Legislation: Part IV – Implementation) • OPG's plan for managing the assets of the Trust will be dictated through a 'Financing Plan'. • The Financial Services Manager (i.e. the Trust) shall provide the Financing Plan to the Minister. The Financing Plan is expected to follow Principles as stipulated in the Legislation which indicate that the assumptions must be reasonable and that the Trust has the power to determine what is reasonable and cost-effective. The Trust makes all the decisions in determining the relevant activities as listed above. • OPG can amend the Financing Plan at any time without the approval of the Minister. Fair Allocation Amount (Legislation: Part IV – Implementation) • The 'Fair Allocation Amount' ("FAA") is the amount of the deferral for the reference period and includes finance amounts. The current Legislation dictates that the Minister of Energy is to calculate the FAA. • This does not impact OPG's relevant activities in the Trust as OPG's variable returns are based on financing decisions which are not dictated by the FAA. OPG can choose to accept or reject the purchase of the intangible asset which is based on the Fair Allocation Amount.

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Purpose and design of the investee *When assessing control of an investee, an investor shall consider the purpose and design of the investee in order to identify the relevant activities, how decisions about the relevant activities are made, who has the current ability to direct those activities and who receives returns from those activities.* [IFRS 10, paragraph B5]	
	<u>Decisions made and voting rights of the Trust:</u> OPG has the ability to appoint and remove the Trustee (and if applicable Board of Trustees) and there are no veto rights by the Province. No party has the ability to remove OPG from its role and authority in the Trust. **[NOT YET ADDRESSED IN CURRENT LEGISLATION]** *Voting of members:* Except as otherwise stated, all decisions of the members (if applicable) shall be made by the Trustee who will be appointed by OPG. <u>Termination Rights</u> OPG cannot be removed from its role in the Trust. The Province has the right to remove OPG as the 'Financial Services Manager' for failure to perform. This will not impact debt that has already been issued for which OPG is already managing through the Trust or the recoverability of existing intangible assets. It the right is exercised, it serves to reduce or eliminate the scope of new business activities of the Trust but it does not affect OPG's ability to control the Trust. Should a new Financial Services Manager be appointed, a separate assessment would be made as to which party if any would control it.
Assessment	The purpose of the Trust is to allow OPG to earn a return on the Intangible Asset from the IESO by effectively managing financing to earn a spread, earn management fees, and earn interest fees. For the reasons noted above, OPG has control over the decisions to be made about the relevant activities.

Power over the investee	
Criteria	**Analysis**
Identify whether OPG's rights give it the current ability to direct the relevant activities of the Trust (Substantive rights)	See above for relevant activities of the Trust.
Assessment	OPG has the ability to direct the relevant activities of the Trust. OPG can amend the Financing Plan at any time, without approval from the Minister. Further, if the Minister of Energy chooses not to continue with OPG's current Financing Plan, OPG can withdraw its Financing Plan, without impacting the existing debt and related intangible assets that is already in the Trust. The Province would just appoint a new party to participate in future securitizations and OPG would continue to manage the debt that already exists in the Trust. If future financing transactions are with a different SPV, a separate consolidation analysis would be prepared at that time as to which party if any would consolidate the SPV.

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Exposure or rights to variable returns	
Criteria	**Analysis**
Dividends, other distributions of economic benefits from an investee and changes in the value of the investor's investment in that investee [IFRS 10, paragraph B57(a)]	Revenue, which includes fixed and variable fees, earned from the Trust will be distributed to OPG.
Remuneration for servicing an investee's assets or liabilities, fees and exposure to loss from providing credit or liquidity support, residual interests in the investee's assets and liabilities on liquidation of that investee, tax benefits, and access to future liquidity that an investor has from its involvement with an investee [IFRS 10, paragraph B57(b)]	**[NOT YET ADDRESSED IN CURRENT LEGISLATION]** OPG has exposure and rights to variable returns from the Trust in the form of the following: • The Regulations, Trust documents and various agreements will provide that OPG will have significant variability and exposure from the activities of the Trust relative to the rate of return that OPG would recognize from its role as the Financial Services Manager of the Trust. The performance fee will be meaningful and allow OPG to make decisions that will significantly impact its returns. • OPG, through ownership of the most subordinated debt, is exposed to risk of non-collection. Given that the program is expected to run until 2047, this 30 year time period results in uncertainty about the future collection of OPG's amount at risk. OPG and the OFA (5% out of 44% contribution) would be the last parties to get paid in the event that the program stops running due to a change in Government, if electricity demand is not high enough to allow for collection from ratepayers in a timely manner, etc. The end date of 2047 that is prescribed in the Legislation results in uncertainty toward whether this program will continue and whether OPG will have collected its amount at risk at that time. • In the event that there is a market disruption whereby OPG is not able to obtain debt from the financial markets (e.g. due to a recession), the Province will provide funding in the event that OPG wishes to continue purchasing intangible assets from the IESO. This is considered to be a protective right as it does not impact the relevant activities of the Trust, but is designed to protect both parties and does not give either party more or less power over the Trust. It is designed to allow OPG to keep purchasing intangible assets if it wishes to. • Protective rights are typically held to prohibit fundamental changes in the activities of an investee that the holder does not agree with and usually apply only in exceptional circumstances (i.e., upon a contingent event). This is true for this right as it is only applicable if there is a market disruption and the Trust is not able to obtain financing from external markets. Further, the fundamental activities of the Trust would change if it were not able to obtain financing from external markets.

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Exposure or rights to variable returns	
Returns that are not available to other interest holders. For example, an investor might use its assets in combination with the assets of the investee, such as combining operating functions to achieve economies of scale, cost savings, sourcing scarce products, gaining access to proprietary knowledge or limiting some operations or assets, to enhance the value of the investor's other assets [IFRS 10, paragraph B57 (c)]	• OPG will have synergistic benefits from combining operating functions with the Trust given its extensive knowledge on the market and current regulatory knowledge.
Assessment	To determine which party is the most 'at risk' in the event that the loans default, expected loss rates were obtained from Moody's and DBRS. Using the *Moody's Investors Service – Loss Given Default for Speculative Grade Companies* dated December 4, 2015, the 4-year Idealized Expected Loss ranges from 0.00% for a triple A rated bond to 0.30% for an A3 rated bond. DBRS Expected Loss Ratings give an indication of the expected loss of a loan portfolio. As per a November 2016 publication, the 10-year expected loss rates range from 0.1% for a AAA rated bond to 1.7% for an A (low) rated bond. Given that OPG's subordinated debt is equal to 5% of the total debt, which is higher than the default rates above, 100% of the risk is with both OPG and the OFA since they are the last parties to get paid should there be any default with the debt. OPG is also exposed to variable returns from the Trust from its performance on decisions made on financing alternatives, duration, and the strategy to minimize financing costs through the variable fee component of the management fee. Therefore, OPG has the exposure to variable returns from the Trust.

Ability to use power to affect returns	
Criteria	**Analysis**
Ability of investor to use its power to affect the investor's returns from its involvement with the investee	OPG needs to have both power over the Trust (i.e. as a Principal, not an agent), exposure or rights to the variable returns from the Trust, and the ability to use its power to affect OPG's returns from its involvement with the Trust OPG has the ability to use its power over the relevant activities of the

Ability to use power to affect returns	
	Trust to affect its returns from its involvement with the Trust through the variable fee component. Further, the Trust's ability to use its power to affect returns is in a manner that is consistent with being a principal. See *Appendix B* for Principal-Agent analysis.
Assessment	OPG has the ability to use its power to affect returns of the Trust.

Conclusion:

Based on the current **[May 1, 2017]** draft of the legislation, the conditions to ensure the ability of OPG to consolidate the operations of the Trust have not fully been reflected. As noted in Appendix A, several conditions must be evident in the Regulations, Trust documents, and various other agreements which are not yet drafted and therefore not yet available for our review and assessment. In OPG's assessment, while no current clause of the Legislation would hamper the ability to effect a consolidation within OPG Inc.'s financial statements, there are several key conditions for consolidation that are currently not present within the Legislation. On the assumption that future Regulations, Trust documents and various other agreements fully capture these operating conditions, and that no new conditions that would conflict with OPG's control of the trust are introduced, OPG believes that consolidation of the Trust is supportable.

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APPENDIX A:

Terms necessary for OPG to consolidate the Global Adjustment Trust

Note that these are assessed against the Legislation proposal 'Ontario Fair Hydro Plan Act, 2017, if enacted V6' sent by Carolyn Calwell on May 1, 2017. These are subject to change as subsequent drafts of the Legislation are issued.

Legend:

✓ **- Addressed by the Legislation drafted May 1, 2017**

RT – Not addressed by Legislation and must be addressed in Regulations, Trust Documentation or various other agreements

Ω - Will not be addressed in Legislation/Regulations or Trust but is the intended plan

Issue	No.	Requirements
Directive	1 ✓	The Trust must be undertaken by OPG as a business initiative on its merits. A Shareholder Directive is to be limited to direct OPG to investigate the option of establishing a Trust vehicle to administer, finance and operate the Global Adjustment plan and the operation of that Trust and the control, risk and rewards of that Trust will determine its consolidation into OPG as a business enterprise. ***MET - The Province will not direct OPG to participate in the Fair Hydro Plan. A letter was issued from the Minister of Energy to OPG on April 13th requesting OPG's involvement in the implementation of the Fair Hydro Plan. OPG's Board Chair responded to the Minister on April 18th committing OPG to work with the IESO and OEB to develop a plan. OPG will have the option to prepare, implement and amend a financing plan (in accordance with principles set out in legislation) and propose the adoption of such plan as the 'Financing Plan'. OPG will have the right to withdraw its financing plan at any time.***
Trust	2 **RT**	The Trust should not operate in a predetermined way such that OPG does not have decision-making authority over the Trust's ongoing activities after its formation (i.e. should not operate on 'autopilot'). ***OPG will be the sole unit holder of the Trust. All decisions over the relevant activities of the Trust (as described above) will be made by OPG.***
	3 **RT**	OPG must have the ability to appoint and remove the Trustee (or Board of Trustees), with no veto right by the Province. No party shall have the ability to remove OPG from its role and authority in the Trust. ***OPG will be the sole unit holder of the Trust. The Province will be involved in the Board of Trustees, but OPG is expected to have the majority vote.***

<table>
<tr><th>Issue</th><th>No.</th><th>Requirements</th></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td></td><td>4
RT</td><td>The Province cannot have the right to veto OPG's decisions about the relevant activities of the Trust. OPG must have the power over the relevant activities of the Trust and be compensated. The relevant activities of the Trust include (but are not limited to) the evaluation and decisions on financing alternatives, duration, and the strategy to minimize financing costs. OPG must have the power to establish operating and capital budgets of the Trust.

OPG will have the ability to make decisions about the financing alternatives, duration, and the strategy to minimize financing costs. OPG will have the power to establish operating and capital budgets of the Trust with no veto right by the Province.</td></tr>
<tr><td></td><td>5
RT</td><td>OPG must have the power to determine or change operating and financing policies of the Trust, which will affect the variability of risks and returns.

The Regulations, Trust documents and various agreements will provide that OPG will have significant variability and exposure from the activities of the Trust relative to the rate of return that OPG would recognize from its role as the Financial Services Manager of the Trust. The performance fee will be meaningful and allow OPG to make decisions that will significantly impact its returns.</td></tr>
<tr><td></td><td>6
Ω</td><td>The Province or its agencies must not directly or indirectly fund (through debt or equity) more than 50% of the following:
a. The Trust
b. The most subordinated debt of the Trust

See below for financing structure.

<table>
<tr><th></th><th>Risk Profile</th><th>Source</th><th>% of Total Fundin Requirement</th></tr>
<tr><td>Tranche A Senior Debt</td><td>the least risky</td><td>Capital Markets</td><td>51%</td></tr>
<tr><td>Tranche B Sub Debt</td><td>In between A&C</td><td>OPG via OEFC</td><td>39%</td></tr>
<tr><td>Tranche C Sub Debt</td><td>the most risky</td><td>OPG via OEFC</td><td>5%</td></tr>
<tr><td></td><td></td><td>OPG via Capital Markets</td><td>5%</td></tr>
</table>
</td></tr>
<tr><td></td><td>7
Ω</td><td>OPG must own at least 50% of the most subordinated debt and must be no less than 5% of the debt of the Trust. Such ownership must be financed entirely by OPG through operating cash flows or external debt, without assistance from Provincial sources.

See chart in Point 6 above.</td></tr>
</table>

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Issue	No.	Requirements
	8 **RT**	OPG must have the ability to earn variable returns by exercising its authority, which shall be accomplished as follows: a. The cash flow from the restructured asset shall include interest determined based on a relevant benchmark that is appropriate relative to the restructured asset, plus an appropriate margin consistent with the relevant market and other risks ***The cash flow from the restructured asset will include interest income that is equal to the interest expense (i.e. interest expense is passed back to the ratepayers). The Trust will also receive a margin as discussed in the 'Exposure or rights to variable returns' section above.***
	✓	b. OPG shall have the authority to determine the financing strategy, which will vary the financing costs with the objective of enabling the Trust to achieve a more favourable return compared to the benchmark for interest on the restructured asset ***OPG will determine the financing strategy through the proposal of its 'Financing Plan'. The 'Financing Plan' will only be required to follow general Parameters and Principles as set forth in the Legislation but funding decisions will be made entirely by OPG. The Trust will also receive a margin as discussed in the 'Exposure or rights to variable returns' section above.***
	Ω	c. The Trust shall establish classes of liabilities (senior, subordinated and the most subordinated). The classes would allow the Trust to delineate financing of lower risk investment and investment that would bear higher residual risk. The delineation would limit OPG's self-funded investment to a reasonable level in order to allow OPG to remain a self-sustaining entity. ***OPG's portion of the most subordinated debt will be limited to a reasonable level. If it is determined that OPG's portion is not at a reasonable level, OPG has the option to withdraw its Financing Plan.***
	RT	c. OPG shall, through its ownership of the most subordinated liability, be able to capture and retain the pricing difference between cost of financing and benchmark for interest on the restructured asset, or any residual risk of restructured asset. The targeted return of the subordinated liability should be reflective of the underlying risks and compensate holders for active management that would be required.

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Issue	No.	Requirements
		OPG will be able to capture the pricing difference between cost of financing and benchmark for interest through the performance fee which is described in point 5) above and the 'Exposure or rights to variable returns' section above.
	Ω	d. OPG should participate in the detailed design of the above and the Trust documentation to ensure that it has substantive power and variability, which will allow OPG's Board of Directors to evaluate the opportunity as a business initiative instead of through a shareholder directive. ***OPG will be involved in the Trust documentation.***
	RT	Defined Forced Majeure for emergency events (e.g. unlikely credit market event or disruption where it is not possible to borrow from the market at a reasonable rate), OFA may provide bridge financing beyond the designated percentage for a defined period. ***This will be structured through a separate indemnification agreement. This is not expected to impact consolidation of the Trust because this is seen as a protective right which is only in affect when a contingency arises and not as a result of the relevant activities of the Trust.***
Legislation	9 ✓	The Legislation must require interest, carrying and administrative costs to be paid to the Trust on a monthly basis, so that the Trust is able to recognize appropriate revenue to offset any ongoing costs. ***Under Part III – Clean Energy Adjustment – Section 8.3 Terms, of the Legislation, the expectation is that the Legislation will allow for interest payments to be paid to the Trust on a monthly basis in cash. The Trust will not accrue interest to the current intangible asset balances but this interest amount could form part of future intangible assets that are purchased from the IESO.***
	10 **RT**	The Legislation must dictate the manner in which the restructured asset would be determined, collected, and the period of collection, so that the determination of the restructured asset will not be subject to the Province's decisions on an ongoing basis, but determined based on a formula. Alternatively, the Legislation may allow for an adjustment to the pre-determined deferral formula based on specific parameters that would limit the adjustment to the restructured asset. Adjustments beyond the specific parameters would require approval by the Board of Trustee. **The Regulations are expected to dictate the 'Fair Allocation Plan' which will be based on high level Principles and Parameters of the Plan, including the attribution methodology. The Legislation or Regulation determines the following principles:** • **25% Reduction (June 1, 2017) where the average bill will**

Issue	No.	Requirements
		reduce by 25% including of HST and social programs noted above • **Inflation Period (November 2017 – April 2022) where bill increases are capped at inflation** • **Straight-line Increase Period (May 2022 – April 2027) where bills increased at a straight-line rate (i.e., 8% per year) which is set so that borrowing will not exceed the Trust's capacity.** • **Amortization Period (May 2027 – April 2047) where debt built up over the previous periods is repaid by ratepayers.** **OPG will determine the manner in which the intangible asset, once purchased from the IESO will be collected and the period of collection.** **The recoverability of the existing intangible assets cannot be impacted by the Province.** **Although the Province may determine the Principles and Parameters around the 'Fair Allocation Plan', it does not impact the activities of the Trust once OPG has purchased the intangible asset.**
	11 **RT**	The Legislation must be written to avoid legal or constitutional challenges and be irrevocable to reduce the cost of borrowing and with a specific formula which determines the deferral amount. **See above.**
	12 **RT**	The spirit of the above terms should be reflected in the Trust Indenture Agreement as well as Legislation, wherever possible. ***Trust Indenture and Regulations still outstanding.***

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APPENDIX B:

Link between power and returns: principal-agency situations

The third criterion for having control is that the investor must have the ability to use its power over the investee to affect the amount of the investor's returns. When decision-making rights have been delegated or are being held for the benefit of others, it is necessary to assess whether the decision-maker is a principal or an agent to determine whether it has control. This is because if the decision-maker has been delegated rights that give it power, the decision-maker must assess whether those rights give it power for its own benefit, or merely power for the benefit of others. As an agent cannot have control over the investee, it does not consolidate the investee. A principal may have control over the investee, and if so, would consolidate the investee.

A decision maker shall consider the overall relationship between itself, the investee being managed and other parties involved with the investee, in particular all the factors below, in determining whether it is an agent:

a) the scope of its decision-making authority over the investee

   As discussed above, OPG has decision-making authority over the Trust and its relevant activities. The Province has no right to determine what sort of funding decisions OPG should make to fund the intangible assets that they will purchase and OPG can choose not to purchase future intangible asset purchases.
   Terms and Conditions to support this point: 1, 2, 3, 4, 5

b) the rights held by other parties (paragraphs B64–B67).

   There are no substantive removal rights held by the Province for debt that already exists in the Trust.

   Terms and Conditions to support this point: 3, 4, 5

c) the remuneration to which it is entitled in accordance with the remuneration agreement(s) (paragraphs B68–B70).

   See section on 'Exposure or rights to variable returns' above.

   Terms and Conditions to support this point: 6, 7, 8, 9

d) the decision maker's exposure to variability of returns from other interests that it holds in the investee (paragraphs B71 and B72).

   See section on 'Exposure or rights to variable returns' above.

   OPG will receive a 44% equity injection from the Province of Ontario, indirectly through the Ontario Financing Authority. Given that currently, the majority (currently 51%) of the Trust debt will be from External Markets and not the Province, it can be argued that OPG did not receive the majority of its interest in the investee as a contribution or loan from the Province. This shows that OPG is a principal, not a de-facto agent.

   Terms and Conditions to support this point: 6, 7, 8, 9

Conclusion: OPG is not an agent for the Province as the arrangement does not provide for the Province to directly absorb any variability associated with the structure. If the Province decides to intervene at a later date due to evolving market conditions, an assessment would be made at that future date.

Analysis on whether OPG is an agent for ratepayers

OPG is not an agent for the ratepayers because OPG has substantive exposure to risk of loss of its own funds. The ratepayers do not have any of their own funds in any of the subordinated tranches and further, no decision making authority is delegated to the ratepayers relating to the relevant activities of the Trust.

Analysis on whether OPG is an agent for the IESO

OPG is not an agent of the IESO because the IESO faces no continuing risk of loss after sale of the intangible asset to OPG.

DRAFT

Ernst & Young
222 Bay Street
P.O. Box 251
Toronto ON
M5K 1J7

Tel: +1 416 943 2615
Fax: +1 416 943 3767
ey.com

The Special Committee of the Board of Directors
Ontario Power Generation Inc. (the "Company")
700 University Avenue
Toronto, ON M5G 1X6

May 2 2017

Dear Sirs/Madames:

This letter is being issued to the Special Committee to assist them in their evaluation of management's analysis of the application of International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board ("IASB")) to the specific transaction described in the Company's memorandum entitled *OPG Accounting Considerations of Ontario Fair Hydro* dated May 2 2017, herein referred to as "the Management Memorandum". We are issuing this letter in our role as auditors of the Company for the year ending December 31, 2017. As the Province consolidates OPG on an IFRS basis, this letter pertains solely to management's IFRS analysis as contained in the Management Memorandum.

We have read the Management Memorandum and we agree with management's analysis therein, subject to all of the assumptions and limitations identified therein. Specifically, we concur that the existing legislation, along with the yet undrafted Regulation and special purpose vehicle (TRUST) documents, and various other agreements assuming they include the required criteria that Management has identified as outstanding in its Appendix A, would be sufficient to support consolidation of the TRUST with OPG Inc.

Additionally, we specifically refer you to the section entitled "Conclusion" in the Management Memorandum, which indicates that their analysis is based on draft legislation as well as their assumptions regarding the terms and conditions of certain contractual arrangements and other documentary evidence that is not yet drafted. Therefore, the Management Memorandum will be required to be updated to reflect the final contents of the legislation and other relevant contractual arrangements and documentary evidence. We will review the updated Management Memorandum once it is available, and update you on our viewpoints once our review of such updated Management Memorandum is completed.

The scope of this letter and any views expressed herein are limited to the transactions, facts, circumstances and assumptions provided to us by management or the Company as described in the Management Memorandum. If such facts, circumstances or assumptions differ, our conclusions may change.

We have not performed an audit or a review of the Management Memorandum. Additionally, we have not performed an audit as of any date or for any period subsequent to December 31, 2016.

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The ultimate responsibility for the proper accounting treatment under IFRS and US GAAP rests with the Company.

We have not been asked for, nor do we express, an opinion on the tax consequences of the transactions described herein.

The accounting for such transactions could be affected by actions of the International Accounting Standards Board, the IFRS Interpretations Committee, the Ontario Securities Commission, or other regulatory bodies. Any such actions occurring prior to the finalization of the 2017 IFRS consolidated financial information will be required to be analyzed by management, and such analysis will be reviewed by us in the context of the audit procedures we will perform on the consolidated IFRS financial information for the year ending December 31, 2017.

Our work does not include the provision of legal advice and we make no representations regarding questions of legal interpretation of any possible structure or strategy. We make no representation regarding the sufficiency of our work for any purpose.

This report is intended solely for the information and use of the Special Committee, Board of Directors and management. We understand that a copy of this letter may be provided to the Province of Ontario, the Independent Electricity System Operator, and/or the Ontario Energy Board. It is not intended to be, and should not be, used by anyone other than these specified parties.

This analysis, or portions thereof, should not be referred to or distributed to any other person or entity, other than those noted in the paragraph directly above. It is not to be referred to or quoted, in whole or in part, in any registration statement, prospectus, public filing, loan agreement, or other agreement or document.

Yours sincerely

Tracy E Brennan
Partner
416-943-2615

From:	Ken Kandeepan
To:	Gadi Mayman; Mike Manning
Cc:	Ronald Kwan; Anna Strathy
Subject:	RE: Drafts of accounting memos
Date:	Sunday, May 07, 2017 11:31:44 AM
Attachments:	Fw Drafts of accounting memos.msg

Hi Gadi

As requested, pls see attached, the E&Y draft opinion is also included but I wouldn't spend too much time on it since it simply affirms that the Trust can indeed be consolidated with OPG and points out potential IFRS issues.

Thanks

Ken K

From: Gadi Mayman
Sent: Sunday, May 07, 2017 11:25 AM
To: Ken Kandeepan ; Mike Manning
Cc: Ronald Kwan ; Anna Strathy
Subject: Re: Drafts of accounting memos

Thanks, Ken. Could you forward the OPG paper. As you've suggested, I'm particularly interested in how much they plan to reward themselves as performance fees. The first year is a bit of an easy one for them, as Energy, and I agree with this, has set the model based on 5% interest rates, and we know that they will borrow at rates far below that at the beginning, firstly because of where rates currently are, and, secondly, because they will be borrowing in terms far shorter than 30-years.

As for your comments on the ministry having approval rights, or a veto, on the financing plan, while that entirely makes sense in the world that I live in, I don't think, and I'll defer to you and Cindy on this, it works on the accounting/consolidation side.

Thanks again,

Gadi

From: Ken Kandeepan
Sent: Sunday, May 7, 2017 10:54:18 AM
To: Gadi Mayman; Mike Manning
Cc: Ronald Kwan; Anna Strathy
Subject: FW: Drafts of accounting memos

Hi Gadi and Mike

As mentioned on Friday, pls see my comments on the OPG paper on Accounting Considerations. You may find my comments on the performance fee structure proposed by OPG of particular interest.

Thanks

Ken K

From: Ken Kandeepan
Sent: Sunday, May 07, 2017 10:51 AM
To: 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>
Subject: RE: Drafts of accounting memos

Hi Cindy

Thanks for forwarding these, I have a few comments as follows.
Happy to discuss.
Thanks
Ken K
General Comments - OPG Accounting Considerations
The paper is very OPG centric with little or no acknowledgement of the role of the other participants in the Fair Hydro Plan. It appears that OPG intends to change a performance fee and management fee as the Financial Service manager. While the latter is reasonable since the Trust will most likely leverage existing OPG resources for front and back office functions, a performance fee will only add to the value of the regulatory asset to be repaid by future ratepayers.
The performance fee appears to be based on OPG beating a pre-set benchmark cost of borrowing for the Trust. I am not sure that ratepayers should be on the hook for this, if OPG beats the benchmark the benefits should be passed on to the ratepayers not retained by the company. The reward for performance exceeding the benchmark should be limited to the compensation of OPG/Trust trading floor staff and be part of the overall management fee OPG charges for managing the Trust. The role of the Financial Services Manager should not be conflated by OPG with managing a mutual or hedge fund where gains from beating a benchmark accrue to the managing entity. Plus this also raises the question of who sets the benchmark.
The overall concept should be of fiscal neutrality, where the Trust capitalizes the actual interest incurred annually plus a reasonable administration fee paid to OPG. This will ensure that future ratepayers are not overly burdened.
Specific Comments

- Page 1 second bullet; as mentioned above rewards for performance should be limited to compensation for trading floor staff, not a performance fee for OPG, adopting the former will result in a substantially lower impact to ratepayers when compared to the latter.
- Page 2 last bullet: If the role of Financial Service Manager is taken away from OPG and given to another entity wouldn't it make sense for that entity to take on the debt incurred to date as long as that is practically feasible. It's not particularly efficient for two separate entities to be managing debt incurred for the same purpose and the ratepayers to be saddled with two sets of management fees.
- Last item on page 2, Purpose and Design of the Trust: the purpose of the Trust is not to allow OPG to earn a fee, rather to exist as a vehicle to smooth the GA costs between current and future ratepayers. OPG's fees should be limited a to a reasonable management fee and the interest fee accruing from the debt issued to the Trust funded by the 44% equity injection.
- Page 3, Financing Plan, 2nd and 3rd bullets: the ministry should have some approval authority over the Financing Plan and giving OPG the ability to unilaterally amend the plan is problematic.
- Page 3 last bullet: OPG having the power to reject purchasing the investment asset places the entire Fair Hydro Plan in jeopardy, including the possibility of a large regulatory asset being included in IESO's financial statements and by extension in the Province's PA.
- Page 4, the analysis under "Assessment": fees and Financing Plan, pls see comments above.
- Page 5, 1st bullet Fees: already covered in previous comments
- Page 5, 2nd bullet: OPG should recognize that the only 5% of its own debt is at risk, the balance 44% being funded via the equity injection the risk resides with Province since there is

expectation on the part of the latter that the equity injection will also be repaid in proportion to the repayment of the debt the Trust owes to the markets.

- Page 5, 3rd bullet: wouldn't direct funding from the Province to OPG, impact the sanctity of the GBE model? In the event of a market disruption, a better approach maybe for IESO to continue accumulating the regulatory asset, however, there are accounting implications re including said asset in the Province's PA upon consolidation.
- Page 6, last two items relating to "Assessment": I am a little confused regarding OPG's exposure to variable returns, assuming the model includes a tru-up mechanism that allows the Trust to recover any variation from the pre-determined benchmark borrowing rate, the risk arising from a variance is entirely borne by the ratepayers.
- Page 9, item 4: As mentioned previously the Province should have some authority over the Financing Plan including the ability to veto provisions and/or amendments.
- Page 9, item 6: equity injection is from the Province not OEFC.
- Page 10, item 8 (b) and (c): benchmark vs. actual previously discussed.

-----Original Message-----
From: Veinot, Cindy (TBS) [mailto:Cindy.Veinot@ontario.ca]
Sent: Thursday, May 04, 2017 3:02 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: Fw: Drafts of accounting memos
Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: MAUTI John -FIN & C CTRL <john.mauti@opg.com>
Sent: Tuesday, May 2, 2017 6:38 PM
To: Veinot, Cindy (TBS)
Subject: FW: Drafts of accounting memos
Hi Cindy,
Attached is OPG's accounting memo and a draft of the EY letter.
FYI
Thanks
John G. Mauti
Chief Controller & Accounting Officer
OPG Inc.
(416) 592-4046

From: MAUTI John -FIN & C CTRL
Sent: Tuesday, May 02, 2017 5:00 PM
To: 'steen.hume@ontario.ca'
Cc: HARTWICK Ken -FINANCE; MAUTI John -FIN & C CTRL; JORDA Jenny -FIN & C CTRL
Subject: Drafts of accounting memos
Attached is a current draft of the OPG accounting memo and then EYs letter (again in draft) Minor changes may be made in the interim.
Draft OPG accounting memo
Draft of EY opinion letter
Thanks
John G. Mauti

Chief Controller & Accounting Officer
OPG Inc.
(416) 592-4046

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From: Veinot, Cindy (TBS) [Cindy.Veinot@ontario.ca]
To: Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]
Subject: Fw: Drafts of accounting memos
Date: Thursday, May 04, 2017 15:01:34
Attachment 1: GA Consolidated Memo_May 2_FINAL.docx
Attachment 2: OPG - Letter on Fair Hydro Act May 2 clean.docx

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Sent from my BlackBerry 10 smartphone on the Rogers network.
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John G. Mauti
Chief Controller & Accounting Officer
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From: MAUTI John -FIN & C CTRL
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Cc: HARTWICK Ken -FINANCE; MAUTI John -FIN & C CTRL; JORDA Jenny -FIN & C CTRL
Subject: Drafts of accounting memos

Attached is a current draft of the OPG accounting memo and then EYs letter (again in draft)
Minor changes may be made in the interim.

Draft OPG accounting memo

Draft of EY opinion letter

Thanks

John G. Mauti
Chief Controller & Accounting Officer
OPG Inc.
(416) 592-4046

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May 2, 2017

OPG ACCOUNTING CONSIDERATIONS OF ONTARIO FAIR HYDRO PLAN

Purpose:

The purpose of this document is to summarize the preliminary views of Ontario Power Generation (OPG) on the ability for OPG to consolidate the Financing Entity Trust associated with the Ontario Fair Hydro Plan.

This memo is assessed against the Legislation proposal 'Ontario Fair Hydro Plan Act, 2017, if enacted V6' sent by Carolyn Calwell on May 1, 2017. Note that this assessment is preliminary pending the finalization of the Legislation, the Trust indentures, Regulations, financing structure and other detailed terms, and all related documentary evidence. This assessment will be updated once final documentation is available.

Background:

On March 2, 2017, the Province of Ontario (the Province) announced Ontario's Fair Hydro Plan (the Plan) aimed at reducing electricity bills by 25 percent on average for all residential consumers in the province. As part of the Plan, the Province has proposed financing a portion of the Global Adjustment costs over a longer time period for Regulated Price Plan eligible customers (e.g., residential, farm, small businesses).

On April 13th, the Province requested that OPG consider administering the financing associated with the Plan, because of OPG's participation in the market, regulatory knowledge and the potential ability to consolidate the related financing activities. To undertake this financing, OPG will establish a Financing Entity Trust (the Trust) to finance and administer the Global Adjustment costs through a mixture of external financing and an equity injection from the Ontario Financing Authority. It is expected that OPG will control the Trust for accounting purposes and that its financial position and results will be consolidated within OPG's consolidated financial statements.

Assumptions made to perform accounting analysis which are not yet addressed in Legislation – it is expected that these matters will be addressed in Regulations, Trust documents, and various other agreements:

- The Regulation must require interest, carrying and administrative costs to be paid to the Trust in cash on a monthly basis, so that the Trust is able to recognize appropriate revenue to offset any ongoing costs.
- The Regulations, Trust documents and various agreements will provide that OPG will have significant variability and exposure from the activities of the Trust relative to the rate of return that OPG would recognize from its role as the Financial Services Manager of the Trust. The performance fee will be meaningful and allow OPG to make decisions that will significantly impact its returns.
- The Minister of Energy will have the ability to replace the Financial Services Manger (OPG) if there is a failure to perform. There will be a bifurcation of roles where the Province could not remove OPG as manager/administrator with respect to the existing debt placed by the Trust, but could remove OPG's responsibility/right to prepare the Financing Plan going forward. The ability for the Minister of Energy to remove OPG as the Financial Services Manager should not impact the recoverability of existing intangible assets.

- The calculation of the Fair Allocation Amount will be performed by the Minister of Energy.
- OPG has the ability to appoint and remove the Trustee (or Board of Trustees) and there are no veto rights by the Province. No party has the ability to remove OPG from its role and authority in the Trust.
- Neither the OEB nor any other party can discretionally reduce the management fee or performance fee except due to a calculation error.
- The margin on the interest rates associated with Tranche B and Tranche C which will be recovered from the ratepayers will be reflective of the risk profile of the debt and the associated market terms.
- The indemnification provided to the Trust by the Minister of Finance on behalf of the Province as described in *Part I – General - Section 5.3 Guarantee, indemnification Protection and assurances* will be subject to terms and conditions in a separate Provincial support agreement. The guarantee is expected to be in place only in the event of a Payment Guarantee Event, such as if the Legislative Assembly of Ontario repeals the Fair Hydro Act or amends the Act in a way that adversely impacts the ability of the Trust to fully recover an intangible asset in order to pay the obligations of the Trust.
- The approval by the Ontario Energy Board of the Financial Services Manager (i.e. OPG's) fees as described in *Part IV – Implementation - Section 14.4 Same, Board Approval* will not allow them to change or limit the management fee structure, but only ensure that it is prudent by ensuring it is calculated in accordance with the Regulations.
- In the event that a different Financial Services Manager is appointed by the Minister of Energy, the IESO is required to continue to make cash payments for interest to the Trust for the existing debt. Principal repayments on existing debt will continue to be repaid by ratepayers to the Trust in accordance with the terms of the issued debt.
- All other items as indicated in *Appendix A.*

Accounting Analysis:

In order to meet the accounting definition of 'control', accounting guidance must be considered. There are no bright lines to determine whether OPG has exposure, or rights, to variable returns from its involvement with the Trust, or whether it has the ability to affect the returns of the Trust through its power over the Trust. Rather, all facts and circumstances are considered when assessing whether an entity has control over another entity.

In order to consolidate the Trust, OPG must be able to demonstrate that it controls the Trust.

Control

An investor controls an investee if and only if the investor has all the following:

a) *power over the investee;*
b) *exposure, or rights, to variable returns from its involvement with the investee; and*
c) *the ability to use its power over the investee to affect the amount of the investor's returns.* [IFRS 10, paragraph 7]

Purpose and design of the investee
When assessing control of an investee, an investor shall consider the purpose and design of the investee in order to identify the relevant activities, how decisions about the relevant activities are made, who has the current ability to direct those activities and who receives returns from those activities. [IFRS 10, paragraph B5]

Criteria	Analysis
Purpose and design of the Trust	The purpose of the Trust is to allow OPG to earn a return on the Intangible Asset from the IESO by effectively managing financing to earn a spread, earn management fees, and earn interest fees.

Purpose and design of the investee *When assessing control of an investee, an investor shall consider the purpose and design of the investee in order to identify the relevant activities, how decisions about the relevant activities are made, who has the current ability to direct those activities and who receives returns from those activities.* [IFRS 10, paragraph B5]	
Relevant activities of the Trust and how decisions are made about those activities	Relevant activities: The relevant activities of the Trust are: • To evaluate and make decisions on financing alternatives, duration, and the strategy to minimize financing costs. • To effectively manage funding obtained through the capital markets and be able to make or lose any spread from financing • To provide funding to the IESO in return for an interest in a future cash flow stream • To obtain funding through the capital markets and other vehicles available to OPG to be able to provide the IESO funding. • To make capital and funding decisions required to meet the Fair Allocation Plan objectives as set out in Legislation • To finance the requirements associated with the short-fall amount • To raise debt, pay bond debt holders, and determine capacity for the Trust to raise additional financing Financing Plan (Legislation: Part IV – Implementation) • OPG's plan for managing the assets of the Trust will be dictated through a 'Financing Plan'. • The Financial Services Manager (i.e. the Trust) shall provide the Financing Plan to the Minister. The Financing Plan is expected to follow Principles as stipulated in the Legislation which indicate that the assumptions must be reasonable and that the Trust has the power to determine what is reasonable and cost-effective. The Trust makes all the decisions in determining the relevant activities as listed above. • OPG can amend the Financing Plan at any time without the approval of the Minister. Fair Allocation Amount (Legislation: Part IV – Implementation) • The 'Fair Allocation Amount' ("FAA") is the amount of the deferral for the reference period and includes finance amounts. The current Legislation dictates that the Minister of Energy is to calculate the FAA. • This does not impact OPG's relevant activities in the Trust as OPG's variable returns are based on financing decisions which are not dictated by the FAA. OPG can choose to accept or reject the purchase of the intangible asset which is based on the Fair Allocation Amount.

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Purpose and design of the investee *When assessing control of an investee, an investor shall consider the purpose and design of the investee in order to identify the relevant activities, how decisions about the relevant activities are made, who has the current ability to direct those activities and who receives returns from those activities.* [IFRS 10, paragraph B5]	
	<u>Decisions made and voting rights of the Trust:</u> OPG has the ability to appoint and remove the Trustee (and if applicable Board of Trustees) and there are no veto rights by the Province. No party has the ability to remove OPG from its role and authority in the Trust. **[NOT YET ADDRESSED IN CURRENT LEGISLATION]** *Voting of members:* Except as otherwise stated, all decisions of the members (if applicable) shall be made by the Trustee who will be appointed by OPG. <u>Termination Rights</u> OPG cannot be removed from its role in the Trust. The Province has the right to remove OPG as the 'Financial Services Manager' for failure to perform. This will not impact debt that has already been issued for which OPG is already managing through the Trust or the recoverability of existing intangible assets. It the right is exercised, it serves to reduce or eliminate the scope of new business activities of the Trust but it does not affect OPG's ability to control the Trust. Should a new Financial Services Manager be appointed, a separate assessment would be made as to which party if any would control it.
Assessment	The purpose of the Trust is to allow OPG to earn a return on the Intangible Asset from the IESO by effectively managing financing to earn a spread, earn management fees, and earn interest fees. For the reasons noted above, OPG has control over the decisions to be made about the relevant activities.

Power over the investee	
Criteria	**Analysis**
Identify whether OPG's rights give it the current ability to direct the relevant activities of the Trust (Substantive rights)	See above for relevant activities of the Trust.
Assessment	OPG has the ability to direct the relevant activities of the Trust. OPG can amend the Financing Plan at any time, without approval from the Minister. Further, if the Minister of Energy chooses not to continue with OPG's current Financing Plan, OPG can withdraw its Financing Plan, without impacting the existing debt and related intangible assets that is already in the Trust. The Province would just appoint a new party to participate in future securitizations and OPG would continue to manage the debt that already exists in the Trust. If future financing transactions are with a different SPV, a separate consolidation analysis would be prepared at that time as to which party if any would consolidate the SPV.

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Exposure or rights to variable returns	
Criteria	**Analysis**
Dividends, other distributions of economic benefits from an investee and changes in the value of the investor's investment in that investee [IFRS 10, paragraph B57(a)]	Revenue, which includes fixed and variable fees, earned from the Trust will be distributed to OPG.
Remuneration for servicing an investee's assets or liabilities, fees and exposure to loss from providing credit or liquidity support, residual interests in the investee's assets and liabilities on liquidation of that investee, tax benefits, and access to future liquidity that an investor has from its involvement with an investee [IFRS 10, paragraph B57(b)]	**[NOT YET ADDRESSED IN CURRENT LEGISLATION]** OPG has exposure and rights to variable returns from the Trust in the form of the following: • The Regulations, Trust documents and various agreements will provide that OPG will have significant variability and exposure from the activities of the Trust relative to the rate of return that OPG would recognize from its role as the Financial Services Manager of the Trust. The performance fee will be meaningful and allow OPG to make decisions that will significantly impact its returns. • OPG, through ownership of the most subordinated debt, is exposed to risk of non-collection. Given that the program is expected to run until 2047, this 30 year time period results in uncertainty about the future collection of OPG's amount at risk. OPG and the OFA (5% out of 44% contribution) would be the last parties to get paid in the event that the program stops running due to a change in Government, if electricity demand is not high enough to allow for collection from ratepayers in a timely manner, etc. The end date of 2047 that is prescribed in the Legislation results in uncertainty toward whether this program will continue and whether OPG will have collected its amount at risk at that time. • In the event that there is a market disruption whereby OPG is not able to obtain debt from the financial markets (e.g. due to a recession), the Province will provide funding in the event that OPG wishes to continue purchasing intangible assets from the IESO. This is considered to be a protective right as it does not impact the relevant activities of the Trust, but is designed to protect both parties and does not give either party more or less power over the Trust. It is designed to allow OPG to keep purchasing intangible assets if it wishes to. • Protective rights are typically held to prohibit fundamental changes in the activities of an investee that the holder does not agree with and usually apply only in exceptional circumstances (i.e., upon a contingent event). This is true for this right as it is only applicable if there is a market disruption and the Trust is not able to obtain financing from external markets. Further, the fundamental activities of the Trust would change if it were not able to obtain financing from external markets.

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Exposure or rights to variable returns	
Returns that are not available to other interest holders. For example, an investor might use its assets in combination with the assets of the investee, such as combining operating functions to achieve economies of scale, cost savings, sourcing scarce products, gaining access to proprietary knowledge or limiting some operations or assets, to enhance the value of the investor's other assets [IFRS 10, paragraph B57 (c)]	• OPG will have synergistic benefits from combining operating functions with the Trust given its extensive knowledge on the market and current regulatory knowledge.
Assessment	To determine which party is the most 'at risk' in the event that the loans default, expected loss rates were obtained from Moody's and DBRS. Using the *Moody's Investors Service – Loss Given Default for Speculative Grade Companies* dated December 4, 2015, the 4-year Idealized Expected Loss ranges from 0.00% for a triple A rated bond to 0.30% for an A3 rated bond. DBRS Expected Loss Ratings give an indication of the expected loss of a loan portfolio. As per a November 2016 publication, the 10-year expected loss rates range from 0.1% for a AAA rated bond to 1.7% for an A (low) rated bond. Given that OPG's subordinated debt is equal to 5% of the total debt, which is higher than the default rates above, 100% of the risk is with both OPG and the OFA since they are the last parties to get paid should there be any default with the debt. OPG is also exposed to variable returns from the Trust from its performance on decisions made on financing alternatives, duration, and the strategy to minimize financing costs through the variable fee component of the management fee. Therefore, OPG has the exposure to variable returns from the Trust.

Ability to use power to affect returns	
Criteria	**Analysis**
Ability of investor to use its power to affect the investor's returns from its involvement with the investee	OPG needs to have both power over the Trust (i.e. as a Principal, not an agent), exposure or rights to the variable returns from the Trust, and the ability to use its power to affect OPG's returns from its involvement with the Trust OPG has the ability to use its power over the relevant activities of the

Ability to use power to affect returns	
	Trust to affect its returns from its involvement with the Trust through the variable fee component. Further, the Trust's ability to use its power to affect returns is in a manner that is consistent with being a principal. See *Appendix B* for Principal-Agent analysis.
Assessment	OPG has the ability to use its power to affect returns of the Trust.

Conclusion:

Based on the current **[May 1, 2017]** draft of the legislation, the conditions to ensure the ability of OPG to consolidate the operations of the Trust have not fully been reflected. As noted in Appendix A, several conditions must be evident in the Regulations, Trust documents, and various other agreements which are not yet drafted and therefore not yet available for our review and assessment. In OPG's assessment, while no current clause of the Legislation would hamper the ability to effect a consolidation within OPG Inc.'s financial statements, there are several key conditions for consolidation that are currently not present within the Legislation. On the assumption that future Regulations, Trust documents and various other agreements fully capture these operating conditions, and that no new conditions that would conflict with OPG's control of the trust are introduced, OPG believes that consolidation of the Trust is supportable.

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APPENDIX A:

Terms necessary for OPG to consolidate the Global Adjustment Trust

Note that these are assessed against the Legislation proposal 'Ontario Fair Hydro Plan Act, 2017, if enacted V6' sent by Carolyn Calwell on May 1, 2017. These are subject to change as subsequent drafts of the Legislation are issued.

Legend:

✓ **- Addressed by the Legislation drafted May 1, 2017**

RT – Not addressed by Legislation and must be addressed in Regulations, Trust Documentation or various other agreements

Ω - Will not be addressed in Legislation/Regulations or Trust but is the intended plan

Issue	No.	Requirements
Directive	1 ✓	The Trust must be undertaken by OPG as a business initiative on its merits. A Shareholder Directive is to be limited to direct OPG to investigate the option of establishing a Trust vehicle to administer, finance and operate the Global Adjustment plan and the operation of that Trust and the control, risk and rewards of that Trust will determine its consolidation into OPG as a business enterprise. ***MET - The Province will not direct OPG to participate in the Fair Hydro Plan. A letter was issued from the Minister of Energy to OPG on April 13th requesting OPG's involvement in the implementation of the Fair Hydro Plan. OPG's Board Chair responded to the Minister on April 18th committing OPG to work with the IESO and OEB to develop a plan. OPG will have the option to prepare, implement and amend a financing plan (in accordance with principles set out in legislation) and propose the adoption of such plan as the 'Financing Plan'. OPG will have the right to withdraw its financing plan at any time.***
Trust	2 **RT**	The Trust should not operate in a predetermined way such that OPG does not have decision-making authority over the Trust's ongoing activities after its formation (i.e. should not operate on 'autopilot'). ***OPG will be the sole unit holder of the Trust. All decisions over the relevant activities of the Trust (as described above) will be made by OPG.***
	3 **RT**	OPG must have the ability to appoint and remove the Trustee (or Board of Trustees), with no veto right by the Province. No party shall have the ability to remove OPG from its role and authority in the Trust. ***OPG will be the sole unit holder of the Trust. The Province will be involved in the Board of Trustees, but OPG is expected to have the majority vote.***

<table>
<tr><th>Issue</th><th>No.</th><th>Requirements</th></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td></td><td>4
RT</td><td>The Province cannot have the right to veto OPG's decisions about the relevant activities of the Trust. OPG must have the power over the relevant activities of the Trust and be compensated. The relevant activities of the Trust include (but are not limited to) the evaluation and decisions on financing alternatives, duration, and the strategy to minimize financing costs. OPG must have the power to establish operating and capital budgets of the Trust.

OPG will have the ability to make decisions about the financing alternatives, duration, and the strategy to minimize financing costs. OPG will have the power to establish operating and capital budgets of the Trust with no veto right by the Province.</td></tr>
<tr><td></td><td>5
RT</td><td>OPG must have the power to determine or change operating and financing policies of the Trust, which will affect the variability of risks and returns.

The Regulations, Trust documents and various agreements will provide that OPG will have significant variability and exposure from the activities of the Trust relative to the rate of return that OPG would recognize from its role as the Financial Services Manager of the Trust. The performance fee will be meaningful and allow OPG to make decisions that will significantly impact its returns.</td></tr>
<tr><td></td><td>6
Ω</td><td>The Province or its agencies must not directly or indirectly fund (through debt or equity) more than 50% of the following:
a. The Trust
b. The most subordinated debt of the Trust

See below for financing structure.

<table>
<tr><th></th><th>Risk Profile</th><th>Source</th><th>% of Total Fundin Requirement</th></tr>
<tr><td>Tranche A Senior Debt</td><td>the least risky</td><td>Capital Markets</td><td>51%</td></tr>
<tr><td>Tranche B Sub Debt</td><td>In between A&C</td><td>OPG via OEFC</td><td>39%</td></tr>
<tr><td>Tranche C Sub Debt</td><td>the most risky</td><td>OPG via OEFC</td><td>5%</td></tr>
<tr><td></td><td></td><td>OPG via Capital Markets</td><td>5%</td></tr>
</table>
</td></tr>
<tr><td></td><td>7
Ω</td><td>OPG must own at least 50% of the most subordinated debt and must be no less than 5% of the debt of the Trust. Such ownership must be financed entirely by OPG through operating cash flows or external debt, without assistance from Provincial sources.

See chart in Point 6 above.</td></tr>
</table>

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Issue	No.	Requirements
	8 **RT**	OPG must have the ability to earn variable returns by exercising its authority, which shall be accomplished as follows: a. The cash flow from the restructured asset shall include interest determined based on a relevant benchmark that is appropriate relative to the restructured asset, plus an appropriate margin consistent with the relevant market and other risks ***The cash flow from the restructured asset will include interest income that is equal to the interest expense (i.e. interest expense is passed back to the ratepayers). The Trust will also receive a margin as discussed in the 'Exposure or rights to variable returns' section above.***
	✓	b. OPG shall have the authority to determine the financing strategy, which will vary the financing costs with the objective of enabling the Trust to achieve a more favourable return compared to the benchmark for interest on the restructured asset ***OPG will determine the financing strategy through the proposal of its 'Financing Plan'. The 'Financing Plan' will only be required to follow general Parameters and Principles as set forth in the Legislation but funding decisions will be made entirely by OPG. The Trust will also receive a margin as discussed in the 'Exposure or rights to variable returns' section above.***
	Ω	c. The Trust shall establish classes of liabilities (senior, subordinated and the most subordinated). The classes would allow the Trust to delineate financing of lower risk investment and investment that would bear higher residual risk. The delineation would limit OPG's self-funded investment to a reasonable level in order to allow OPG to remain a self-sustaining entity. ***OPG's portion of the most subordinated debt will be limited to a reasonable level. If it is determined that OPG's portion is not at a reasonable level, OPG has the option to withdraw its Financing Plan.***
	RT	c. OPG shall, through its ownership of the most subordinated liability, be able to capture and retain the pricing difference between cost of financing and benchmark for interest on the restructured asset, or any residual risk of restructured asset. The targeted return of the subordinated liability should be reflective of the underlying risks and compensate holders for active management that would be required.

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Issue	No.	Requirements
		OPG will be able to capture the pricing difference between cost of financing and benchmark for interest through the performance fee which is described in point 5) above and the 'Exposure or rights to variable returns' section above.
	Ω	d. OPG should participate in the detailed design of the above and the Trust documentation to ensure that it has substantive power and variability, which will allow OPG's Board of Directors to evaluate the opportunity as a business initiative instead of through a shareholder directive. ***OPG will be involved in the Trust documentation.***
	RT	Defined Forced Majeure for emergency events (e.g. unlikely credit market event or disruption where it is not possible to borrow from the market at a reasonable rate), OFA may provide bridge financing beyond the designated percentage for a defined period. ***This will be structured through a separate indemnification agreement. This is not expected to impact consolidation of the Trust because this is seen as a protective right which is only in affect when a contingency arises and not as a result of the relevant activities of the Trust.***
Legislation	9 ✓	The Legislation must require interest, carrying and administrative costs to be paid to the Trust on a monthly basis, so that the Trust is able to recognize appropriate revenue to offset any ongoing costs. ***Under Part III – Clean Energy Adjustment – Section 8.3 Terms, of the Legislation, the expectation is that the Legislation will allow for interest payments to be paid to the Trust on a monthly basis in cash. The Trust will not accrue interest to the current intangible asset balances but this interest amount could form part of future intangible assets that are purchased from the IESO.***
	10 **RT**	The Legislation must dictate the manner in which the restructured asset would be determined, collected, and the period of collection, so that the determination of the restructured asset will not be subject to the Province's decisions on an ongoing basis, but determined based on a formula. Alternatively, the Legislation may allow for an adjustment to the pre-determined deferral formula based on specific parameters that would limit the adjustment to the restructured asset. Adjustments beyond the specific parameters would require approval by the Board of Trustee. **The Regulations are expected to dictate the 'Fair Allocation Plan' which will be based on high level Principles and Parameters of the Plan, including the attribution methodology. The Legislation or Regulation determines the following principles:** • **25% Reduction (June 1, 2017) where the average bill will**

Issue	No.	Requirements
		reduce by 25% including of HST and social programs noted above • **Inflation Period (November 2017 – April 2022) where bill increases are capped at inflation** • **Straight-line Increase Period (May 2022 – April 2027) where bills increased at a straight-line rate (i.e., 8% per year) which is set so that borrowing will not exceed the Trust's capacity.** • **Amortization Period (May 2027 – April 2047) where debt built up over the previous periods is repaid by ratepayers.** **OPG will determine the manner in which the intangible asset, once purchased from the IESO will be collected and the period of collection.** **The recoverability of the existing intangible assets cannot be impacted by the Province.** **Although the Province may determine the Principles and Parameters around the 'Fair Allocation Plan', it does not impact the activities of the Trust once OPG has purchased the intangible asset.**
	11 **RT**	The Legislation must be written to avoid legal or constitutional challenges and be irrevocable to reduce the cost of borrowing and with a specific formula which determines the deferral amount. **See above.**
	12 **RT**	The spirit of the above terms should be reflected in the Trust Indenture Agreement as well as Legislation, wherever possible. ***Trust Indenture and Regulations still outstanding.***

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APPENDIX B:

Link between power and returns: principal-agency situations

The third criterion for having control is that the investor must have the ability to use its power over the investee to affect the amount of the investor's returns. When decision-making rights have been delegated or are being held for the benefit of others, it is necessary to assess whether the decision-maker is a principal or an agent to determine whether it has control. This is because if the decision-maker has been delegated rights that give it power, the decision-maker must assess whether those rights give it power for its own benefit, or merely power for the benefit of others. As an agent cannot have control over the investee, it does not consolidate the investee. A principal may have control over the investee, and if so, would consolidate the investee.

A decision maker shall consider the overall relationship between itself, the investee being managed and other parties involved with the investee, in particular all the factors below, in determining whether it is an agent:

a) the scope of its decision-making authority over the investee

   As discussed above, OPG has decision-making authority over the Trust and its relevant activities. The Province has no right to determine what sort of funding decisions OPG should make to fund the intangible assets that they will purchase and OPG can choose not to purchase future intangible asset purchases.
   Terms and Conditions to support this point: 1, 2, 3, 4, 5

b) the rights held by other parties (paragraphs B64–B67).

   There are no substantive removal rights held by the Province for debt that already exists in the Trust.

   Terms and Conditions to support this point: 3, 4, 5

c) the remuneration to which it is entitled in accordance with the remuneration agreement(s) (paragraphs B68–B70).

   See section on 'Exposure or rights to variable returns' above.

   Terms and Conditions to support this point: 6, 7, 8, 9

d) the decision maker's exposure to variability of returns from other interests that it holds in the investee (paragraphs B71 and B72).

   See section on 'Exposure or rights to variable returns' above.

   OPG will receive a 44% equity injection from the Province of Ontario, indirectly through the Ontario Financing Authority. Given that currently, the majority (currently 51%) of the Trust debt will be from External Markets and not the Province, it can be argued that OPG did not receive the majority of its interest in the investee as a contribution or loan from the Province. This shows that OPG is a principal, not a de-facto agent.

   Terms and Conditions to support this point: 6, 7, 8, 9

Conclusion: OPG is not an agent for the Province as the arrangement does not provide for the Province to directly absorb any variability associated with the structure. If the Province decides to intervene at a later date due to evolving market conditions, an assessment would be made at that future date.

Analysis on whether OPG is an agent for ratepayers

OPG is not an agent for the ratepayers because OPG has substantive exposure to risk of loss of its own funds. The ratepayers do not have any of their own funds in any of the subordinated tranches and further, no decision making authority is delegated to the ratepayers relating to the relevant activities of the Trust.

Analysis on whether OPG is an agent for the IESO

OPG is not an agent of the IESO because the IESO faces no continuing risk of loss after sale of the intangible asset to OPG.

DRAFT

Ernst & Young
222 Bay Street
P.O. Box 251
Toronto ON
M5K 1J7

Tel: +1 416 943 2615
Fax: +1 416 943 3767
ey.com

The Special Committee of the Board of Directors
Ontario Power Generation Inc. (the "Company")
700 University Avenue
Toronto, ON M5G 1X6

May 2 2017

Dear Sirs/Madames:

This letter is being issued to the Special Committee to assist them in their evaluation of management's analysis of the application of International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board ("IASB")) to the specific transaction described in the Company's memorandum entitled *OPG Accounting Considerations of Ontario Fair Hydro* dated May 2 2017, herein referred to as "the Management Memorandum". We are issuing this letter in our role as auditors of the Company for the year ending December 31, 2017. As the Province consolidates OPG on an IFRS basis, this letter pertains solely to management's IFRS analysis as contained in the Management Memorandum.

We have read the Management Memorandum and we agree with management's analysis therein, subject to all of the assumptions and limitations identified therein. Specifically, we concur that the existing legislation, along with the yet undrafted Regulation and special purpose vehicle (TRUST) documents, and various other agreements assuming they include the required criteria that Management has identified as outstanding in its Appendix A, would be sufficient to support consolidation of the TRUST with OPG Inc.

Additionally, we specifically refer you to the section entitled "Conclusion" in the Management Memorandum, which indicates that their analysis is based on draft legislation as well as their assumptions regarding the terms and conditions of certain contractual arrangements and other documentary evidence that is not yet drafted. Therefore, the Management Memorandum will be required to be updated to reflect the final contents of the legislation and other relevant contractual arrangements and documentary evidence. We will review the updated Management Memorandum once it is available, and update you on our viewpoints once our review of such updated Management Memorandum is completed.

The scope of this letter and any views expressed herein are limited to the transactions, facts, circumstances and assumptions provided to us by management or the Company as described in the Management Memorandum. If such facts, circumstances or assumptions differ, our conclusions may change.

We have not performed an audit or a review of the Management Memorandum. Additionally, we have not performed an audit as of any date or for any period subsequent to December 31, 2016.

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The ultimate responsibility for the proper accounting treatment under IFRS and US GAAP rests with the Company.

We have not been asked for, nor do we express, an opinion on the tax consequences of the transactions described herein.

The accounting for such transactions could be affected by actions of the International Accounting Standards Board, the IFRS Interpretations Committee, the Ontario Securities Commission, or other regulatory bodies. Any such actions occurring prior to the finalization of the 2017 IFRS consolidated financial information will be required to be analyzed by management, and such analysis will be reviewed by us in the context of the audit procedures we will perform on the consolidated IFRS financial information for the year ending December 31, 2017.

Our work does not include the provision of legal advice and we make no representations regarding questions of legal interpretation of any possible structure or strategy. We make no representation regarding the sufficiency of our work for any purpose.

This report is intended solely for the information and use of the Special Committee, Board of Directors and management. We understand that a copy of this letter may be provided to the Province of Ontario, the Independent Electricity System Operator, and/or the Ontario Energy Board. It is not intended to be, and should not be, used by anyone other than these specified parties.

This analysis, or portions thereof, should not be referred to or distributed to any other person or entity, other than those noted in the paragraph directly above. It is not to be referred to or quoted, in whole or in part, in any registration statement, prospectus, public filing, loan agreement, or other agreement or document.

Yours sincerely

Tracy E Brennan
Partner
416-943-2615

From:	Ken Kandeepan
To:	Scott Nelms (ENERGY)
Cc:	Gadi Mayman; Anna Strathy; Ronald Kwan; Mike Manning; Carlos Yep
Subject:	RE: EXTERNAL – Comments on Provincial Protection and Assurances Term Sheet - Fair Hydro
Date:	Thursday, July 06, 2017 5:13:07 PM

Hi Scott
I had to leave a little early for the tele conference, I believe that Gadi did make this point, however, we just want to reiterate it. We are not in favour of the acceleration option residing in the hands of the bondholders. As a matter of fact removing it entirely is acceptable, if it has to stay the ability to exercise has to be limited to the Province.
Assuming the option remains at the discretion of the Province, the 1% premium should be removed.
Hopefully you can pass this on to Stephen for inclusion in any feedback to OPG. If there is no feedback intended at this time and the decision is to meet with OPG on the indemnity, we can make these points at the meeting.
Thanks
Ken k

From: Nelms, Scott (MOF) [mailto:Scott.Nelms@ontario.ca]
Sent: Wednesday, July 05, 2017 2:44 PM
To: Carolyn Calwell (MCSS) ; Steen Hume (CAB) ; Gadi Mayman ; Ken Kandeepan ; Tom McKinlay (MAG) ; Montgomery, Kaitlin (MOF) ; ASHBOURNE, STEPHEN
Subject: FW: EXTERNAL – Comments on Provincial Protection and Assurances Term Sheet - Fair Hydro
Hi,
Please see the following comments from OPG / Torys on the guarantees.
I wonder if we are now at a point we should suggest sitting down with OPG on this perhaps early next week.
Thanks,
Scott

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: June 30, 2017 3:12 PM
To: Nelms, Scott (MOF)
Cc: WONG Leslie -LAWDIV; RYFA Ken -TREASURY; HAHN PARKER Janet -TREASURY
Subject: FW: EXTERNAL – Comments on Provincial Protection and Assurances Term Sheet - Fair Hydro
Scott:
Further to our discussion on the outstanding issues, please find below the comments from the Dealers on the "Markup" of the Provincial Protection and Assurance term sheet.
As noted below, the next step should be to get the appropriate parties from the Province to sit down with the dealers and OPG to go over the points and agree on a basis to move forward.
We should try to do that sometime next week. Let us know what times work on the Province side and we will coordinate with the Dealers & counsels.
John

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Friday, June 30, 2017 12:24 PM
To: LEE John -TREASURY; RYFA Ken -TREASURY; WONG Leslie -LAWDIV

Cc: Ramchandani, Rima; Hill, Krista; Feldman, Michael; Emes, Aaron; Mansoori, Nina
Subject: EXTERNAL – Comments on Provincial Protection and Assurances Term Sheet - Fair Hydro
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John/Les/Ken,
Please find below an issues list on the Province's comments on the Provincial Protection and Assurances Term Sheet (formerly the Provincial Support Agreement). This list reflects input from the dealers, Oslers and Torys. Please let us know if you have any additional comments or questions. If not, will you be reaching out to the Province to schedule a meeting next week (with the dealers, OPG, the Province and their counsels) to discuss these points? The dealers and their counsel don't see value in exchanging further drafts of the term sheet until they have had an opportunity to meet with the Province. We agree with this approach and are happy to assist in coordinating a meeting for next week. It would also be helpful to hear the Province's rationale and concerns for making some of these changes. Please let us know.
Many thanks,
Nina

1. The Servicing Guarantee:

(a) It is written in favour of only the financing entity. However, in the MTSA, we are asking for covenants directly in favour of Indenture Trustee. The Indenture Trustee/specified creditors should have the direct benefit of the guarantee rather than relying on an indirect security interest in the servicing guarantee.

(b) It should be clarified that the servicing obligations of the electricity vendors are covered.

(c) If the guarantee is unenforceable, we should fall back to an indemnity, not a "functionally equivalent direct covenant" which is an uncertain concept.

(d) We don't want an exclusion for economic loss. That may cover whatever losses the specified creditors do suffer.

2. Change of Law.

(a) This should be written as a guarantee not an indemnity.

(b) It should be directly in favour of the Indenture Trustee/specified creditors and it should cover all the "finance amount" and not just funding obligations.

(c) We do not want the guarantee to be provided by another entity which is in turn guaranteed by Ontario. It should come directly from Ontario.

(d) There should be no "materiality" threshold for a claim. If obligations are not paid in full, then there should be a claim.

(e) The choice to assume or accelerate should be at the option of the holders, not the guarantor.

(f) If accelerated, then the 1% premium should be payable. This is a voluntary termination by the Province.

3. Undertaking Regarding Mismatches (market disruption)

(a) At best this structure defers the discussion of protection for a market disruption. At worst, it is impractical that take-out financing needs to be arranged in advance of each warehouse financing. We should rely on a definition of market disruption.

4. Approvals.

(a) Province to clarify what is contemplated under the heading "Approval Requirement". Is Province proposing to approve any obligation incurred by the Financing Entity?

(b) Approval under Section 28 of the *Financial Administration Act* to be attained (in case the OFHPA is declared void in its entirety).

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TORYS LLP[torys.com]

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From:	LIU Sheen -TREASURY
To:	Ken Kandeepan
Cc:	LEE John -TREASURY; Mike Manning; Graham Monroe; Carlos Yep; James Devine; JORDA Jenny -FIN & C CTRL
Subject:	RE: EXTERNAL – Draft Trust Performance Fee Recommendations
Date:	Tuesday, July 11, 2017 2:21:25 PM
Attachments:	EXTERNAL RE Fees.msg

Ken,
Following please find the opinion from our internal accountants addressing your concerns/questions:

- **Given that E&Y is our auditor, it is against independence rules for them to write a memo forming an opinion on our accounting on a specific transaction.**
- **EY Concurrence Memo is meant to lay out the foundation of what is required – not the actual methodology or the calculations. There are various stipulations in the memo that all the conclusions in that memo are pending further details in agreements that are yet to be drafted.**

In addition, E&Y believes that doing what is suggested by OFA, i.e. excluding the debt component via Province equity injection from benchmarking, will impact the consolidation analysis. Attached for your reference please find the email from E&Y confirming this point.
Sheen

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Sunday, July 09, 2017 12:03 PM
To: LIU Sheen -TREASURY
Cc: LEE John -TREASURY; Mike Manning; Graham Monroe; Carlos Yep; James Devine
Subject: RE: EXTERNAL – Draft Trust Performance Fee Recommendations
Thanks Sheen. Going through the documents that you attached I am a little confused since you refer to the first one as an accounting memo, usually a memo has an addressee and an author, I see neither in the attached. So if there is an actual memo from E&Y, that supports the contention that the performance fee should be computed on all three tranches, much appreciated if you can forward that along.

As an FYI, I also went through the latest version of E&Y's accounting opinion dated May 17th and while it does require a performance fee among others, there are no specifications as to the methodology.
With regard to the regulations, they outline the performance fee methodology in X.3, however again there is no specificity, rather the phrase "applicable tranche" is used. As such, if the decision is to limit the performance fee calculation, as per the OFA recommendation, to the 51% and the 5% being the market issue components, the regulations do not require any amendments, rather all that has to be done is an internal definition of what the "applicable tranche" is.
Thanks
Ken k

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Thursday, July 06, 2017 11:52 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Graham Monroe <Graham.Monroe@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>
Subject: RE: EXTERNAL – Draft Trust Performance Fee Recommendations
Ken/Graham/ Carlos,
To follow up on our discussion yesterday morning re whether to include 44% equity from Province as part of the benchmarking, we have reached out to E&Y. It's E&Y's view that in order for accounting consolidation to work, the 44% equity injection has to be part of the benchmarking. Attached for your reference please find the accounting memo confirming this point. In addition attached for your reference please also find the "fee" section of the regulation, to be finalized in July.
Thanks
Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Tuesday, July 04, 2017 2:54 PM
To: LIU Sheen -TREASURY
Cc: Graham Monroe; Ken Kandeepan
Subject: EXTERNAL – Draft Trust Performance Fee Recommendations
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Sheen
The following are initial comments from Graham Monroe from the OFA's Risk Control Division. Let me know if you would like to arrange a call with Graham to discuss further
Regarding the measure of performance and performance benchmark proposed by OPG with respect to the Fair Hydro Trust, we have the following comments:

- Any performance measure should be reflective of the decisions available to the issuer; i.e., timing of issue, tenor.
- Performance should be measured only on the 51% funded by market issuance and the 5% funded by Capital Markets. The remaining 44% is funded via an equity injection from the Province to OPG and should not be part of performance.
- The 51% and the 5% mentioned above should be performance measured using different benchmarks.
- The benchmark OPG is proposing is a Canada rate, plus a spread, both of which will be determined at the beginning of the year. The spread will differ for the 51% and the 5%.
    - The Canada rate used in the benchmark should be a weighted mix of tenors consistent with the financing plan.
    - Measurement of the benchmark at a fixed point in time will yield a performance that is more reflective of the behaviour of the market than the performance of the borrowing. While this may be adequate for a risk-sharing objective, a dynamic benchmark would be a better reflection of the borrowing performance.

Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, May 31, 2017 9:03 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: RE: Draft GA Sub debt term sheet
Carlos,
Attached for your review please also find the recommended structure of variable performance fee and benchmark relating to GA financing. We can discuss it at our meeting with OFA as well.
Sheen

From: LIU Sheen -TREASURY
Sent: Tuesday, May 30, 2017 4:26 PM
To: 'Carlos Yep'
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY; HAHN PARKER Janet -TREASURY
Subject: Draft GA Sub debt term sheet
Carlos,
Further to our discussions re establishing GA financing benchmark. Attached please find the draft term sheet of the subordinated debt (from Province equity injection). Could you please review and circulate it to the appropriate contacts/group on your side. We'd also like to set up a meeting with

OFA, at your earliest convenience, to go over the document and get your feedback. Please let us know your availability.
Thanks
Sheen
<< File: Draft Subordianted Debt Term Sheet.doc >>

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From: Brittany Keenan [Brittany.Keenan@ca.ey.com]
To: JORDA Jenny -FIN & C CTRL [jenny.jorda@opg.com]
Subject: EXTERNAL – RE: Fees
Date: Tuesday, July 11, 2017 13:21:30

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Hi Jenny,

As discussed, the fees charged should be on terms equivalent to those with third parties (i.e. at arm's length). If a manager would not be remunerated under these terms in 'normal' circumstances, this would be a concern for your analysis of the ability to consolidate the Trust. As discussed, I would recommend you work with your Treasury team to ensure the terms are equivalent to arm's length.

Brittany

Brittany Keenan | Senior Manager | Assurance Services

Ernst & Young LLP
Office: +1 416 943 3899 | brittany.keenan@ca.ey.com

From: JORDA Jenny -FIN & C CTRL [mailto:jenny.jorda@opg.com]
Sent: July-10-17 9:41 AM
To: Brittany Keenan <Brittany.Keenan@ca.ey.com>
Subject: Fees

Hi Brittany,

As discussed verbally last week with yourself and the audit partner, can you confirm EY's concurrence with the below? Thanks!

Background:
In order for the accounting consolidation analysis to be successful, the Regulations, Trust documents and various agreements need to allow OPG to have significant variability and exposure from the activities of the Trust relative to the rate of return that OPG would recognize from its role as the Financial Services Manager of the Trust. The terms of the 'variable fee' component will be determined through a 'benchmark bond rate'. The benchmark bond rate will be a weighted average of the following tranches:

- **Tranche A Senior Debt (51%) -** capital markets
- **Tranche B Sub Debt (39%)** – Province

- **Tranche C Sub Debt (10%)** – capital markets & Province

The benchmark bond rate needs to be based on all three tranches of debt for the following reasons:

- In order for OPG to have significant variability and exposure from the activities of the Trust, 100% of the Trust activities need to be considered in determining this exposure. If the Financial Services Manager is only assessed based on its performance for 56% of debt, it calls into question whether 100% of the Trust should be consolidated by OPG if their exposure to risk and variability is only assessed on 56% of the Trust.

- One of the requirements for consolidation is also that the Trust must be undertaken by OPG as a business initiative on its merits. If the terms of the transaction are not seen as being on par with similar market transactions, it calls into consideration whether OPG is really acting as an 'agent' of the Province and not as a result of its own decisions. It is not common marketplace practice for fund managers to only be assessed on a portion of their managed portfolio.

Jenny Q Jorda, CPA, CA | Senior Manager, Accounting Policy and Controls | Ontario Power Generation
700 University Avenue, Toronto ON M5G 1X6 | Phone: (416) 592-2531| Fax: (416) 592-7758 |E-mail: jenny.jorda@opg.com

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From:	Ken Kandeepan
To:	"LIU Sheen -TREASURY"
Cc:	LEE John -TREASURY; Mike Manning; Graham Monroe; Carlos Yep; James Devine
Subject:	RE: EXTERNAL – Draft Trust Performance Fee Recommendations
Date:	Sunday, July 09, 2017 12:03:19 PM

Thanks Sheen. Going through the documents that you attached I am a little confused since you refer to the first one as an accounting memo, usually a memo has an addressee and an author, I see neither in the attached. So if there is an actual memo from E&Y, that supports the contention that the performance fee should be computed on all three tranches, much appreciated if you can forward that along.

As an FYI, I also went through the latest version of E&Y's accounting opinion dated May 17th and while it does require a performance fee among others, there are no specifications as to the methodology.

With regard to the regulations, they outline the performance fee methodology in X.3, however again there is no specificity, rather the phrase "applicable tranche" is used. As such, if the decision is to limit the performance fee calculation, as per the OFA recommendation, to the 51% and the 5% being the market issue components, the regulations do not require any amendments, rather all that has to be done is an internal definition of what the "applicable tranche" is.

Thanks

Ken k

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]

Sent: Thursday, July 06, 2017 11:52 AM

To: Ken Kandeepan ; Graham Monroe ; Carlos Yep

Cc: LEE John -TREASURY

Subject: RE: EXTERNAL – Draft Trust Performance Fee Recommendations

Ken/Graham/ Carlos,

To follow up on our discussion yesterday morning re whether to include 44% equity from Province as part of the benchmarking, we have reached out to E&Y. It's E&Y's view that in order for accounting consolidation to work, the 44% equity injection has to be part of the benchmarking. Attached for your reference please find the accounting memo confirming this point. In addition attached for your reference please also find the "fee" section of the regulation, to be finalized in July.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Tuesday, July 04, 2017 2:54 PM
To: LIU Sheen -TREASURY
Cc: Graham Monroe; Ken Kandeepan
Subject: EXTERNAL – Draft Trust Performance Fee Recommendations

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Sheen

The following are initial comments from Graham Monroe from the OFA's Risk Control Division. Let me know if you would like to arrange a call with Graham to discuss further

Regarding the measure of performance and performance benchmark proposed by OPG with respect to the Fair Hydro Trust, we have the following comments:

- Any performance measure should be reflective of the decisions available to the issuer; i.e., timing of issue, tenor.
- Performance should be measured only on the 51% funded by market issuance and the 5% funded by Capital Markets. The remaining 44% is funded via an equity injection from the Province to OPG and should not be part of performance.
- The 51% and the 5% mentioned above should be performance measured using different benchmarks.
- The benchmark OPG is proposing is a Canada rate, plus a spread, both of which will be determined at the beginning of the year. The spread will differ for the 51% and the 5%.
    - The Canada rate used in the benchmark should be a weighted mix of tenors consistent with the financing plan.
    - Measurement of the benchmark at a fixed point in time will yield a performance that is more reflective of the behaviour of the market than the performance of the borrowing. While this may be adequate for a risk-sharing objective, a dynamic benchmark would be a better reflection of the borrowing performance.

Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, May 31, 2017 9:03 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: RE: Draft GA Sub debt term sheet

Carlos,
Attached for your review please also find the recommended structure of variable performance fee and benchmark relating to GA financing. We can discuss it at our meeting with OFA as well.
Sheen

From: LIU Sheen -TREASURY
Sent: Tuesday, May 30, 2017 4:26 PM
To: 'Carlos Yep'
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY; HAHN PARKER Janet -TREASURY
Subject: Draft GA Sub debt term sheet

Carlos,
Further to our discussions re establishing GA financing benchmark. Attached please find the draft term sheet of the subordinated debt (from Province equity injection). Could you please review and circulate it to the appropriate contacts/group on your side. We'd also like to set up a meeting with OFA, at your earliest convenience, to go over the document and get your feedback. Please let us know your availability.
Thanks
Sheen
<< File: Draft Subordianted Debt Term Sheet.doc >>

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From:	Ken Kandeepan
To:	"LIU Sheen -TREASURY"; LEE John -TREASURY
Cc:	Mike Manning; Graham Monroe; Carlos Yep; James Devine; JORDA Jenny -FIN & C CTRL
Subject:	RE: EXTERNAL – Draft Trust Performance Fee Recommendations
Date:	Wednesday, July 12, 2017 4:23:09 PM

Thank you Sheen, the email from E&Y was helpful, however, we are reading it quite differently from you.

E&Y's email states: "If a manager would not be remunerated under these terms in 'normal' circumstances, this would be a concern for your analysis of the ability to consolidate the Trust". Parsing that statement reveals that the ability to consolidate the Trust is enhanced if the manager remuneration methodology is developed in accordance with "normal" market practices. This makes perfect sense. Capital markets performance measurements in "normal" circumstances measure the effectiveness of borrowing decisions against a pre-determined benchmark. As my colleague Carlos Yep has pointed out, there are no borrowing decisions made when the debt issued to the Trust is funded by the 44% equity injection.

Hence, it appears that the E&Y requirement actually supports the OFA's recommendation that sub-debt issued from the funds provided by the 44% equity injection should be excluded from both the benchmark and the actual. According to E&Y the closer you hew to "normal" capital markets practices, the stronger becomes the rational for consolidating the Trust, that is a clear argument for excluding the debt funded by the 44% equity injection.

Obviously, the corollary is by including the debt funded by the 44% equity injection in the benchmark and actual you are moving away from what constitutes "normal" market practices for manager remuneration.

Thanks

Ken k

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Tuesday, July 11, 2017 2:21 PM
To: Ken Kandeepan
Cc: LEE John -TREASURY ; Mike Manning ; Graham Monroe ; Carlos Yep ; James Devine ; JORDA Jenny -FIN & C CTRL
Subject: RE: EXTERNAL – Draft Trust Performance Fee Recommendations

Ken,

Following please find the opinion from our internal accountants addressing your concerns/questions:

- **Given that E&Y is our auditor, it is against independence rules for them to write a memo forming an opinion on our accounting on a specific transaction.**
- **EY Concurrence Memo is meant to lay out the foundation of what is required – not the actual methodology or the calculations. There are various stipulations in the memo that all the conclusions in that memo are pending further details in agreements that are yet to be drafted.**

In addition, E&Y believes that doing what is suggested by OFA, i.e. excluding the debt component via Province equity injection from benchmarking, will impact the consolidation analysis. Attached for your reference please find the email from E&Y confirming this point.

Sheen

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Sunday, July 09, 2017 12:03 PM
To: LIU Sheen -TREASURY
Cc: LEE John -TREASURY; Mike Manning; Graham Monroe; Carlos Yep; James Devine
Subject: RE: EXTERNAL – Draft Trust Performance Fee Recommendations

Thanks Sheen. Going through the documents that you attached I am a little confused since you refer to the first one as an accounting memo, usually a memo has an addressee and an author, I see neither in the attached. So if there is an actual memo from E&Y, that supports the contention that the performance fee should be computed on all three tranches, much appreciated if you can forward that along.

As an FYI, I also went through the latest version of E&Y's accounting opinion dated May 17th and while it does require a performance fee among others, there are no specifications as to the methodology.

With regard to the regulations, they outline the performance fee methodology in X.3, however again there is no specificity, rather the phrase "applicable tranche" is used. As such, if the decision is to limit the performance fee calculation, as per the OFA recommendation, to the 51% and the 5% being the market issue components, the regulations do not require any amendments, rather all that has to be done is an internal definition of what the "applicable tranche" is.

Thanks

Ken k

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Thursday, July 06, 2017 11:52 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Graham Monroe <Graham.Monroe@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>
Subject: RE: EXTERNAL – Draft Trust Performance Fee Recommendations

Ken/Graham/ Carlos,

To follow up on our discussion yesterday morning re whether to include 44% equity from Province as part of the benchmarking, we have reached out to E&Y. It's E&Y's view that in order for accounting consolidation to work, the 44% equity injection has to be part of the benchmarking. Attached for your reference please find the accounting memo confirming this point. In addition attached for your reference please also find the "fee" section of the regulation, to be finalized in July.

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Sheen

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Sent: Tuesday, July 04, 2017 2:54 PM
To: LIU Sheen -TREASURY
Cc: Graham Monroe; Ken Kandeepan
Subject: EXTERNAL – Draft Trust Performance Fee Recommendations

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Sheen

The following are initial comments from Graham Monroe from the OFA's Risk Control Division. Let me know if you would like to arrange a call with Graham to discuss further

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Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, May 31, 2017 9:03 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: RE: Draft GA Sub debt term sheet

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Attached for your review please also find the recommended structure of variable performance fee and benchmark relating to GA financing. We can discuss it at our meeting with OFA as well.
Sheen

From: LIU Sheen -TREASURY
Sent: Tuesday, May 30, 2017 4:26 PM
To: 'Carlos Yep'
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY; HAHN PARKER Janet -TREASURY
Subject: Draft GA Sub debt term sheet

Carlos,
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Thanks
Sheen
<< File: Draft Subordianted Debt Term Sheet.doc >>

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From:	LAURETA LAPIRA May -FIN & C CTRL
To:	Ken Kandeepan
Cc:	MAUTI John -FIN & C CTRL; LEE John -TREASURY; Mike Manning; Graham Monroe; Carlos Yep; James Devine; JORDA Jenny -FIN & C CTRL; GORE Michael -FIN & C CTRL; LIU Sheen -TREASURY
Subject:	RE: EXTERNAL – RE: EY concurrence re: Draft Trust Performance Fee Recommendations
Date:	Tuesday, July 18, 2017 3:16:34 PM

Thank you Ken and to your team as well.
Have a good rest of your day,
May

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Tuesday, July 18, 2017 1:05 PM
To: LAURETA LAPIRA May -FIN & C CTRL
Cc: MAUTI John -FIN & C CTRL; LEE John -TREASURY; Mike Manning; Graham Monroe; Carlos Yep; James Devine; JORDA Jenny -FIN & C CTRL; GORE Michael -FIN & C CTRL; LIU Sheen -TREASURY
Subject: EXTERNAL – RE: EY concurrence re: Draft Trust Performance Fee Recommendations
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Thank you May, the email from E&Y is clear and given a choice between a performance methodology, that in our opinion, is not entirely reflective of capital markets decision making and jeopardizing the consolidation of the Trust, we are opting to accept OPG's methodology for the construction of the benchmark.
Pls proceed accordingly.
Ken k

From: LAURETA LAPIRA May -FIN & C CTRL [mailto:may.lapira@opg.com]
Sent: Monday, July 17, 2017 2:40 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Graham Monroe <Graham.Monroe@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; JORDA Jenny -FIN & C CTRL <jenny.jorda@opg.com>; GORE Michael -FIN & C CTRL <michael.gore@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: EY concurrence re: Draft Trust Performance Fee Recommendations
Hi Ken,
My name is May Lapira and I'm the newest addition to the Treasury team. Jenny has been working hard to get me updated on the accounting aspects of the Fair Hydro Plan so we can transition future correspondences over to me.
Per our discussion during the call earlier today, we have reached out to EY to obtain concurrence on our interpretation of their accounting position. Please see attached the email trail from EY's senior manager Brittany Keenan confirming that excluding the equity injection component from the definition of a 'benchmark bond' would result in non-commercial terms and could ultimately result in OPG not being able to consolidate the financing entity.
Please let me know if you have any follow up questions on this matter.
I look forward to working with you,
May
May Laureta Lapira, CPA, CA | Senior Manager, Treasury | Ontario Power Generation
700 University Avenue, Toronto ON M5G 1X6 | Tel: (416) 592-3721| Fax: (416) 592-7758 |E-mail: may.lapira@opg.com

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From: LEE John -TREASURY
To: Mike Manning
Cc: PRESTON Stuart -TREASURY
Subject: RE: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Date: Monday, May 15, 2017 3:04:35 PM

Ok. We can call you at 3:45

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: Monday, May 15, 2017 2:44 PM
To: LEE John -TREASURY
Subject: RE: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Hi John:
Would you be available for a 3:45 call today?
Mike

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Monday, May 15, 2017 2:01 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>
Subject: FW: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Mike:
Attached is the Dealers latest markup for the Provincial Support Agreement. Their changes center primarily with the Market Disruption.
We can arrange a call to discuss the dealer position.
John

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Friday, May 12, 2017 6:10 PM
To: WONG Leslie -LAWDIV; LEE John -TREASURY; RYFA Ken -TREASURY; Hill, Krista; Ramchandani, Rima; mfeldman@torys.com
Cc: Peric, Christiane; Persaud, Donnie - Debt Capital Markets; Fullerton, Rick; Innes, Michael; Smith, Elliot; Maciel, Andrew; Adalja, Sunil; Alvi, Shariq; "Benaiah, Ian' (ian.benaiah@rbccm.com)'; "vickie.turnbull@rbccm.com' (vickie.turnbull@rbccm.com)'; "david.dalbello@rbccm.com' (david.dalbello@rbccm.com)'; Milligan, Peter; 'Murray, Tim (tim.murray@rbccm.com)'; Khanna, Raj - Corporate Banking; 'Niehaus, Katrina'; 'Mullen, Max M.'; 'Collins, Patrick J (Patrick.Collins@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'
Subject: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
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Please find enclosed a revised draft of the Term Sheet for the Provincial Support Agreement.
Regards, Rocco

From: Persaud, Donnie - Debt Capital Markets [mailto:Donnie.Persaud@cibc.com]
Sent: Tuesday, April 25, 2017 6:34 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Innes, Michael <MInnes@osler.com>; Smith, Elliot <ESmith@osler.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Alvi, Shariq <Shariq.Alvi@cibc.com>; "Benaiah, Ian' (ian.benaiah@rbccm.com)' <ian.benaiah@rbccm.com>; "vickie.turnbull@rbccm.com' (vickie.turnbull@rbccm.com)' <vickie.turnbull@rbccm.com>; "david.dalbello@rbccm.com' (david.dalbello@rbccm.com)' <david.dalbello@rbccm.com>; Milligan, Peter <PMilligan@osler.com>; 'Murray, Tim (tim.murray@rbccm.com)' <tim.murray@rbccm.com>; Khanna, Raj - Corporate Banking <Raj.Khanna@CIBC.ca>; 'Niehaus,

Katrina' <Katrina.Niehaus@gs.com>; 'Mullen, Max M.' <Max.Mullen@gs.com>; 'Collins, Patrick J (Patrick.Collins@gs.com)' <Patrick.Collins@gs.com>; 'Delaney, Brian (Brian.Delaney@gs.com)' <Brian.Delaney@gs.com>
Cc: Peric, Christiane <Christiane.Peric@cibc.com>
Subject: FW: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Please see attached.

Donnie Persaud | Executive Director | Debt Capital Markets | CIBC Capital Markets | CIBC World Markets Inc.
161 Bay Street, 5th Floor, Toronto ON M5J 2S8 | Tel: 416-594-7511 | Fax: 416-594-7760 | donnie.persaud@cibc.com

---

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Tuesday, April 25, 2017 4:54 PM
To: Persaud, Donnie - Debt Capital Markets
Cc: WONG Leslie -LAWDIV; PRESTON Stuart -TREASURY; RYFA Ken -TREASURY; LIU Sheen -TREASURY
Subject: FW: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
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From: LEE John -TREASURY
To: Mike Manning
Cc: PRESTON Stuart -TREASURY
Subject: RE: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Date: Monday, May 15, 2017 3:04:35 PM

Ok. We can call you at 3:45

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: Monday, May 15, 2017 2:44 PM
To: LEE John -TREASURY
Subject: RE: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Hi John:
Would you be available for a 3:45 call today?
Mike

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Monday, May 15, 2017 2:01 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>
Subject: FW: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
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We can arrange a call to discuss the dealer position.
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To: WONG Leslie -LAWDIV; LEE John -TREASURY; RYFA Ken -TREASURY; Hill, Krista; Ramchandani, Rima; mfeldman@torys.com
Cc: Peric, Christiane; Persaud, Donnie - Debt Capital Markets; Fullerton, Rick; Innes, Michael; Smith, Elliot; Maciel, Andrew; Adalja, Sunil; Alvi, Shariq; "Benaiah, Ian' (ian.benaiah@rbccm.com)'; "vickie.turnbull@rbccm.com' (vickie.turnbull@rbccm.com)'; "david.dalbello@rbccm.com' (david.dalbello@rbccm.com)'; Milligan, Peter; 'Murray, Tim (tim.murray@rbccm.com)'; Khanna, Raj - Corporate Banking; 'Niehaus, Katrina'; 'Mullen, Max M.'; 'Collins, Patrick J (Patrick.Collins@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'
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From: Mike Manning
To: "LEE John -TREASURY"
Subject: RE: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Date: Monday, May 15, 2017 2:44:23 PM

Hi John:
Would you be available for a 3:45 call today?

Mike

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Monday, May 15, 2017 2:01 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>
Subject: FW: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust

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We can arrange a call to discuss the dealer position.

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To: WONG Leslie -LAWDIV; LEE John -TREASURY; RYFA Ken -TREASURY; Hill, Krista; Ramchandani, Rima; mfeldman@torys.com
Cc: Peric, Christiane; Persaud, Donnie - Debt Capital Markets; Fullerton, Rick; Innes, Michael; Smith, Elliot; Maciel, Andrew; Adalja, Sunil; Alvi, Shariq; ''Benaiah, Ian' (ian.benaiah@rbccm.com)'; ''vickie.turnbull@rbccm.com' (vickie.turnbull@rbccm.com)'; ''david.dalbello@rbccm.com' (david.dalbello@rbccm.com)'; Milligan, Peter; 'Murray, Tim (tim.murray@rbccm.com)'; Khanna, Raj - Corporate Banking; 'Niehaus, Katrina'; 'Mullen, Max M.'; 'Collins, Patrick J (Patrick.Collins@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'
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Sent: Tuesday, April 25, 2017 4:54 PM
To: Persaud, Donnie - Debt Capital Markets
Cc: WONG Leslie -LAWDIV; PRESTON Stuart -TREASURY; RYFA Ken -TREASURY; LIU Sheen -TREASURY
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From:	Mike Manning
To:	"LEE John -TREASURY"
Cc:	PRESTON Stuart -TREASURY
Subject:	RE: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Date:	Monday, May 15, 2017 3:09:05 PM

Talk to you then.
Mike

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Monday, May 15, 2017 3:05 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: PRESTON Stuart -TREASURY <stuart.preston@opg.com>
Subject: RE: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust

Ok. We can call you at 3:45

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: Monday, May 15, 2017 2:44 PM
To: LEE John -TREASURY
Subject: RE: EXTERNAL – RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust

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To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>
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From:	Hanslep, Malle (MOF)
To:	Ronald Kwan; Mike Manning; John Kim; John Psinas; Keley Katona (ENERGY); James Devine; Carlos Yep; Montgomery, Kaitlin (MOF); Gadi Mayman; Scott Nelms (ENERGY)
Cc:	Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Carolyn Calwell (MCSS); Tom McKinlay (MAG); Elcombe, James (MOF)
Subject:	RE: EXTERNAL – Revised Term Sheet & summary slides
Date:	Monday, August 21, 2017 12:50:37 PM

Hi Ron,
Yes, I will pass on the comments shortly. Thanks.
Malle

From: Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
Sent: August 21, 2017 12:46 PM
To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kim, John (OFA); John Psinas; Katona, Keley (MOF); Devine, James (OFA); Yep, Carlos (OFA); Montgomery, Kaitlin (MOF); Mayman, Gadi (OFA); Nelms, Scott (MOF)
Cc: Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Calwell, Carolyn (ENERGY/MEDEI/MRI); McKinlay, Tom (ENERGY); Elcombe, James (MOF)
Subject: RE: EXTERNAL – Revised Term Sheet & summary slides
Hi Malle,
Perhaps Matt (on behalf of Anna) could arrange a time in the next day or two. Would Steve Ashbourne have provided written comments that could be circulated in advance.
Ron

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: August-21-17 12:36
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carolyn Calwell (MCSS) <Carolyn.Calwell@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Elcombe, James (MOF) <James.Elcombe@ontario.ca>
Subject: RE: EXTERNAL – Revised Term Sheet & summary slides
Hi all,
We have received comments back on the term sheet from Steve Ashbourne, the Province's external counsel, and think it would be helpful to have an internal Provincial meeting to review the comments on the draft. On the legal side, it might be helpful to get some more insight into how the proposed guarantee and warehouse facility are to work from a business perspective. In addition, we are awaiting further draft documents that set the context and describe what is to be guaranteed as I understand that Torys (OPG's counsel) has been working on these.
It would be helpful to coordinate such a meeting soon with the appropriate Provincial representatives.
Thanks.
Malle

From: Hanslep, Malle (MOF)
Sent: August 17, 2017 9:23 AM
To: Kandeepan, Ken (OFA)
Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Kwan, Ronald (OFA); Kim, John (OFA); John Psinas; Yep, Carlos (OFA); Devine, James (OFA)
Subject: RE: EXTERNAL – Revised Term Sheet & summary slides
Hi Ken,
Thanks for the additional information. I have already sent the draft to Energy Legal and will send it to Steve Ashbourne this morning.

Here are my very high level preliminary comments on this. This appears to be a fresh document drafted by OPG and its counsel after the meeting in July and then further business discussion since then. There are no track changes in this document, but I compared it to the version the Province sent to OPG on June 22nd and there are quite a few differences.

- The last sentence in the opening italics that "the arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate" has been deleted.
- It has been changed back to a guarantee from an indemnity.
- The Guarantee Activation Events have been expanded to include 5 as it seems that it has been restructured so that some of what was previously in the "performance" guarantee is added into (E), i.e. IESO's role.
- Concept of "materiality" has been deleted for (B) and (D).
- A concept of "any other discriminatory action including OEB Orders has been introduced.
- The Guarantee wording includes the word "assume" as opposed to just "pay".
- Also, the guarantee has reverted to some of the very general wording that the Province is guarantee "all of the obligations of the Financing Entity" not just the debt obligations. These include any other obligation of the Financing Entity related to the Fair Hydro program such as payments to service providers (such as trustees, auditors, etc), rating agencies and any fees due to the securities commission??
- Approval requirement has been changed so that Province does not have right to approve any specific guarantee of funding obligations or set of documents before the guarantee is applied as long as documents are consistent – but who decides?
- Also the second portion called Warehousing Takeout Risk and Servicing – it's mentioned that this is for information purposes only as these risk were included in previous versions – current proposals described here and it doesn't contain any requirement for the Province to directly backstop these risks. I would say perhaps similar risks might have been dealt with but this section looks new and I don't' understand what the Province's role is in providing these assurances. Legal would need more background on how this is supposed to work.

The authority for the Province's guarantee is contained in s. 5(3) of the Fair Hydro Act, 2017 and requires an OIC to authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province to agree to guarantee/indemnity obligations associated with an investment interest. The LGIC may delegate to the Ministers to determine the terms and conditions of the guarantee and the maximum liability for the guarantee or may also specify this in the OIC. Given that it appears there will be multiple debt issuances as part of this financing program of the Financing Entity, we will have to determine how best to approach the drafting of the OIC and the guarantee in the context of this debt program. So far, we have not received any draft documents for the program such as the Master Trust Indenture, etc and as a result it is difficult to provide comments on the term sheet and in particular scope of the guarantee and how the province's approval of the terms and conditions might work in order to make the debt financing program of the Financing Entity work smoothly and effectively.

Is it possible to obtain drafts from OPG at this point. I believe that back in July on a call, it was mentioned that the next step was to ask for these drafts so that we can better understand how the proposed guarantee will fit with the proposed program documents. It's not possible to actually draft a guarantee without seeing these documents. Drafting provisions that contains "discriminatory action" type language can be difficult to ensure that there are no unforeseen consequences and that the Province's intent is captured.

It would also be helpful to find out a bit more about the timing as the briefing note mentions a TB decision in September to approve the guarantee. Is a TB submission being drafted as it would be helpful to see a draft of this as well.

I will pass on my general comments to Energy Legal and Steve as well. I understand that Scott's group is the business contact and I believe that there were Energy policy staff involved in some of the earlier calls and meetings as well.

Perhaps it might be helpful to schedule a meeting for next week to discuss the various comments

on this. If in the meantime, there is any more background or you are able to obtain draft agreements, this would be helpful.
Thanks.
Malle

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From:	Hanslep, Malle (MOF)
To:	Ronald Kwan; Ken Kandeepan
Cc:	Gadi Mayman; Mike Manning; Tobias P. Whitfield (MOF); Anna Strathy
Subject:	RE: EXTERNAL – Revised Term Sheet & summary slides
Date:	Tuesday, August 15, 2017 10:39:55 AM

Thanks Ron. I have passed it on to Energy Legal.

From: Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
Sent: August 15, 2017 10:12 AM
To: Hanslep, Malle (MOF); Kandeepan, Ken (OFA)
Cc: Mayman, Gadi (OFA); Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: Re: EXTERNAL – Revised Term Sheet & summary slides

Hi Malle,

I would not know f this has been passed on to Energy Legal; by OPG yet. Ken, would you know?

As you stated, last week's meeting was a business meeting, without Legal representatives from various sides, including not having Steve Ashbourne attend, so I wouldn't think he'd have reviewed this new version either -- Ken, your sense on that?

Ron

From: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Sent: August 15, 2017 9:26 AM
To: Ken Kandeepan
Cc: Gadi Mayman; Ronald Kwan; Mike Manning; Tobias P. Whitfield (MOF); Anna Strathy
Subject: RE: EXTERNAL – Revised Term Sheet & summary slides

Hi Ken,

Thank you for passing on the draft. I should send this on to Energy Legal as well in case they have not received it yet. Do you know if Steve Ashbourne of Blakes has been reviewing the term sheet recently and been involved in discussions on this?

This is the first version of the term sheet that we have received since it was sent over to OPG on late June. After that there was a response from Torys dated June 30th with some high level comments on the revised term sheet and an internal Provincial call to discuss the Province's response.

Subsequently there was a meeting of representatives of the Province and OPG on July 13th which Toby and also Tom McKinlay of Energy legal attended to discuss considerations regarding the guarantee. It looks like there have been some further discussions regarding the term sheet and understand that there may have been a meeting on the business side last week but MOF LSB was not asked to participate. In order to provide comments on this term sheet, it will be helpful for us to find out more about what the business discussions have been and what approach the Province wishes to take and also consult with Energy Legal and Blakes.

Is there a track changes version of this term sheet from June? Also, as I recall back in early July, we were going to ask OPG to provide to us some of the more detailed documents and drafts that would be associated with this guarantee such as the Master Trust Indenture, etc. Do you know if OPG has shared any of that with the Province?

Thanks.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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please notify the writer and permanently delete the message and all attachments. Thank you.

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: August 15, 2017 6:50 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: Fwd: EXTERNAL – Revised Term Sheet & summary slides

Pls note latest version, comments are appreciated.
Thanks
Ken k

Sent from my iPhone

Begin forwarded message:

> **From:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Date:** August 14, 2017 at 7:45:58 PM EDT
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>, Gadi Mayman <Gadi.Mayman@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>
> **Cc:** Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Subject: FW: EXTERNAL – Revised Term Sheet & summary slides**
>
> Gadi, Ron and John
> Pls see the attached revised guarantee and a short presentation on the salient points. It seems to include all of the revisions we requested, however, I will take another more detailed look. Ron and John one section particularly for your review, the Takeout Risk at the end of the Term Sheet indicates the link between the clean energy adjustment and the fair allocation amount as they impact the Takeout risk. I am not very clear about this so you may want to review this closely.
> The request for the Letter of Credit still stands however, there is an alternative also provided we have to see tomorrow how comfortable IESO is with the latter.
> Thanks
> Ken K
>
> ---
>
> **From:** LEE John -TREASURY [mailto:john.s.lee@opg.com]
> **Sent:** Monday, August 14, 2017 6:37 PM
> **To:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Cc:** James Devine <James.Devine@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; 'Kim Marshall' <Kim.Marshall@ieso.ca>
> **Subject:** RE: EXTERNAL – Revised Term Sheet & summary slides
> Ken:
> As requested attached are the summary slides and the revised term sheet from the dealer group for your consideration.
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>
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> **From:** Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
> **Sent:** Friday, August 11, 2017 11:29 AM
> **To:** LEE John -TREASURY
> **Cc:** James Devine; Mike Manning; Carlos Yep; Anna Strathy
> **Subject:** RE: EXTERNAL – Revised Term Sheet
> Thanks John

Ken k

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Friday, August 11, 2017 11:28 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: James Devine <James.Devine@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: EXTERNAL – Revised Term Sheet
Yes, they are working to that timeline.

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Friday, August 11, 2017 11:24 AM
To: LEE John -TREASURY
Cc: James Devine; Mike Manning; Carlos Yep; Anna Strathy
Subject: EXTERNAL – Revised Term Sheet
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Hi John
Just to follow up on Andrew Maciel's commitment to provide us with a revised term sheet for the guarantee reflecting yesterday's discussion, I was wondering if that can be done EOD Monday. I had a chat with Gadi and given some upcoming internal meetings at senior levels it would be helpful to provide the revised guarantee in front of decision makers.
Thanks
Ken k

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From: Hanslep, Malle (MOF)
To: Ken Kandeepan
Cc: Gadi Mayman; Ronald Kwan; Mike Manning; Tobias P. Whitfield (MOF); Anna Strathy
Subject: RE: EXTERNAL – Revised Term Sheet & summary slides
Date: Tuesday, August 15, 2017 9:26:56 AM

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From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: August 15, 2017 6:50 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: Fwd: EXTERNAL – Revised Term Sheet & summary slides
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Subject: RE: EXTERNAL – Revised Term Sheet

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To:	Ken Kandeepan
Cc:	James Devine; Mike Manning; Carlos Yep; Anna Strathy; RYFA Ken -TREASURY; WONG Leslie -LAWDIV; LAURETA LAPIRA May -TREASURY; LIU Sheen -TREASURY; HAHN PARKER Janet -TREASURY; Scott Nelms (ENERGY); Keley Katona (ENERGY); "Kim Marshall"
Subject:	RE: EXTERNAL – Revised Term Sheet & summary slides
Date:	Monday, August 14, 2017 6:37:20 PM
Attachments:	Term Sheet - Provincial Support Agreement - 08-14-2017.docx Fair Hydro Plan - Guarantee and Other Items v2.pptx

Ken:

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John

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Provincial Protection and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act.*

Change in Law Guarantee	
Guarantor:	The Province of Ontario
Guarantee Activation Events:	Any of the following would constitute a Guarantee Activation Event: (A) the Legislative Assembly of Ontario repealing (and not replacing on an equivalent basis) the Act or any Regulation made thereunder; (B) the Legislative Assembly of Ontario causing to come into force any statute (including any amendment to the Act or a Regulation made thereunder), or causing to come into force or making any order-in-council or regulation, or causing to come into force any other discriminatory action (including by way of any order by the Ontario Energy Board), in any case, in a way that adversely affects the rights and interests of the Financing Entity under its investment interest, including, for greater certainty, in any manner that is reasonably expected to limit the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations on the same basis as before such amendment was effected; (C) the Legislative Assembly of Ontario directly or indirectly amending the Guarantee or any of the financing transaction agreements without the agreement of the Financing Entity; (D) a court of competent jurisdiction (i) declares any funding obligations of the Financing Entity to be invalid or unenforceable or (ii) in a final and non-appealable

	judgement determines that all or a portion of the Act is *ultra vires* in a way that adversely affects the rights and interests of the Financing Entity, including, for greater certainty, in any manner that is reasonably expected to limit the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its funding obligations on the same basis as before such judgement; or (E) there is a change in the organization, structure or operations of the IESO or a change in the electricity market structure or operations in any way that adversely affects the rights and interests of the Financing Entity under its investment interest, including, for greater certainty, in any manner that is reasonably expected to limit the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations on the same basis as before such amendment was effected **[NTD: Alternatively, with respect to the IESO servicing obligations, include the Servicing Guarantee language with respect to the IESO that was included in the last mark-up of the term sheet received from the Province.]**
Guarantee:	Upon the occurrence of a Guarantee Activation Event, the Guarantor shall immediately assume and pay when due (without acceleration) all of the obligations of the Financing Entity. The obligations of the Financing Entity include its funding obligations as well as any other obligation the Financing Entity has related to the Fair Hydro program such as payments to service providers (such as trustees, auditors, etc), rating agencies and any fees due to the securities commissions
Term:	The Guarantee will continue for as long as the Financing Entity has any outstanding financing or other contractual obligations and until such obligations have all been paid in full or otherwise satisfied

Approval Requirement:	The guarantee agreement containing the terms and conditions contemplated by this term sheet shall be entered into prior to the Financing Entity incurring its first funding obligation. The Province shall enter into the guarantee based on forms of program and series financing documents required for each financing transaction (e.g., form of supplemental indenture). As long as the financing transaction documents are generally consistent with the agreed upon form, the Province's specific approval for specific funding obligations incurred by the Financing Entity will not be required. Subsequent approval is only needed if the form of such documents are materially changed. For greater certainty, deal specific terms (such as tenor, pricing, etc) shall not be considered a change in the form of transaction and series documents
FIPPA:	The parties will acknowledge that the Guarantor will be bound by the Freedom of Information and Protection of Privacy Act (Ontario) and that any information provided to the Guarantor, or any agent or representative of the Guarantor in connection with the Guarantee may be subject to disclosure in accordance with the act or as otherwise required by law
Representations and Warranties:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Guarantor and the Financing Entity
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Guarantor and the Financing Entity
Governing Law:	Province of Ontario

Warehousing Takeout Risk and Servicing (Commingling) Risk *Note – these items are provided for information purposes only as these risks were included in the previous version of the term sheet as items that the Dealers/OPG were looking for the Province for protection against. The current proposals with respect to these items is described below. These do not contain any requirement for the Province to directly backstop these risks.*	
<u>Commingling Risk (applies to Warehouse as well as any Term transactions)</u>	
Commingling Risk Mitigant:	For any LDC which is not investment grade rated by each of the rating agencies which are rating the funding obligations (the "Non-Investment Grade LDCs"), either: (A) The IESO must post a Letter of Credit (L/C), or deposit funds in a Commingling Reserve Account in a quantum equal to the Commingling Risk Amount; or (B) The IESO, for so long as it is rated investment grade by the rating agencies which are rating the funding obligations, will assume responsibility for commingling risk by the LDCs and will agree to remit to the Financing Entity any clean energy adjustment amounts collected by the LDC, regardless of whether the LDC remitted those amounts to the IESO for remittance to the Financing Entity
Commingling Risk Amount:	An amount equal to the sum of the expected Clean Energy Adjustment collections from the Non-Investment Grade LDCs over the next [45-60] days
Commingling Risk Amount Reset Date:	Each settlement date for the Financing Entity (monthly)
Beneficiary:	The beneficiary of the L/C or the Commingling Reserve Account would be the Financing Entity and the Indenture Trustee for the benefit of the creditors of the Financing Entity. The Financing Entity and/or the Indenture Trustee would have the ability to draw down the L/C or draw on the Commingling Reserve Account for any clean energy adjustment amounts expected to be received from the IESO but which were not received due to those funds not being remitted from an LDC to the IESO for that period
L/C Provider:	An entity rated at least A+ (or equivalent)

Approvals:	The approach is subject to approval from the IESO, by the rating agencies rating the funding obligations of the Financing Entity and the risk management areas of the banks providing the warehouse facilities
Warehouse Takeout Risk	
Commitment Period for Warehouse[1]:	Expected to be 12-24 months
Takeout for Warehouse:	Expected to be every 3-6 months
Warehouse Default Event:	One of the events of default for the warehouse will be the failure to repay the warehouse facility at the end of the commitment term
Consequences of Warehouse Default Event:	If the Warehouse Default Event[2] described above occurs, all amounts funded through the warehouse would become immediately due and payable, subject to the Warehouse Default Payment Cap, and Default Pricing will be charged on any amounts funded through the warehouse facility
Default Pricing:	Step up in pricing to [x] until the moratorium period ends and thereafter stepping-up in increments of [y] every six months until the warehouse facility is repaid

[1] Please note that this is not intended to be an exhaustive list of terms for the warehouse facility, but rather is a summary of a few select terms that relate to the warehouse takeout risk.

[2] Note there may be other Warehouse Default Events beyond the takeout risk item described above. The consequences for a breach of these other Warehouse Default Events may be different than the one described above where the default is related to failure to takeout the warehouse facility by the end of the commitment period.

Warehouse Default Payment Cap:	For any given reference period following the occurrence of a Warehouse Default Event, the amount that shall be remitted to the Financing Entity for repayment of the warehouse facilities will be the sum of (x) the interest amount due on the warehouse facilities (which, for greater certainty will include any program fees) and (y) the lessor of: (a) The outstanding amount funded through the warehouse facilities; and (b) The maximum amount that can be charged for that period so that clean energy adjustments are equal to, but do not exceed, the fair allocation amount for such period.
Approval Requirement:	Subject to approval by the risk management areas of the banks providing the warehouse facilities which will in part depend on receipt of information on the fair allocation curve and an understanding of how long the "tail risk" could be following a Warehouse Default Event

Provincial Protection and Assurances

Change in Law Risk

- Holders of Fair Hydro Plan debt could be negatively impacted by:
  - Changes to legislation or other discriminatory action by the Province as no government can limit the ability of future governments to amend or enact legislation or take other actions as it may deem appropriate
  - Court decision that the Fair Hydro Plan does not have the authority to levy the charge to consumers or declares any funding obligations to be invalid or unenforceable
  - Changes to the organization, structure or operations of the IESO or the electricity market
- Debt is not financeable without protection for these risks
- Risk is addressed through contractual guarantee that would be triggered upon the occurrence of specified events
- If guarantee is triggered there would not be an acceleration of payment
- If guarantee is triggered the Province would step in to service the obligations of the financing entity
- Guarantee may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access US market as investors in that market will likely require additional compensation if the guarantee is triggered

Risks Not Covered by Provincial Guarantee

Short Term Debt Financing Takeout Risk

- Monthly purchases by the financing entity would initially be financed using short term debt as the financing entity needs to warehouse a larger amount for efficient execution in the term debt markets
  - Short term debt providers are exposed to the risk that takeout funding is not available in term debt markets for a period of time
- If this short term debt is not repaid by the end of the short term debt facility commitment this risk is addressed through an escalation of the pricing of such short term debt:
  - Interest rate for short term debt increases by a specified amount at the time of the event until the moratorium period ends
  - Thereafter, interest rate increases by a further specified amount for every additional 6 month interval during which the short term debt remains unpaid

LDC Commingling Risk

- Clean Energy Adjustment amounts will be collected from consumers by LDCs and held until remitted to the IESO / financing entity. For any LDC which is not rated or non-investment grade rated by each of the rating agencies which are rating the funding obligations, the agencies will require these LDCs to remit collections daily, unless other credit mitigants are established
- The majority of LDCs are not rated and it would be cost prohibitive to establish ratings for these entities; 10 LDCs are collectively rated by S&P, DBRS and Moody's (Moody's only rates Hydro One)
  - It is estimated that LDCs not rated by any agency deliver power to ~25% of the Ontario electricity market
- This risk is addressed through providing the financing entity with a letter of credit:
  - Amount of letter of credit is approximately one to two month's estimated collections from all unrated or non-investment grade LDCs
  - Letter of credit to be provided by the IESO on behalf of the LDCs
  - Cost of the letter of credit and any amounts drawn can be recovered by the IESO through the Global Adjustment
- Alternatively, this risk may be addressed by the IESO depositing funds into a commingling reserve account for a similar amount or the IESO contractually agreeing to assume responsibility for paying the CEA amounts required to be remitted by such LDCs

From:	Ronald Kwan
To:	Malle Hanslep (MOF); Mike Manning; John Kim; John Psinas; Keley Katona (ENERGY); James Devine; Carlos Yep; Montgomery, Kaitlin (MOF); Gadi Mayman; Scott Nelms (ENERGY)
Cc:	Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Carolyn Calwell (MCSS); Tom McKinlay (MAG); Elcombe, James (MOF)
Subject:	RE: EXTERNAL – Revised Term Sheet & summary slides
Date:	Monday, August 21, 2017 12:46:11 PM

Hi Malle,
Perhaps Matt (on behalf of Anna) could arrange a time in the next day or two. Would Steve Ashbourne have provided written comments that could be circulated in advance.
Ron

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: August-21-17 12:36
To: Mike Manning ; Ronald Kwan ; John Kim ; John Psinas ; Keley Katona (ENERGY) ; James Devine ; Carlos Yep ; Montgomery, Kaitlin (MOF) ; Gadi Mayman ; Scott Nelms (ENERGY)
Cc: Anna Strathy ; Tobias P. Whitfield (MOF) ; Ken Kandeepan ; Carolyn Calwell (MCSS) ; Tom McKinlay (MAG) ; Elcombe, James (MOF)
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It would be helpful to coordinate such a meeting soon with the appropriate Provincial representatives.
Thanks.
Malle

From: Hanslep, Malle (MOF)
Sent: August 17, 2017 9:23 AM
To: Kandeepan, Ken (OFA)
Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Kwan, Ronald (OFA); Kim, John (OFA); John Psinas; Yep, Carlos (OFA); Devine, James (OFA)
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Hi Ken,
Thanks for the additional information. I have already sent the draft to Energy Legal and will send it to Steve Ashbourne this morning.
Here are my very high level preliminary comments on this. This appears to be a fresh document drafted by OPG and its counsel after the meeting in July and then further business discussion since then. There are no track changes in this document, but I compared it to the version the Province sent to OPG on June 22nd and there are quite a few differences.

- The last sentence in the opening italics that "the arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate" has been deleted.
- It has been changed back to a guarantee from an indemnity.
- The Guarantee Activation Events have been expanded to include 5 as it seems that it has been restructured so that some of what was previously in the "performance" guarantee is added into (E), i.e. IESO's role.
- Concept of "materiality" has been deleted for (B) and (D).
- A concept of "any other discriminatory action including OEB Orders has been introduced.
- The Guarantee wording includes the word "assume" as opposed to just "pay".

- Also, the guarantee has reverted to some of the very general wording that the Province is guarantee “all of the obligations of the Financing Entity” not just the debt obligations. These include any other obligation of the Financing Entity related to the Fair Hydro program such as payments to service providers (such as trustees, auditors, etc), rating agencies and any fees due to the securities commission??
- Approval requirement has been changed so that Province does not have right to approve any specific guarantee of funding obligations or set of documents before the guarantee is applied as long as documents are consistent – but who decides?
- Also the second portion called Warehousing Takeout Risk and Servicing – it’s mentioned that this is for information purposes only as these risk were included in previous versions – current proposals described here and it doesn’t contain any requirement for the Province to directly backstop these risks. I would say perhaps similar risks might have been dealt with but this section looks new and I don’t’ understand what the Province’s role is in providing these assurances. Legal would need more background on how this is supposed to work.

The authority for the Province’s guarantee is contained in s. 5(3) of the Fair Hydro Act, 2017 and requires an OIC to authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province to agree to guarantee/indemnity obligations associated with an investment interest. The LGIC may delegate to the Ministers to determine the terms and conditions of the guarantee and the maximum liability for the guarantee or may also specify this in the OIC. Given that it appears there will be multiple debt issuances as part of this financing program of the Financing Entity, we will have to determine how best to approach the drafting of the OIC and the guarantee in the context of this debt program. So far, we have not received any draft documents for the program such as the Master Trust Indenture, etc and as a result it is difficult to provide comments on the term sheet and in particular scope of the guarantee and how the province’s approval of the terms and conditions might work in order to make the debt financing program of the Financing Entity work smoothly and effectively.

Is it possible to obtain drafts from OPG at this point. I believe that back in July on a call, it was mentioned that the next step was to ask for these drafts so that we can better understand how the proposed guarantee will fit with the proposed program documents. It’s not possible to actually draft a guarantee without seeing these documents. Drafting provisions that contains “discriminatory action” type language can be difficult to ensure that there are no unforeseen consequences and that the Province’s intent is captured.

It would also be helpful to find out a bit more about the timing as the briefing note mentions a TB decision in September to approve the guarantee. Is a TB submission being drafted as it would be helpful to see a draft of this as well.

I will pass on my general comments to Energy Legal and Steve as well. I understand that Scott’s group is the business contact and I believe that there were Energy policy staff involved in some of the earlier calls and meetings as well.

Perhaps it might be helpful to schedule a meeting for next week to discuss the various comments on this. If in the meantime, there is any more background or you are able to obtain draft agreements, this would be helpful.

Thanks.

Malle

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To:	Mike Manning; Ronald Kwan; John Kim; John Psinas; Keley Katona (ENERGY); James Devine; Carlos Yep; Montgomery, Kaitlin (MOF); Gadi Mayman; Scott Nelms (ENERGY)
Cc:	Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Carolyn Calwell (MCSS); Tom McKinlay (MAG); Elcombe, James (MOF)
Subject:	RE: EXTERNAL – Revised Term Sheet & summary slides
Date:	Monday, August 21, 2017 12:36:36 PM

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Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Kwan, Ronald (OFA); Kim, John (OFA); John Psinas; Yep, Carlos (OFA); Devine, James (OFA)
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Malle

From: Ronald Kwan
To: Malle Hanslep (MOF); John Kim; Ken Kandeepan
Cc: Mike Manning; Tobias P. Whitfield (MOF); Anna Strathy; John Psinas; Carlos Yep; James Devine
Subject: RE: EXTERNAL – Revised Term Sheet & summary slides
Date: Friday, August 18, 2017 5:12:28 PM

Hi Malle,

Thanks for the update.

Ron

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: August-18-17 16:42
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: Re: EXTERNAL – Revised Term Sheet & summary slides

Hi all

I got comments back from Steve on the term sheet today. I haven't reviewed them yet and will send them to you on Monday. There seem to be a lot of significant issues and as noted previously we don't have copies of any of the draft documents so it makes it very difficult to provide, comments on the term sheet and TB submission.
Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: John Kim
Sent: Thursday, August 17, 2017 12:03
To: Kandeepan, Ken (OFA); Hanslep, Malle (MOF); Kwan, Ronald (OFA)
Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Kwan, Ronald (OFA); John Psinas; Yep, Carlos (OFA); Devine, James (OFA)
Subject: RE: EXTERNAL – Revised Term Sheet & summary slides

Hi Malle,

I will follow up on the request below.

Thanks,

John

From: Ken Kandeepan
Sent: Thursday, August 17, 2017 11:06 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James

Devine <James.Devine@ofina.on.ca>
Subject: Re: EXTERNAL – Revised Term Sheet & summary slides

Thanks Malle, as usual a clear and detailed analysis, since I am on vacation from today onwards may I pls request John Kim and Ron Kwan to follow up with you.

Thanks

Ken k

Sent from my iPhone

On Aug 17, 2017, at 9:23 AM, Hanslep, Malle (MOF)
<Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:
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Malle

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: August 16, 2017 12:01 PM
To: Hanslep, Malle (MOF)
Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Kwan, Ronald (OFA); Kim, John (OFA); John Psinas; Yep, Carlos (OFA); Devine, James (OFA)
Subject: RE: EXTERNAL – Revised Term Sheet & summary slides

Hi Malle

Sorry for the delay in responding to your questions. First can you pls share the revised term sheet with Steven Ashbourne for his comments. Secondly, following protocol I have requested OPG to forward the same document to Energy Legal who may then reach out to you for consolidated comments.

With regard to business decisions from the last version: OPG and their advisors have removed any obligation on the part of the Province to either accelerate payments on the outstanding debt or pay a 1% premium in case the guarantee is invoked. The debt guarantee is now palatable from the Province's perspective and subject to Legal review of not only the Term Sheet but the draft guarantee document once we receive same from OPG, we are recommending provincial approval.

The servicing guarantee has now been restated as an IESO obligation requiring the Operator to either provide an Letter of Credit or assume responsibility for any shortfalls in the CEA arising from lower than investment grade/Non rated LDCs failing to remit their collections, for whatever reason, once the CEA kicks in

IESO is not comfortable with this requirement and is regrouping internally to respond, OPG has also agreed to examine other potential solutions for this issue. I am attaching a summary sheet that you may find useful, that outlines the issues in the Term Sheet and our responses.

Pls note that I have expanded the cc's to this email since I will on vacation starting tomorrow to Labour Day.

Thanks

Ken k

From: Ronald Kwan
Sent: Tuesday, August 15, 2017 10:12 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>
Subject: Re: EXTERNAL – Revised Term Sheet & summary slides

Hi Malle,

I would not know f this has been passed on to Energy Legal; by OPG yet. Ken, would you know?

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Sent: August 15, 2017 9:26 AM
To: Ken Kandeepan
Cc: Gadi Mayman; Ronald Kwan; Mike Manning; Tobias P. Whitfield (MOF); Anna Strathy
Subject: RE: EXTERNAL – Revised Term Sheet & summary slides

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Thanks.

Malle

Malle Hanslep

Deputy Director

Ministry of the Attorney General

Ministry of Finance Legal Services Branch

Telephone: 416-325-1457

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From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: August 15, 2017 6:50 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: Fwd: EXTERNAL – Revised Term Sheet & summary slides

Pls note latest version, comments are appreciated.

Thanks

Ken k

Sent from my iPhone

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To:	Ken Kandeepan; Malle Hanslep (MOF); Ronald Kwan
Cc:	Mike Manning; Tobias P. Whitfield (MOF); Anna Strathy; Ronald Kwan; John Psinas; Carlos Yep; James Devine
Subject:	RE: EXTERNAL – Revised Term Sheet & summary slides
Date:	Thursday, August 17, 2017 12:03:49 PM

Hi Malle,
I will follow up on the request below.
Thanks,
John

From: Ken Kandeepan
Sent: Thursday, August 17, 2017 11:06 AM
To: Malle Hanslep (MOF) ; Ronald Kwan ; John Kim
Cc: Mike Manning ; Tobias P. Whitfield (MOF) ; Anna Strathy ; Ronald Kwan ; John Kim ; John Psinas ; Carlos Yep ; James Devine
Subject: Re: EXTERNAL – Revised Term Sheet & summary slides
Thanks Malle, as usual a clear and detailed analysis, since I am on vacation from today onwards may I pls request John Kim and Ron Kwan to follow up with you.
Thanks
Ken k

Sent from my iPhone

On Aug 17, 2017, at 9:23 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

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approve any specific guarantee of funding obligations or set of documents before the guarantee is applied as long as documents are consistent – but who decides?

- Also the second portion called Warehousing Takeout Risk and Servicing – it's mentioned that this is for information purposes only as these risk were included in previous versions – current proposals described here and it doesn't contain any requirement for the Province to directly backstop these risks. I would say perhaps similar risks might have been dealt with but this section looks new and I don't' understand what the Province's role is in providing these assurances. Legal would need more background on how this is supposed to work.

The authority for the Province's guarantee is contained in s. 5(3) of the Fair Hydro Act, 2017 and requires an OIC to authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province to agree to guarantee/indemnity obligations associated with an investment interest. The LGIC may delegate to the Ministers to determine the terms and conditions of the guarantee and the maximum liability for the guarantee or may also specify this in the OIC. Given that it appears there will be multiple debt issuances as part of this financing program of the Financing Entity, we will have to determine how best to approach the drafting of the OIC and the guarantee in the context of this debt program. So far, we have not received any draft documents for the program such as the Master Trust Indenture, etc and as a result it is difficult to provide comments on the term sheet and in particular scope of the guarantee and how the province's approval of the terms and conditions might work in order to make the debt financing program of the Financing Entity work smoothly and effectively.

Is it possible to obtain drafts from OPG at this point. I believe that back in July on a call, it was mentioned that the next step was to ask for these drafts so that we can better understand how the proposed guarantee will fit with the proposed program documents. It's not possible to actually draft a guarantee without seeing these documents. Drafting provisions that contains "discriminatory action" type language can be difficult to ensure that there are no unforeseen consequences and that the Province's intent is captured.

It would also be helpful to find out a bit more about the timing as the briefing note mentions a TB decision in September to approve the guarantee. Is a TB submission being drafted as it would be helpful to see a draft of this as well.

I will pass on my general comments to Energy Legal and Steve as well. I understand that Scott's group is the business contact and I believe that there were Energy policy staff involved in some of the earlier calls and meetings as well. Perhaps it might be helpful to schedule a meeting for next week to discuss the various comments on this. If in the meantime, there is any more background or you are able to obtain draft agreements, this would be helpful.

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Sent: August 16, 2017 12:01 PM
To: Hanslep, Malle (MOF)
Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Kwan, Ronald (OFA); Kim, John (OFA); John Psinas; Yep, Carlos (OFA); Devine, James (OFA)
Subject: RE: EXTERNAL – Revised Term Sheet & summary slides

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Sorry for the delay in responding to your questions. First can you pls share the revised term sheet with Steven Ashbourne for his comments. Secondly, following protocol I have requested OPG to forward the same document to Energy Legal who may then reach out to you for consolidated comments.

With regard to business decisions from the last version: OPG and their advisors have removed any obligation on the part of the Province to either accelerate payments on the outstanding debt or pay a 1% premium in case the guarantee is invoked. The debt guarantee is now palatable from the Province's perspective and subject to Legal review of not only the Term Sheet but the draft guarantee document once we receive same from OPG, we are recommending provincial approval.
The servicing guarantee has now been restated as an IESO obligation requiring the Operator to either provide an Letter of Credit or assume responsibility for any shortfalls in the CEA arising from lower than investment grade/Non rated LDCs failing to remit their collections, for whatever reason, once the CEA kicks in
IESO is not comfortable with this requirement and is regrouping internally to respond, OPG has also agreed to examine other potential solutions for this issue. I am attaching a summary sheet that you may find useful, that outlines the issues in the Term Sheet and our responses.
Pls note that I have expanded the cc's to this email since I will on vacation starting tomorrow to Labour Day.
Thanks
Ken k

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Subject:	RE: EXTERNAL – Revised Term Sheet & summary slides
Date:	Wednesday, August 16, 2017 12:07:29 PM

Thanks Ken for the additional information. I will connect with Energy Legal and we will pass it on to Steve for review as well.

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: August 16, 2017 12:01 PM
To: Hanslep, Malle (MOF)
Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Kwan, Ronald (OFA); Kim, John (OFA); John Psinas; Yep, Carlos (OFA); Devine, James (OFA)
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Attachments:	Provincial Guarantee and Other Financing Issues (OFA) 08152017.docx

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PROVINCIAL GUARANTEE AND OTHER FINANCING ISSUES

ISSUE

To support the Fair Hydro Plan, OPG is requesting that the Government of Ontario provide a guarantee to the OPG Financing Entity and prospective debt holders such that the funding obligations of the Financing Entity will be met by the Province under certain circumstances.

TERMS OF THE GUARANTEE

Events that would activate the Provincial Guarantee:

- Decisions by the Legislative Assembly, i.e., repeal of the Ontario Fair Hydro Plan Act, 2017, or amendments that adversely affect the OPG Financing Entity;
- A court decision that declares any funding obligations of the Financing Entity to be unenforceable; and
- Changes to the organization, structure or operations of IESO adversely impacting the Financing Entity.

Guarantee:

- The Province would take over the obligations of the Financing Entity including principal and interest payments on debt issued to date and any outstanding payments to service providers (i.e., trustees, auditors).
- The Provincial guarantee will continue until all obligations of the Financing Entity are fully discharged.

Recommendation:

- Pending review by MOF Legal, Energy Legal and external counsel (Blake's), recommend TB/MBC approve the terms of the Guarantee as set out in the term sheet and further detailed in the draft guarantee document to be provided by OPG.

OTHER FINANCING/ACCOUNTING RISKS TO BE RESOLVED

Commingling Risk:

- Refers to the risk associated with unrated/below investment grade Local Distribution Companies (LDCs) not remitting collections from ratepayers to the IESO.
- IESO to provide either a Letter of Credit or assume responsibility for this risk amounting to the expected Clean Energy Adjustment from these LDCs over the

next 45-60 days. OPG estimates the Letter of Credit to be approximately $50 million.
- IESO expressed concerns both from a mandate and accounting perspective on issuing either a Letter of Credit or assuming responsibility for the commingling risk.

Warehouse Takeout Risk:

- Refers to the risk associated with the Financing Entity unable to issue debt in order to pay down the short term financing provided by its banks.
- There may be potential costs to the ratepayer in the form of higher interest rates from the step–up pricing clause in the Financing Entity's agreement with the banks providing the short term financing.

NEXT STEPS

- MOF Legal, Energy Legal and external counsel (Blake's) to review term sheet and draft guarantee document
- OPG/IESO to consider outstanding financing/accounting issues
- TB/MBC decision on Provincial Guarantee (September TBC)

Ontario Financing Authority
August 15, 2017

From:	Ken Kandeepan
To:	"LEE John -TREASURY"; MAUTI John -FIN & C CTRL
Cc:	James Devine; Mike Manning; Carlos Yep; Anna Strathy; RYFA Ken -TREASURY; WONG Leslie -LAWDIV; LAURETA LAPIRA May -TREASURY; LIU Sheen -TREASURY; HAHN PARKER Janet -TREASURY; Ronald Kwan; John Psinas; John Kim; "Veinot, Cindy (TBS)"; Anna Strathy
Subject:	RE: EXTERNAL – Revised Term Sheet & summary slides
Date:	Wednesday, August 16, 2017 11:31:05 AM

Hi John and John
One issue that I forgot to raise at the tele conference yesterday is the potential for the Province to purchase debt issued by the Financing Entity in the event of an impending warehouse default event coupled with the inability, for whatever reason, for the Entity to access the markets. Of course once, markets have stabilized the Province has the option to sell this note.
OPG was going to run this by E&Y to ascertain if such purchases impact the accounting treatment.
Pls let us know.
Thanks and if you haven't already done so can you pls forward the revised term sheet to Energy Legal as well.
Thanks
Ken k

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Monday, August 14, 2017 6:37 PM
To: Ken Kandeepan
Cc: James Devine ; Mike Manning ; Carlos Yep ; Anna Strathy ; RYFA Ken -TREASURY ; WONG Leslie -LAWDIV ; LAURETA LAPIRA May -TREASURY ; LIU Sheen -TREASURY ; HAHN PARKER Janet -TREASURY ; Scott Nelms (ENERGY) ; Keley Katona (ENERGY) ; 'Kim Marshall'
Subject: RE: EXTERNAL – Revised Term Sheet & summary slides
Ken:
As requested attached are the summary slides and the revised term sheet from the dealer group for your consideration.
John

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Friday, August 11, 2017 11:29 AM
To: LEE John -TREASURY
Cc: James Devine; Mike Manning; Carlos Yep; Anna Strathy
Subject: RE: EXTERNAL – Revised Term Sheet
Thanks John
Ken k

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Friday, August 11, 2017 11:28 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: James Devine <James.Devine@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: EXTERNAL – Revised Term Sheet
Yes, they are working to that timeline.

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Friday, August 11, 2017 11:24 AM
To: LEE John -TREASURY
Cc: James Devine; Mike Manning; Carlos Yep; Anna Strathy

Subject: EXTERNAL – Revised Term Sheet

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Hi John

Just to follow up on Andrew Maciel's commitment to provide us with a revised term sheet for the guarantee reflecting yesterday's discussion, I was wondering if that can be done EOD Monday. I had a chat with Gadi and given some upcoming internal meetings at senior levels it would be helpful to provide the revised guarantee in front of decision makers.

Thanks

Ken k

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From:	Hanslep, Malle (MOF)
To:	Ronald Kwan; Mike Manning; John Kim; John Psinas; Keley Katona (ENERGY); James Devine; Carlos Yep; Montgomery, Kaitlin (MOF); Gadi Mayman; Scott Nelms (ENERGY)
Cc:	Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Carolyn Calwell (MCSS); Tom McKinlay (MAG); Elcombe, James (MOF)
Subject:	RE: EXTERNAL – Revised Term Sheet & summary slides
Date:	Monday, August 21, 2017 2:26:20 PM
Attachments:	23148306-v10-Term Sheet - Provincial Support Agreement - May 12.DOCX 23148306-vpdf-Term Sheet - Provincial Support Agreement - May 12.PDF

Hi all,
Please find attached comments on the term sheet prepared by Steve Ashbourne, Province's external counsel, for our review and consideration. These comments are prepared for the purposes of internal discussion at the proposed meeting of Provincial staff and should not with others outside the Province.
Thank you.
Malle
Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457
Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

From: Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
Sent: August 21, 2017 12:46 PM
To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kim, John (OFA); John Psinas; Katona, Keley (MOF); Devine, James (OFA); Yep, Carlos (OFA); Montgomery, Kaitlin (MOF); Mayman, Gadi (OFA); Nelms, Scott (MOF)
Cc: Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Calwell, Carolyn (ENERGY/MEDEI/MRI); McKinlay, Tom (ENERGY); Elcombe, James (MOF)
Subject: RE: EXTERNAL – Revised Term Sheet & summary slides
Hi Malle,
Perhaps Matt (on behalf of Anna) could arrange a time in the next day or two. Would Steve Ashbourne have provided written comments that could be circulated in advance.
Ron

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: August-21-17 12:36
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carolyn Calwell (MCSS) <Carolyn.Calwell@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Elcombe, James (MOF) <James.Elcombe@ontario.ca>
Subject: RE: EXTERNAL – Revised Term Sheet & summary slides
Hi all,
We have received comments back on the term sheet from Steve Ashbourne, the Province's external counsel, and think it would be helpful to have an internal Provincial meeting to review the comments on the draft. On the legal side, it might be helpful to get some more insight into how the proposed guarantee and warehouse facility are to work from a business perspective. In addition, we are awaiting further draft documents that set the context and describe what is to be guaranteed as I

understand that Torys (OPG's counsel) has been working on these.
It would be helpful to coordinate such a meeting soon with the appropriate Provincial representatives.
Thanks.
Malle

From: Hanslep, Malle (MOF)
Sent: August 17, 2017 9:23 AM
To: Kandeepan, Ken (OFA)
Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Kwan, Ronald (OFA); Kim, John (OFA); John Psinas; Yep, Carlos (OFA); Devine, James (OFA)
Subject: RE: EXTERNAL – Revised Term Sheet & summary slides

Hi Ken,
Thanks for the additional information. I have already sent the draft to Energy Legal and will send it to Steve Ashbourne this morning.
Here are my very high level preliminary comments on this. This appears to be a fresh document drafted by OPG and its counsel after the meeting in July and then further business discussion since then. There are no track changes in this document, but I compared it to the version the Province sent to OPG on June 22nd and there are quite a few differences.

- The last sentence in the opening italics that "the arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate" has been deleted.
- It has been changed back to a guarantee from an indemnity.
- The Guarantee Activation Events have been expanded to include 5 as it seems that it has been restructured so that some of what was previously in the "performance" guarantee is added into (E), i.e. IESO's role.
- Concept of "materiality" has been deleted for (B) and (D).
- A concept of "any other discriminatory action including OEB Orders has been introduced.
- The Guarantee wording includes the word "assume" as opposed to just "pay".
- Also, the guarantee has reverted to some of the very general wording that the Province is guarantee "all of the obligations of the Financing Entity" not just the debt obligations. These include any other obligation of the Financing Entity related to the Fair Hydro program such as payments to service providers (such as trustees, auditors, etc), rating agencies and any fees due to the securities commission??
- Approval requirement has been changed so that Province does not have right to approve any specific guarantee of funding obligations or set of documents before the guarantee is applied as long as documents are consistent – but who decides?
- Also the second portion called Warehousing Takeout Risk and Servicing – it's mentioned that this is for information purposes only as these risk were included in previous versions – current proposals described here and it doesn't contain any requirement for the Province to directly backstop these risks. I would say perhaps similar risks might have been dealt with but this section looks new and I don't' understand what the Province's role is in providing these assurances. Legal would need more background on how this is supposed to work.

The authority for the Province's guarantee is contained in s. 5(3) of the Fair Hydro Act, 2017 and requires an OIC to authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province to agree to guarantee/indemnity obligations associated with an investment interest. The LGIC may delegate to the Ministers to determine the terms and conditions of the guarantee and the maximum liability for the guarantee or may also specify this in the OIC. Given that it appears there will be multiple debt issuances as part of this financing program of the Financing Entity, we will have to determine how best to approach the drafting of the OIC and the guarantee in the context of this debt program. So far, we have not received any draft documents for the program such as the Master Trust Indenture, etc and as a result it is difficult to provide comments on the term sheet and in particular scope of the guarantee and how the province's approval of the terms and conditions might work in order to make the debt

financing program of the Financing Entity work smoothly and effectively.
Is it possible to obtain drafts from OPG at this point. I believe that back in July on a call, it was mentioned that the next step was to ask for these drafts so that we can better understand how the proposed guarantee will fit with the proposed program documents. It's not possible to actually draft a guarantee without seeing these documents. Drafting provisions that contains "discriminatory action" type language can be difficult to ensure that there are no unforeseen consequences and that the Province's intent is captured.
It would also be helpful to find out a bit more about the timing as the briefing note mentions a TB decision in September to approve the guarantee. Is a TB submission being drafted as it would be helpful to see a draft of this as well.
I will pass on my general comments to Energy Legal and Steve as well. I understand that Scott's group is the business contact and I believe that there were Energy policy staff involved in some of the earlier calls and meetings as well.
Perhaps it might be helpful to schedule a meeting for next week to discuss the various comments on this. If in the meantime, there is any more background or you are able to obtain draft agreements, this would be helpful.
Thanks.
Malle

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Provincial Protection and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 and the regulations made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate.*

Change in Law Guarantee	
Guarantor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Beneficiaries:	The indenture trustee, acting on behalf of itself and other persons having debt or other claims against the Financing Entity that are secured under a related trust indenture.[1]
Guarantee Activation Events:	Any of the following would constitute a Guarantee Activation Event: (A) the Legislative Assembly of Ontario repealing (and not replacing on an equivalent basis) the Act or any Regulation[2] made thereunder; (B) the Legislative Assembly of Ontario causing to come into force any statute (including any amendment to the Act or a Regulation[3] made thereunder), or causing to come into force or making [any order-in-council or regulation, or causing to come into force any other discriminatory action

[1] The proposal is that the direct beneficiary of the Guarantee will be the indenture trustee acting on behalf of the secured obligees of the FE (rather than the FE itself, as we initially proposed). Assuming that characterization is okay for the Province (e.g., Would the Province be considered to be an issuer under US securities laws? How would the Province get the benefit of the joint enforcement and governance arrangements in the Trust Indenture? Accounting implications?), the ordinary right of subrogation should entitle the Province to claim against the FE in respect of the assumed obligations, including to enforce the security given by the FE in relation to the assumed obligations.

[2] Confirm description. Should this refer to LGIC for Regulations?

[3] LGIC?

	(including by way of any order by the Ontario Energy Board)][4], that adversely affects the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations; (C) the Legislative Assembly of Ontario directly or indirectly amending the Guarantee or any of the financing transaction agreements without the agreement of the indenture trustee; (D) a court of competent jurisdiction (i) [declares any funding obligations of the Financing Entity to be invalid or unenforceable[5] or (ii)] in a final and non-appealable judgement determines that all or a portion of the Act is *ultra vires* in a way that adversely affects the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations; or (E) [there is a change in the organization, structure or operations of the IESO or a change in the electricity market structure or operations in each case in any way that adversely affects the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations.][6]

[4] Too broad and unlimited.

[5] Delete. The Province will not be directly involved in creating or issuing FE obligations, and so the Province should not be asked to take responsibility for the validity or enforceability of FE obligations. OPG will be in charge of structuring, documenting and implementing the FE obligations, and so any problem should be the responsibility of OPG.

[6] Consider if the Province should take responsibility for IESO/market related changes that have an incidental effect on the underlying cash flows?

Guarantee:	The indenture trustee will have the right to require that, upon the occurrence of a Guarantee Activation Event, the Guarantor will assume and pay when due (without acceleration) all of the specified obligations[7] of the Financing Entity.[8] The specified obligations of the Financing Entity will include its funding obligations as well as any other obligation of the Financing Entity that ranks ahead of or equally with the rated debt obligations of the Financing Entity pursuant to the trust indenture. The exercise of such right by the indenture trustee in accordance with the trust indenture shall constitute the only remedy available under the Guarantee. Under no circumstances shall the Guarantor be obligated to pay or indemnify the Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Rights of Subrogation:	Without limiting the Guarantor's rights of subrogation as a guarantor by operation of law, upon becoming obligated to assume the obligations of a Financing Entity under the Guarantee, the Guarantor shall become entitled to all of the Beneficiaries' rights and interests under and in respect of each related investment interest and property of the Financing Entity, including under the agreements to which the Financing Entity is a party.[9]
Term:	The Guarantee will continue for as long as the Financing Entity has any outstanding financing or other contractual obligations that are or are intended to be secured by the Guarantee [and until such obligations have all been paid in full or otherwise satisfied][10]

[7] Need to discuss how best to narrow this. Practical issues arise. Perhaps can limit to amounts payable in priority to or pari passu with rated debt obligations in the priority of payments waterfall. For example, if amounts payable to OPG are lower priority, these could be excluded. This would require the Province to pre-agree to the priority of payments permitted under the program. In any event, need to limit to "specified creditors".

[8] Need to come up with a mechanic where the Province is subrogated to the FE's cash flow rights under the investment interest(s) and the FE's contractual rights in relation to the transfer, swaps, indemnities, etc.

[9] If the Province assumes the obligations of an FE, it should become directly entitled to all of the FEs rights and interests. This wording is intended to give the Province direct rights to collect CEAs and claim indemnities otherwise available to FEs.

[10] Not sure what this phrase adds to the concept of "outstanding"?

Approval Requirements:	A Guarantee will become effective in respect of a Financing Entity's obligations (including any modification) only after the Guarantor has confirmed in writing that the Guarantee applies to such obligations. A guarantee agreement between the Guarantor (subject to approval by the Minister of Energy and the Minister of Finance, acting together) and a Financing Entity, setting forth the terms and conditions of the Guarantee on a basis consistent with this term sheet, will annex the applicable forms of program and series documents under which obligations of the Financing Entity may arise (e.g., form of trust indenture and series supplemental indenture). As long as the documents under which an obligation arises are and remain consistent in all material respects with such agreed upon forms, the Guarantee provided for under the guarantee agreement will be effective in relation to such obligation. The forms of program and series documents may include alternative terms and conditions, including such matters such as tenor and pricing parameters, on which the specific terms of permitted obligations may be based without the further written agreement of the Guarantor.[11]
FIPPA:	The parties will acknowledge that the Guarantor will be bound by the Freedom of Information and Protection of Privacy Act (Ontario) and that any information provided to the Guarantor, or any agent or representative of the Guarantor in connection with the Guarantee may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Guarantor and the Financing Entity.
No Changes to an Investment Interest:	A Financing Entity may not change its rights and interests under an investment interest in any way that could adversely affect the Guarantor's prospective rights and entitlements upon subrogation in respect of the investment interest.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Guarantor and the Financing Entity

[11] As a separate matter, consider whether the Province needs the ability to pre-agree the form of any IESO/FE transfer agreement and approve any amendments. Is it sufficient that IESO will be a party?

Governing Law:	Province of Ontario

Warehousing Takeout Risk and Servicing (Commingling) Risk *Note – these items are provided for information purposes only[12] as these risks were included in the previous version of the term sheet as items that the Dealers/OPG were looking for the Province for protection against. The current proposals with respect to these items is described below. These do not contain any requirement for the Province to directly backstop these risks.*
<u>Commingling Risk (applies to Warehouse as well as any Term transactions)</u>

[12] This mark-up is limited to identifying items of commercial significance that would impact the Province upon assumption of the related obligations under the Guarantee.

Commingling Risk[13] Mitigant:	For any LDC which is not investment grade rated by each of the rating agencies which are rating the funding obligations (the "Non-Investment Grade LDCs"), either: (A) The IESO must post a Letter of Credit (L/C)[14], or deposit funds[15] in a Commingling Reserve Account in a quantum equal to the Commingling Risk Amount; or (B) The IESO, for so long as it is rated investment grade by the rating agencies which are rating the funding obligations, will assume responsibility for commingling risk by the LDCs and will agree to remit to the Financing Entity any clean energy adjustment amounts collected by the LDC, regardless of whether the LDC remitted those amounts to the IESO for remittance to the Financing Entity. [16]
Commingling Risk Amount:	An amount equal to the sum of the expected Clean Energy Adjustment collections from the Non-Investment Grade LDCs over the next [45-60][17] days.
Commingling Risk Amount Reset Date:	Each settlement date for the Financing Entity (monthly)
Beneficiary:	The beneficiary of the L/C or the Commingling Reserve Account would be the Financing Entity and the Indenture Trustee for the benefit of the creditors of the Financing Entity[18]. The Financing Entity and/or the Indenture Trustee would have the ability to draw down the L/C or draw on the Commingling Reserve Account for any clean energy adjustment amounts expected to be received from the IESO but which were not received due to those funds not being remitted from an LDC to the IESO for that period.[19]

[13] Given the generous cross-subsidization implications of the existing finance amount calculation and failsafe true-up mechanism, this seems to be over-kill.

[14] Consider accounting implications.

[15] Economically inefficient due to negative carry implications.

[16] Consider accounting implications.

[17] Consider rationale. Monthly reconciliations and settlement suggest that 30 days would be sufficient.

[18] Make consistent with Guarantee arrangement, so that the indenture trustee would be the direct beneficiary.

[19] Address rights of subrogation.

L/C Provider:	An entity rated at least A+ (or equivalent).
Approvals:	The approach is subject to approval from the IESO, by the rating agencies rating the funding obligations of the Financing Entity and the risk management areas of the banks providing the warehouse facilities. Consideration of the arrangements will also form part of the approval process undertaken by the Ministers, on behalf of the Province.
Warehouse Takeout Risk	
Commitment Period for Warehouse[20]:	Expected to be 12-24 months.[21]
Takeout for Warehouse:	Expected to be every 3-6 months.
Warehouse Default Event:	One of the events of default[22] for the warehouse will be the failure to repay the warehouse facility at the end of the commitment term.
Consequences of Warehouse Default Event:	If the Warehouse Default Event[23] described above occurs, all amounts funded through the warehouse would become immediately due and payable, subject to the Warehouse Default Payment Cap, and Default Pricing will be charged on any amounts funded through the warehouse facility.

[20] Please note that this is not intended to be an exhaustive list of terms for the warehouse facility, but rather is a summary of a few select terms that relate to the warehouse takeout risk.

[21] The rationale for the limited terms of the bank commitments should be understood. For example, if the reason is due to regulatory capital implications (e.g., which are customarily a governor under ABCP programs), the banks may be willing to consider longer commitments provided the additional costs associated with increased regulatory capital obligations are included in the economic model.

[22] These should be spelled out in detail in the term sheet, given the economic consequences to the structure.

[23] Note there may be other Warehouse Default Events beyond the takeout risk item described above. The consequences for a breach of these other Warehouse Default Events may be different than the one described above where the default is related to failure to takeout the warehouse facility by the end of the commitment period.

Default Pricing:	Step up in pricing to [x] until the moratorium period ends and thereafter stepping-up in increments of [y] every six months until the warehouse facility is repaid.[24]
Warehouse Default Payment Cap:	For any given reference period following the occurrence of a Warehouse Default Event, the amount that shall be remitted[25] to the Financing Entity for repayment of the warehouse facilities will be the sum of (x) the interest amount due on the warehouse facilities (which, for greater certainty will include any program fees) and (y) the lessor of: (a) The outstanding amount funded through the warehouse facilities; and (b) The maximum amount that can be charged for that period so that clean energy adjustments are equal to, but do not exceed, the fair allocation amount for such period.[26]
Approval Requirement:	Subject to approval by the risk management areas of the banks providing the warehouse facilities which will in part depend on receipt of information on the fair allocation curve and an understanding of how long the "tail risk" could be following a Warehouse Default Event. Consideration of the arrangements will also form part of the approval process undertaken by the Ministers, on behalf of the Province.

[24] Consider cost consequences, including on assumption.

[25] This seems to conflict with the reality that the cash will not be available to service these amounts. Consider what is the consequence under the structure of an unremedied default event. If the impact is limited to step-up pricing on outstanding amounts, then there should be clarity that an unremedied default does not permit a realization of FE security (e.g., rights in relation to the CEAs opposite the specified consumers).

[26] It seems unclear how this relates to the requirements of section 21 of the OFHPA. This should not conflict with the implied limitation on charging CEAs during the moratorium period. For example, it does not reflect the readjustment amount concept.

Provincial Protection and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

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Change in Law Guarantee	
Guarantor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Beneficiaries:	The indenture trustee, acting on behalf of itself and other persons having debt or other claims against the Financing Entity that are secured under a related trust indenture.[1]
Guarantee Activation Events:	Any of the following would constitute a Guarantee Activation Event: (A) the Legislative Assembly of Ontario repealing (and not replacing on an equivalent basis) the Act or any Regulation[2] made thereunder; (B) the Legislative Assembly of Ontario causing to come into force any statute (including any amendment to the Act or a Regulation[3] made thereunder), or causing to come into force or making [any order-in-council or regulation, or causing to come into force any other discriminatory action (including by way of any order by the Ontario Energy Board)][4], ~~in any case, in a way~~ that adversely affects the ~~rights and interests of the Financing Entity under its~~

[1] The proposal is that the direct beneficiary of the Guarantee will be the indenture trustee acting on behalf of the secured obligees of the FE (rather than the FE itself, as we initially proposed). Assuming that characterization is okay for the Province (e.g., Would the Province be considered to be an issuer under US securities laws? How would the Province get the benefit of the joint enforcement and governance arrangements in the Trust Indenture? Accounting implications?), the ordinary right of subrogation should entitle the Province to claim against the FE in respect of the assumed obligations, including to enforce the security given by the FE in relation to the assumed obligations.

[2] Confirm description. Should this refer to LGIC for Regulations?

[3] LGIC?

[4] Too broad and unlimited.

~~investment interest, including, for greater certainty, in any manner that is reasonably expected to limit the~~ ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations ~~on the same basis as before such amendment was effected~~;

(C) the Legislative Assembly of Ontario directly or indirectly amending the Guarantee or any of the financing transaction agreements without the agreement of the ~~Financing Entity~~indenture trustee;

(D) a court of competent jurisdiction (i) [declares any funding obligations of the Financing Entity to be invalid or unenforceable[5] or (ii)] in a final and non-appealable judgement determines that all or a portion of the Act is *ultra vires* in a way that adversely affects ~~the rights and interests of the Financing Entity, including, for greater certainty, in any manner that is reasonably expected to limit~~ the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its ~~funding~~debt obligations ~~on the same basis as before such judgement~~; or

(E) [there is a change in the organization, structure or operations of the IESO or a change in the electricity market structure or operations in each case in any way that adversely affects the ~~rights and interests of the Financing Entity under its investment interest, including, for greater certainty, in any manner that is reasonably expected to limit the~~ ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations ~~on the same basis as before such amendment was effected~~

~~**[NTD: Alternatively, with respect to the IESO servicing obligations, include the Servicing Guarantee language with respect to the IESO that was included in the last mark-up of the term sheet received from the Province**~~.][6]

[5] Delete. The Province will not be directly involved in creating or issuing FE obligations, and so the Province should not be asked to take responsibility for the validity or enforceability of FE obligations. OPG will be in charge of structuring, documenting and implementing the FE obligations, and so any problem should be the responsibility of OPG.

[6] Consider if the Province should take responsibility for IESO/market related changes that have an incidental effect on the underlying cash flows?

Guarantee:	~~Upon~~The indenture trustee will have the right to require that, upon the occurrence of a Guarantee Activation Event, the Guarantor ~~shall immediately~~will assume and pay when due (without acceleration) all of the specified obligations[7] of the Financing Entity.[8] The specified obligations of the Financing Entity will include its funding obligations as well as any other obligation of the Financing Entity ~~has related to the Fair Hydro program such as payments to service providers (such as trustees, auditors, etc), rating agencies and any fees due to the securities commissions~~that ranks ahead of or equally with the rated debt obligations of the Financing Entity pursuant to the trust indenture. The exercise of such right by the indenture trustee in accordance with the trust indenture shall constitute the only remedy available under the Guarantee. Under no circumstances shall the Guarantor be obligated to pay or indemnify the Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Rights of Subrogation:	Without limiting the Guarantor's rights of subrogation as a guarantor by operation of law, upon becoming obligated to assume the obligations of a Financing Entity under the Guarantee, the Guarantor shall become entitled to all of the Beneficiaries' rights and interests under and in respect of each related investment interest and property of the Financing Entity, including under the agreements to which the Financing Entity is a party.[9]
Term:	The Guarantee will continue for as long as the Financing Entity has any outstanding financing or other contractual obligations that are or are intended to be secured by the Guarantee [and until such obligations have all been paid in full or otherwise satisfied][10]
Approval ~~Requirement~~Requirements:	~~The guarantee agreement containing~~A Guarantee will become effective in respect of a Financing Entity's obligations (including any modification) only after the Guarantor has confirmed in

[7] Need to discuss how best to narrow this. Practical issues arise. Perhaps can limit to amounts payable in priority to or pari passu with rated debt obligations in the priority of payments waterfall. For example, if amounts payable to OPG are lower priority, these could be excluded. This would require the Province to pre-agree to the priority of payments permitted under the program. In any event, need to limit to "specified creditors".

[8] Need to come up with a mechanic where the Province is subrogated to the FE's cash flow rights under the investment interest(s) and the FE's contractual rights in relation to the transfer, swaps, indemnities, etc.

[9] If the Province assumes the obligations of an FE, it should become directly entitled to all of the FEs rights and interests. This wording is intended to give the Province direct rights to collect CEAs and claim indemnities otherwise available to FEs.

[10] Not sure what this phrase adds to the concept of "outstanding"?

	writing that the Guarantee applies to such obligations. A guarantee agreement between the Guarantor (subject to approval by the Minister of Energy and the Minister of Finance, acting together) and a Financing Entity, setting forth the terms and conditions ~~contemplated by this term sheet shall be entered into prior to the Financing Entity incurring its first funding obligation. The Province shall enter into the guarantee based on~~of the Guarantee on a basis consistent with this term sheet, will annex the applicable forms of program and series ~~financing documents required for each financing transaction~~documents under which obligations of the Financing Entity may arise (e.g., form of trust indenture and series supplemental indenture). As long as the ~~financing transaction~~ documents ~~are generally~~under which an obligation arises are and remain consistent in all material respects with ~~the~~such agreed upon ~~form, the Province's specific approval for specific funding obligations incurred by the Financing Entity will not be required. Subsequent approval is only needed if the form of such documents are materially changed. For greater certainty, deal specific terms (such as tenor,~~forms, the Guarantee provided for under the guarantee agreement will be effective in relation to such obligation. The forms of program and series documents may include alternative terms and conditions, including such matters such as tenor and pricing~~, etc) shall not be considered a change in the form of transaction and series documents~~ parameters, on which the specific terms of permitted obligations may be based without the further written agreement of the Guarantor.[11]
FIPPA:	The parties will acknowledge that the Guarantor will be bound by the Freedom of Information and Protection of Privacy Act (Ontario) and that any information provided to the Guarantor, or any agent or representative of the Guarantor in connection with the Guarantee may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Guarantor and the Financing Entity.
No Changes to an Investment Interest:	A Financing Entity may not change its rights and interests under an investment interest in any way that could adversely affect the Guarantor's prospective rights and entitlements upon subrogation

[11] As a separate matter, consider whether the Province needs the ability to pre-agree the form of any IESO/FE transfer agreement and approve any amendments. Is it sufficient that IESO will be a party?

	in respect of the investment interest.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Guarantor and the Financing Entity
Governing Law:	Province of Ontario

Warehousing Takeout Risk and Servicing (Commingling) Risk *Note – these items are provided for information purposes only*[12] *as these risks were included in the previous version of the term sheet as items that the Dealers/OPG were looking for the Province for protection against. The current proposals with respect to these items is described below. These do not contain any requirement for the Province to directly backstop these risks.*	
Commingling Risk (applies to Warehouse as well as any Term transactions)	
Commingling Risk[13] **Mitigant:**	For any LDC which is not investment grade rated by each of the rating agencies which are rating the funding obligations (the "Non-Investment Grade LDCs"), either: (A) The IESO must post a Letter of Credit (L/C)[14], or deposit funds[15] in a Commingling Reserve Account in a quantum equal to the Commingling Risk Amount; or (B) The IESO, for so long as it is rated investment grade by the rating agencies which are rating the funding obligations, will assume responsibility for commingling risk by the LDCs and will agree to remit to the Financing Entity any clean energy adjustment amounts collected by the LDC, regardless of whether the LDC remitted those amounts to the IESO for remittance to the Financing

[12] This mark-up is limited to identifying items of commercial significance that would impact the Province upon assumption of the related obligations under the Guarantee.

[13] Given the generous cross-subsidization implications of the existing finance amount calculation and failsafe true-up mechanism, this seems to be over-kill.

[14] Consider accounting implications.

[15] Economically inefficient due to negative carry implications.

	Entity.[16]
Commingling Risk Amount:	An amount equal to the sum of the expected Clean Energy Adjustment collections from the Non-Investment Grade LDCs over the next [45-60][17] days.
Commingling Risk Amount Reset Date:	Each settlement date for the Financing Entity (monthly)
Beneficiary:	The beneficiary of the L/C or the Commingling Reserve Account would be the Financing Entity and the Indenture Trustee for the benefit of the creditors of the Financing Entity[18]. The Financing Entity and/or the Indenture Trustee would have the ability to draw down the L/C or draw on the Commingling Reserve Account for any clean energy adjustment amounts expected to be received from the IESO but which were not received due to those funds not being remitted from an LDC to the IESO for that period.[19]
L/C Provider:	An entity rated at least A+ (or equivalent).
Approvals:	The approach is subject to approval from the IESO, by the rating agencies rating the funding obligations of the Financing Entity and the risk management areas of the banks providing the warehouse facilities. Consideration of the arrangements will also form part of the approval process undertaken by the Ministers, on behalf of the Province.
Warehouse Takeout Risk	
Commitment Period for Warehouse[~~1~~20]:	Expected to be 12-24 months.[21]
Takeout for Warehouse:	Expected to be every 3-6 months.

[16] Consider accounting implications.
[17] Consider rationale. Monthly reconciliations and settlement suggest that 30 days would be sufficient.
[18] Make consistent with Guarantee arrangement, so that the indenture trustee would be the direct beneficiary.
[19] Address rights of subrogation.
[~~1~~20] Please note that this is not intended to be an exhaustive list of terms for the warehouse facility, but rather is a summary of a few select terms that relate to the warehouse takeout risk.
[21] The rationale for the limited terms of the bank commitments should be understood. For example, if the reason is due to regulatory capital implications (e.g., which are customarily a governor under ABCP programs), the banks may be willing to consider longer commitments provided the additional costs associated with increased regulatory capital obligations are included in the economic model.

Warehouse Default Event:	One of the events of default[22] for the warehouse will be the failure to repay the warehouse facility at the end of the commitment term.
Consequences of Warehouse Default Event:	If the Warehouse Default Event[223] described above occurs, all amounts funded through the warehouse would become immediately due and payable, subject to the Warehouse Default Payment Cap, and Default Pricing will be charged on any amounts funded through the warehouse facility.
Default Pricing:	Step up in pricing to [x] until the moratorium period ends and thereafter stepping-up in increments of [y] every six months until the warehouse facility is repaid.[24]
Warehouse Default Payment Cap:	For any given reference period following the occurrence of a Warehouse Default Event, the amount that shall be remitted[25] to the Financing Entity for repayment of the warehouse facilities will be the sum of (x) the interest amount due on the warehouse facilities (which, for greater certainty will include any program fees) and (y) the lesser of: (a) The outstanding amount funded through the warehouse facilities; and (b) The maximum amount that can be charged for that period so that clean energy adjustments are equal to, but do not exceed, the fair allocation amount for such period.[26]
Approval Requirement:	Subject to approval by the risk management areas of the banks providing the warehouse facilities which will in part depend on receipt of information on the fair allocation curve and an understanding of how long the "tail risk" could be following a Warehouse Default Event. Consideration of the arrangements will also form part of the approval process undertaken by the Ministers.

[22] These should be spelled out in detail in the term sheet, given the economic consequences to the structure.

[223] Note there may be other Warehouse Default Events beyond the takeout risk item described above. The consequences for a breach of these other Warehouse Default Events may be different than the one described above where the default is related to failure to takeout the warehouse facility by the end of the commitment period.

[24] Consider cost consequences, including on assumption.

[25] This seems to conflict with the reality that the cash will not be available to service these amounts. Consider what is the consequence under the structure of an unremedied default event. If the impact is limited to step-up pricing on outstanding amounts, then there should be clarity that an unremedied default does not permit a realization of FE security (e.g., rights in relation to the CEAs opposite the specified consumers).

[26] It seems unclear how this relates to the requirements of section 21 of the OFHPA. This should not conflict with the implied limitation on charging CEAs during the moratorium period. For example, it does not reflect the readjustment amount concept.

	on behalf of the Province.

Document comparison by Workshare Compare on Friday, August 18, 2017 11:45:23 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23148306/9
Description	TOR_2528-#23148306-v9-Term_Sheet_-_Provincial_Support_Agreement_-_May_12
Document 2 ID	PowerDocs://TOR_2528/23148306/10
Description	TOR_2528-#23148306-v10-Term_Sheet_-_Provincial_Support_Agreement_-_May_12
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	98
Deletions	31
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	129

From:	Ken Kandeepan
To:	"LAURETA LAPIRA May -FIN & C CTRL"
Cc:	MAUTI John -FIN & C CTRL; LEE John -TREASURY; Mike Manning; Graham Monroe; Carlos Yep; James Devine; JORDA Jenny -FIN & C CTRL; GORE Michael -FIN & C CTRL; LIU Sheen -TREASURY
Subject:	RE: EY concurrence re: Draft Trust Performance Fee Recommendations
Date:	Tuesday, July 18, 2017 1:04:31 PM

Thank you May, the email from E&Y is clear and given a choice between a performance methodology, that in our opinion, is not entirely reflective of capital markets decision making and jeopardizing the consolidation of the Trust, we are opting to accept OPG's methodology for the construction of the benchmark.
Pls proceed accordingly.
Ken k

From: LAURETA LAPIRA May -FIN & C CTRL [mailto:may.lapira@opg.com]
Sent: Monday, July 17, 2017 2:40 PM
To: Ken Kandeepan
Cc: MAUTI John -FIN & C CTRL ; LEE John -TREASURY ; Mike Manning ; Graham Monroe ; Carlos Yep ; James Devine ; JORDA Jenny -FIN & C CTRL ; GORE Michael -FIN & C CTRL ; LIU Sheen -TREASURY
Subject: EY concurrence re: Draft Trust Performance Fee Recommendations
Hi Ken,
My name is May Lapira and I'm the newest addition to the Treasury team. Jenny has been working hard to get me updated on the accounting aspects of the Fair Hydro Plan so we can transition future correspondences over to me.
Per our discussion during the call earlier today, we have reached out to EY to obtain concurrence on our interpretation of their accounting position. Please see attached the email trail from EY's senior manager Brittany Keenan confirming that excluding the equity injection component from the definition of a 'benchmark bond' would result in non-commercial terms and could ultimately result in OPG not being able to consolidate the financing entity.
Please let me know if you have any follow up questions on this matter.
I look forward to working with you,
May

May Laureta Lapira, CPA, CA | Senior Manager, Treasury | Ontario Power Generation
700 University Avenue, Toronto ON M5G 1X6 | Tel: (416) 592-3721| Fax: (416) 592-7758 |E-mail: may.lapira@opg.com

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From:	Carlos Yep
To:	Mike Manning; Ken Kandeepan
Cc:	James Devine; John Psinas
Subject:	RE: Equity Injection Term Sheet - comments
Date:	Tuesday, May 30, 2017 2:43:42 PM
Attachments:	Term Sheet_Master Subscription_draftMay26_Markup4cy.docx

Mike + Ken

I have made some edits to CEFD's draft – let me know if you have any other comments and or edits.

Thanks

Carlos

From: Bruno Amara
Sent: Tuesday, May 30, 2017 1:20 PM
To: Carlos Yep
Cc: John Kim ; Salman Qadir
Subject: RE: Equity Injection Term Sheet

Hi Carlos

CEFD has mode some edits/comments on the attached from Kaitlin. Do you want to review and add your edits and comments to this version? If so, we can send on doc. Back to Kaitlin with our feedback. Let me know.

Thanks

Mike

I have made a few comments.

C

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, May 29, 2017 1:56 PM
To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Thomas Leung (MEDTE/MRI) <Thomas.Leung@ontario.ca>
Subject: Equity Injection Term Sheet

Hey John, Carlos,

Attached is a term sheet from OPG that would form the basis of the Equity Injection Agreement. I think this would be an agreement between ENE/OPG and OFA. While it currently says 5 business days in this document Clara flagged that the IESO may be looking for it to be settled in as quickly as 1 day. Given how quick this needs to happen I've included a line about ENE delegating authority to the OFA to manage this monthly process. I think ENE would want to be kept in the loop but I don't think they would need to sign off each month. That being said I haven't run this up the chain at ENE yet or discussed with ENE controllership.

Id defer to you guys for short term mechanics for the most part as you have the experience on the borrowing side. If you could take a look and mark-up where desired then maybe we can chat?

Let me know if you have any questions.

Kaitlin

Fair Hydro Plan –Master Subscription Agreement
Term Sheet

- Parties: OPG, OFA, Ministry of Energy
- The Province agrees to inject 44% of total funding of GA asset by way of equity subscription in OPG, which amount OPG in turn will invest in the Fair Hydro Trust as subordinated debt (**Equity Injection Plan**)
- Minister of Energy/Province approves Equity Injection Plan, and initial equity injection amount for 2017/18 fiscal year, and delegates to appropriate ministry staff authority to implement Equity Injection Plan (**Delegated Authority**)
- Long term, OPG equity requirements will form part of the business planning process in place between OPG and Ministry of Energy, i.e., annually OPG to include forecasts of its equity requirements for the upcoming 3 years in its business plan submission -- NOTE: this portion of the business plan is not subject to concurrence by the shareholder
- Ministry of Energy will seek appropriation on an annual basis through PRRT for the amounts requested by OPG for its equity requirements-- NOTE: amount of annual appropriation to cover OPG multi-year forecasts
- The Ministry of Energy will delegate authority to the Ontario Financing Authority to manage the monthly settlement process
- OPG agrees use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt requirements as part of the Fair Hydro Plan
- OPG will amend its Articles to create an additional class of shares – Class A Shares – which will be non-voting and redeemable at OPG's option
- OPG will issue Class A Shares to the Province monthly at a value per share equal to book value, as determined from OPG's last approved quarterly financial statements -- Value of first Class A shares issued to Province will be based on book value of OPG common shares – i.e., existing shareholder's equity
- OPG will have the right to repay equity to the Province, through exercise of its right to redeem the Class A Shares, as principal repayment of the subordinated debt is made commencing in 2027
- Redemption value of the Class A Shares to be based on book value on the redemption date, i.e., the equity value per Class A share at the end of the prior financial quarter as set out in OPG's approved financial statements

Monthly Process/Mechanics of Share Subscriptions:

a) OPG notifies OFA and Ministry of Energy of required equity injection and number of shares

Timing: [same day as notice from Fair Hydro Trust]

Documents/steps:

(i) share subscription form,
(ii) supporting documentation/invoice from Fair Hydro Trust, confirming amount of GA asset purchase for the month

Commented [BA1]: Question about wording on this point. Is appropriation request not just for one year with multi-year projections included for fiscal planning purposes?

Formatted: Indent: Left: 0.5", No bullets or numbering

Commented [CY2]: May need a service level agreement between Ministry of Energy and OFA

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Commented [SQ23]: As MOF legal pointed out, this will need to be clarified as its not clear whether MOE can delegate to OFA since it is not its agency.

As in past scenarios, OFA would do the "back office" transactions-related work, but direction would come from someone at Energy subject to an MOU being established re: services being rendered.

Commented [CY4]: New class of shares will make it easier to track the outflows in the first 10 years and the repayments starting in year 11-40

Commented [RK5]: Will the Trust be purchasing the IESO regulatory asset monthly, such that the sub-debt is issued monthly and OPG earns a return to help offset the Province's borrowing costs?

What if the Trust does not purchase monthly, but, e.g., quarterly – shouldn't the wording of the term sheet contemplate/encompass this?

Isn't it a problem if the asset is purchased less than monthly, such that the Trust does not issue debt or sub-debt, so there is no sub-debt interest to offset the Province's borrowing cost?

Commented [RK6]: Is this expected to be a fixed amount, as at the initial 1999 book value, and now and over the injection and redemption periods of the FHP?

What are the kinds of events that could change the book value? Risk / likelihood?

Or, is the book value of common shares the equity at the moment in time divided by the number of shares – more a fair value?

Commented [JK7R6]: There have been earlier discussions but would like to get clarity from OPG on the book value and if not the original book value how it would be computed.

Commented [SQ28]: This seems to imply that there will be no rate of return for the Province's equity injection, and so Province will eat the IOD cost – is this correct and confirmed now?

Commented [RK9]: Could it be zero?

b) OFA and OPG settle equity injection amounts

Timing: [five] business days from notice to OFA and ENE to payment/settlement with OPG [NOTE: timing to be confirmed based on IESO/Trust process requirements]

Documents/steps:

(i) completed/signed share subscription form from OFA and ENE/~~Province~~ to OPG

(ii) funds transfer from ~~OFA~~ Province to OPG account)

(iii) OPG receipt, together with secretary's certificate confirming issue of shares/update of share register sent to both OFA and ENE

Longer term Process/Approvals:

1. Equity Requirements Estimates:
   a. Business Plan Submissions
   b. OPG Board Approvals
      - [Bi-annual] Board of Directors' resolutions authorizing equity requirement for period
      - [Bi-annual Shareholder's resolutions authorizing equity requirement for period][NOTE: TBD if needed]

   c. Ministry of Energy appropriations
      ~~[describe annual process]~~Ministry of Energy will seek appropriation through PRRT process, including 3-year estimates that OPG provides through its business plan submission

Share Redemption Process

- TBD -- process to be determined at a later date and appended as Appendix to Master Subscription Agreement

Commented [CY10]: For the loans from OEFC to OPG, Mike Manning signs and we have a system that tracks bond/loan tickets.

The Equity injections are different than a loan and will require Province accounting entries - I will discuss with Mike Manning and Ken Kandeepan

Commented [KC11]: OFA: any details we can add based on your experience on the loan side? Who signs off at the OFA? Should we just make it the same process and delegate authority from ENE so OfA can execute?

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Commented [CY12]: the Province is providing the funds

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From:	Ken Kandeepan
To:	Carlos Yep; Mike Manning
Cc:	James Devine; John Psinas
Subject:	RE: Equity Injection Term Sheet - comments
Date:	Tuesday, May 30, 2017 3:09:49 PM
Attachments:	Term Sheet_Master Subscription_draftMay26_Markup4cy.docx

Hi
Pls see my comments and one edit.
Thanks
Ken k

From: Carlos Yep
Sent: Tuesday, May 30, 2017 2:44 PM
To: Mike Manning ; Ken Kandeepan
Cc: James Devine ; John Psinas
Subject: RE: Equity Injection Term Sheet - comments
Mike + Ken
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From: Bruno Amara
Sent: Tuesday, May 30, 2017 1:20 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: Equity Injection Term Sheet
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Thanks
Mike
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C

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, May 29, 2017 1:56 PM
To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Thomas Leung (MEDTE/MRI) <Thomas.Leung@ontario.ca>
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Let me know if you have any questions.
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Timing: [same day as notice from Fair Hydro Trust]

Documents/steps:

(i) share subscription form,
(ii) supporting documentation/invoice from Fair Hydro Trust, confirming amount of GA asset purchase for the month

Commented [KK1]: Its important to note that the appropriation is not an expense item, rather seeks to set up an asset.

Commented [BA2]: Question about wording on this point. Is appropriation request not just for one year with multi-year projections included for fiscal planning purposes?

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Commented [CY3]: May need a service level agreement between Ministry of Energy and OFA

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Commented [SQ24]: As MOF legal pointed out, this will need to be clarified as its not clear whether MOE can delegate to OFA since it is not its agency.

As in past scenarios, OFA would do the "back office" transactions-related work, but direction would come from someone at Energy subject to an MOU being established re: services being rendered.

Commented [KK5]: Are the Class A shares the same class as the current shares? I was under the impression that the shares issued under Equity Injection while still common shares will be designated differently in order to facilitate tracking.

Commented [CY6]: New class of shares will make it easier to track the outflows in the first 10 years and the repayments starting in year 11-40

Commented [RK7]: Will the Trust be purchasing the IESO regulatory asset monthly, such that the sub-debt is issued monthly and OPG earns a return to help offset the Province's borrowing costs?

What if the Trust does not purchase monthly, but, e.g., quarterly – shouldn't the wording of the term sheet contemplate/encompass this?

Isn't it a problem if the asset is purchased less than monthly, such that the Trust does not issue debt or sub-debt, so there is no sub-debt interest to offset the Province's borrowing cost?

Commented [RK8]: Is this expected to be a fixed amount, as at the initial 1999 book value, and now and over the injection and redemption periods of the FHP?

What are the kinds of events that could change the book value? Risk / likelihood?

...

Commented [JK9R8]: There have been earlier discussions but would like to get clarity from OPG on the book value and if not the original book value how it would be computed.

Commented [KK10]: How is this right to redeem formalized? TDS has indicated that the inclusion of any option to allow redemption moves the shares closer to the definition of debt.

Commented [SQ211]: This seems to imply that there will be no rate of return for the Province's equity injection, and so Province will eat the IOD cost – is this correct and confirmed now?

Commented [KK12]: How about dividends to the Province to ensure that it is whole on a cash as well as fiscal basis

Commented [RK13]: Could it be zero?

b) OFA and OPG settle equity injection amounts

Timing: [five] business days from notice to OFA and ENE to payment/settlement with OPG [NOTE: timing to be confirmed based on IESO/Trust process requirements]

Documents/steps:

(i) completed/signed share subscription form from OFA and ENE/~~Province~~ to OPG

(ii) funds transfer from ~~OFA~~ Province to OPG account)

(iii) OPG receipt, together with secretary's certificate confirming issue of shares/update of share register sent to both OFA and ENE

Longer term Process/Approvals:

1. Equity Requirements Estimates:
   a. Business Plan Submissions
   b. OPG Board Approvals
      - [Bi-annual] Board of Directors' resolutions authorizing equity requirement for period
      - [Bi-annual Shareholder's resolutions authorizing equity requirement for period][NOTE: TBD if needed]

   c. Ministry of Energy appropriations
      ~~[describe annual process]~~Ministry of Energy will seek appropriation through PRRT process, including 3-year estimates that OPG provides through its business plan submission

Share Redemption Process

- TBD -- process to be determined at a later date and appended as Appendix to Master Subscription Agreement

Commented [CY14]: For the loans from OEFC to OPG, Mike Manning signs and we have a system that tracks bond/loan tickets.

The Equity injections are different than a loan and will require Province accounting entries - I will discuss with Mike Manning and Ken Kandeepan

Commented [KC15]: OFA: any details we can add based on your experience on the loan side? Who signs off at the OFA? Should we just make it the same process and delegate authority from ENE so OfA can execute? My suggestion is that the details be part of an MOU or Services Agreement between the OFA and Energy

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Commented [CY16]: the Province is providing the funds

From:	Ken Kandeepan
To:	Scott Nelms (ENERGY)
Cc:	Veinot, Cindy (TBS); John Kim; Carlos Yep; Nadine Petsche (MOF); Mike Manning; Ronald Kwan; John Psinas
Subject:	RE: FHP - OPG Performance Fee
Date:	Thursday, July 06, 2017 2:29:56 PM

Hi Scott

I reviewed the email from Jackson Huang that you attached against E&Y's opinion (dated May 17) specifically against any mention of a management fee. Page 4 of the opinion states;" The purpose of the Trust is to allow OPG to earn a return on the Intangible Asset from the IESO by effectively managing financing to earn a spread, earn management fees, and earn interest fees. For the reasons noted above, OPG has control over the decisions to be made about the relevant activities".

It appears that E&Y conceptually envisages a management fee in addition to the spread earned by OPG on the 5% debt it funds and interest fees on the 44% funded by the Province's equity injection. Drawing parallels between the proposed FHP structure and ONFA, is in my opinion not particularly useful. The latter manages tangible monetary assets that earn income based on specific investment decisions. Such is not the case in the latter where the asset is intangible and its attraction is the owner's ability to benefit from certain legislated revenue streams that allow the repayment of the liabilities incurred in purchasing said asset. I am cc'ing Ron Kwan on this since he may want to add to the ONFA, FHP comparison. The bottom line is there is no asset management in the FHP, rather and management fees should be conceptually a reimbursement of the costs incurred by the FSM in discharging its mandate.

I would therefore propose a spectrum of options to address the management fee:

On the narrow end of the spectrum it can be argued that the act of lending the 44% equity funding to the Trust constitutes the "interest fees" referred to above in the opinion. Any spread that OPG includes in the rate charged to the Trust – we understand that OPG will indeed include a spread on the basis that this debt is defined as subordinate – can represent the management fee.

The middle of the spectrum can be represented by a spread component, over and above what OPG includes to address the sub debt issue, that constitutes the management fee. And at the broader end of the spectrum OPG can include a specific spread not just on the 44% funded via the equity injection but also on the 5% it funds through its own borrowings.

Finally your attached email proposes the following: pls see my comments in red

(i) inversely in relation to the weighted-average interest rate (for example, weighted by dollar amount of each funding obligation) of all new funding obligations incurred during a calendar year; and/or. Not sure what "inversely" means in this context, if the idea is to include a simple spread on the weighted average borrowing rate this is no different from what we have proposed above.

(ii) as a percentage [fixed under regulation or determined by OEB] of the "surplus" (where present value of all funding obligations discounted at a fixed rate [to be prescribed or determined by OEB] > actual present value of all funding obligations) or "deficit" during a period

[Note: this most closely tracks the adjustment mechanism in ONFA and creates a direct relationship between the FSM fees and the dollar effect of FSM's management; a period can be more than one calendar year which means the FSM fees payable for a calendar year would not change until a triggering event]. This is very confusing; what is "actual present value"

Thanks and happy to discuss.

Ken k

-----Original Message-----

From: Nelms, Scott (MOF) [mailto:Scott.Nelms@ontario.ca]
Sent: Wednesday, July 05, 2017 4:36 PM
To: Ken Kandeepan ; Veinot, Cindy (TBS) ; John Kim ; Carlos Yep ; Nadine Petsche (MOF)
Subject: FW: FHP - OPG Performance Fee
Fee note as discussed. The note focuses on OEB role, but perhaps we should revisit the quantum of the fee. Let me know if you have comments.
Sent with BlackBerry Work
(www.blackberry.com)
From: Calwell, Carolyn (ENERGY/MEDEI/MRI) <Carolyn.Calwell@ontario.ca>>
Date: Wednesday, Jul 05, 2017, 1:20 PM
To: Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>>, McKinlay, Tom (ENERGY) <Tom.McKinlay@ontario.ca>>
Cc: Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>>
Subject: RE: FHP - OPG Performance Fee
I think we are aligned. Does OFA have some suggestions about how to structure the fee? Feel free to float the "option 2" from the note and see if they have suggestions about how to make it better. I haven't yet sent that note up, as I am trying to work in some research that Jackson did (attached for your reference).
From: Nelms, Scott (MOF)
Sent: July-05-17 12:15 PM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI); McKinlay, Tom (ENERGY)
Cc: Montgomery, Kaitlin (MOF)
Subject: FW: FHP - OPG Performance Fee
Fyi – more complications on the fee issue.
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: July 5, 2017 11:59 AM
To: Nelms, Scott (MOF)
Cc: Kwan, Ronald (OFA); Yep, Carlos (OFA); Monroe, Graham (OFA); Manning, Mike (OFA); Devine, James (OFA); Veinot, Cindy (TBS)
Subject: FHP - OPG Performance Fee
Hi Scott
I am writing this to you as an FYI since there may be some push back from OPG. I am cc'ing Cindy as well given the accounting implications raised by OPG. As you may be aware, OPG provided us with the proposed methodology for computing the performance fee. Both the benchmark and the actual include the 44% debt issued by OPG to the Trust which is in turn fully funded by the Province's equity injection.
Given that there are no capital market decision-making associated with this component of the debt, we are reluctant to sign off on OPG's methodology in its current form. OPG is not particularly happy with our response and posits that the accounting treatment requires a performance fee. While I agree that the E&Y opinion does refer to a performance fee I am a little doubtful that E&Y specified that all of the debt should be part of the computation. I have requested that OPG provide me with any specific reference by E&Y on the performance fee methodology. If E&Y does require that the benchmark and actual include the total debt issuance, we can reconsider our stance.
Finally, the performance fee methodology computes the fee for a particular year by applying the difference between the benchmark and the actual on the 5% that is borrowed by OPG. We

requested and obtained confirmation that the performance fee will be limited to new borrowings by OPG and not apply to any refinancing. OPG finds this acceptable and it also ensures that the performance fee will be capped at $1.2 million or so per annum.
Thanks
Ken k

_____
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From:	Nelms, Scott (MOF)
To:	Gadi Mayman; Mike Manning; Ronald Kwan; Ken Kandeepan; James Devine
Cc:	Anna Strathy
Subject:	RE: Fair Hydro Business Issues
Date:	Sunday, June 25, 2017 5:46:30 PM

Thanks Gadi. I will look for time perhaps Wednesday afternoon and try to gather the same group that talked through the guarantees. Need to work around LRC, TB, Cab schedules.

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: June-25-17 5:39 PM
To: Nelms, Scott (MOF); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Devine, James (OFA)
Cc: Strathy, Anna (OFA)
Subject: Re: Fair Hydro Business Issues

I'm adding Ken and Jim to this conversation, as Mike is away this week and Jim is filling in for him. I'm away Thursday and Friday, but would be happy to find some time Tuesday or Wednesday for the internal meeting you're suggesting, Scott.
Gadi

From: Nelms, Scott (MOF)
Sent: Sunday, June 25, 2017 5:23 PM
To: Gadi Mayman; Mike Manning; Ronald Kwan
Subject: Fair Hydro Business Issues

Hi Gadi, Mike, Ron,

I had a chat with Ken Hartwick on Friday afternoon about our position on fees as well as progress on what we have been calling “business issues” (equity injection process, sub-debt agreement, guarantees). He agreed that we could push out the fees conversation from this round of regulation drafting, but wanted to make sure we set up time in early July to talk through these issues and land them asap. Here is where I think we are on each point:

- Fees: OPG wants a very light touch from OEB and, formulaic approach that mimics fee structures for portfolio managers (base fee tied to AUM + variable fee tied to performance). ENE agrees with the variable fee component (limited to $1M floor / ceiling), but has concerns about a base fee that does not tie to costs and wants a more substantive role for OEB.

- Guarantees: as you know the Province’s position was shared on Friday

- Equity Injections: I believe OPG has provided a draft structure. Unless OFA has concerns, I think this is largely procedural.

- Sub-debt: I don’t have much visibility in to this one. I heard folks from OFA were in discussions. This should link in with the fees conversation given the relationship with performance.

I would suggest we try and have an internal conversation later this week to discuss where we are on each of these in order to be ready to meet with OPG the following week.

Let me know if this makes sense or if I am missing anything.

Thanks,

Scott

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From:	Nelms, Scott (MOF)
To:	Gadi Mayman; Mike Manning; Ronald Kwan; Ken Kandeepan; James Devine
Cc:	Anna Strathy
Subject:	RE: Fair Hydro Business Issues
Date:	Sunday, June 25, 2017 6:52:49 PM
Attachments:	Financing Plan_May 2017.pdf

FYI – this may provide helpful context. From OPG last week.

From: Nelms, Scott (MOF)
Sent: June-25-17 5:58 PM
To: Mayman, Gadi (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Devine, James (OFA)
Cc: Strathy, Anna (OFA)
Subject: RE: Fair Hydro Business Issues

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Sent: June-25-17 5:39 PM
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Subject: Fair Hydro Business Issues

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Financing Plan

ONTARIO POWER GENERATION

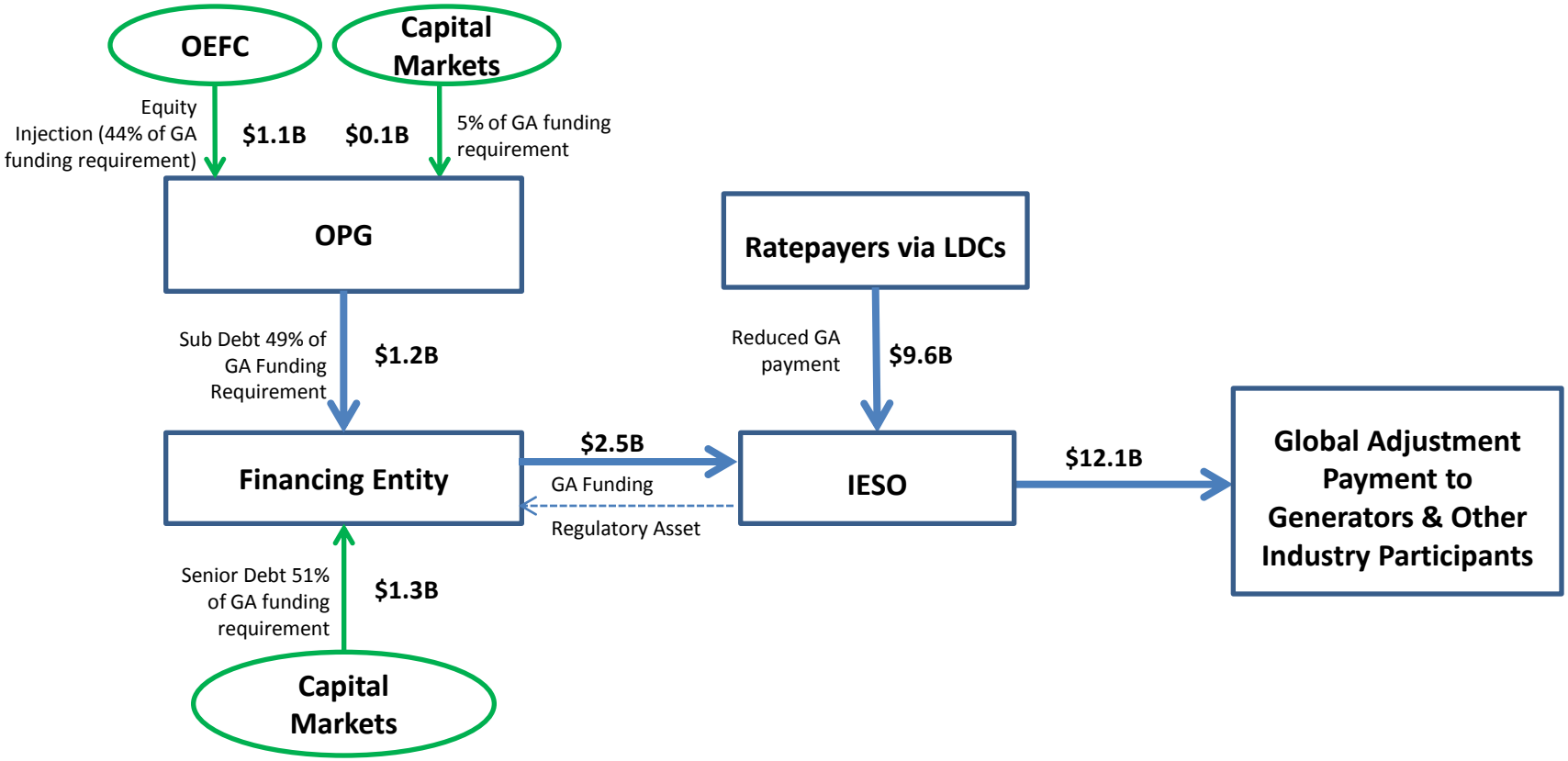
Financing Plan

Highlights:

- Legislation as currently drafted provides for a framework to implement the Fair Hydro Plan Act:
  - (i) to allow flexibility in OPG's corporate structure and to enable OPG to raise financing through public offerings of debt
  - (ii) for a regulatory asset consisting of the right to recover over time the amount of the Global Adjustment being deferred, together with interest and other costs
- Regulations and principal agreement need to be negotiated and agreed to in order to provide a completely financeable program
- A Financing Entity will be set up that will hold the claim on future customers and the debt issued to fund the payment to the IESO for the regulatory asset
- The GA financing platform will be developed to access both the Canadian and US markets in order to access best pricing and flexibility
- OPG will provide services to the Financing Entity including financings via a financial service and management agreement

Financing Plan – Structure

Illustration based on $2.5B GA Funding



Financing Plan - Components

- Debt components are:

	Risk Profile	Source	% of Total Funding Requirement
Tranche A Senior Debt	the least risky	Capital Markets	51%
Tranche B Sub Debt	In between A&C	OPG via Province	39%
Tranche C Sub Debt	the most risky	OPG via Province	5%
		OPG via Capital Markets	5%

Financing Plan – Rationale

The rationale for the structural debt percentages are:

- **Minimum of 51% from the Capital Markets**
  - Required from an accounting treatment perspective in order to consolidate the Financing Entity on OPG's financial statements, otherwise the debt is consolidated with the Province
  - Accounting treatment also requires OPG to direct the activities of the Financing Entity, and that the Province not directly or indirectly fund (through debt or equity) more than 50% of the Financing Entity to allow for OPG consolidation
- **Minimum Provincial equity contribution of up to 44%**
  - Help to is avoids the potential risk of a credit downgrade from the rating agencies as a result of the incremental debt consolidated on OPG financial statements negatively impacting credit metrics (Funds from Operations/ Debt)
- **Minimum OPG Investment of 5% from the Capital Market**
  - OPG requires a minimal amount of debt at risk financed through OPG operating cash flows or capital market debt. To demonstrate control of the Financing Entity OPG must own >=50% of the most subordinated debt and targeted to be no less than 5% of the total debt of the Financing Entity
  - The Province must not directly or indirectly fund (through debt or equity) more than 50% of OPG's investments in the most subordinated debt of the Financing Entity to lessen the materiality of OPG's debt at risk

Financing Plan – Other Elements

Other Structural Advantages:

- **Financing Entity:**
  - Is ring-fenced from OPG as a single purpose entity with no other operations that could add risk to the OPG entity
  - Is targeting a higher credit rating than OPG and therefore will have lower financing costs than OPG in the Capital Markets
  - Will record funding revenue reflecting the growth in the deferred asset value which will mitigate the negative impact on OPG's credit rating from the debt consolidation
  - Allows for flexibility to fund debt tranches with different terms, contractual consideration and subordination
  - Subordination will play an important credit enhancement role for the senior debt, and could act as a buffer or first loss of capital in any credit event
- **Operational attributes:**
  - OPG is the Financing and Services Manager for the Financing Entity and direct its activities
  - Short term debt can be warehoused in the Financing Entity until OPG accesses the Capital Markets
  - OPG will be independently accessing the public debt markets on a commercial basis
  - Opportunity to access the US market as appropriate

Financing Plan – Overview

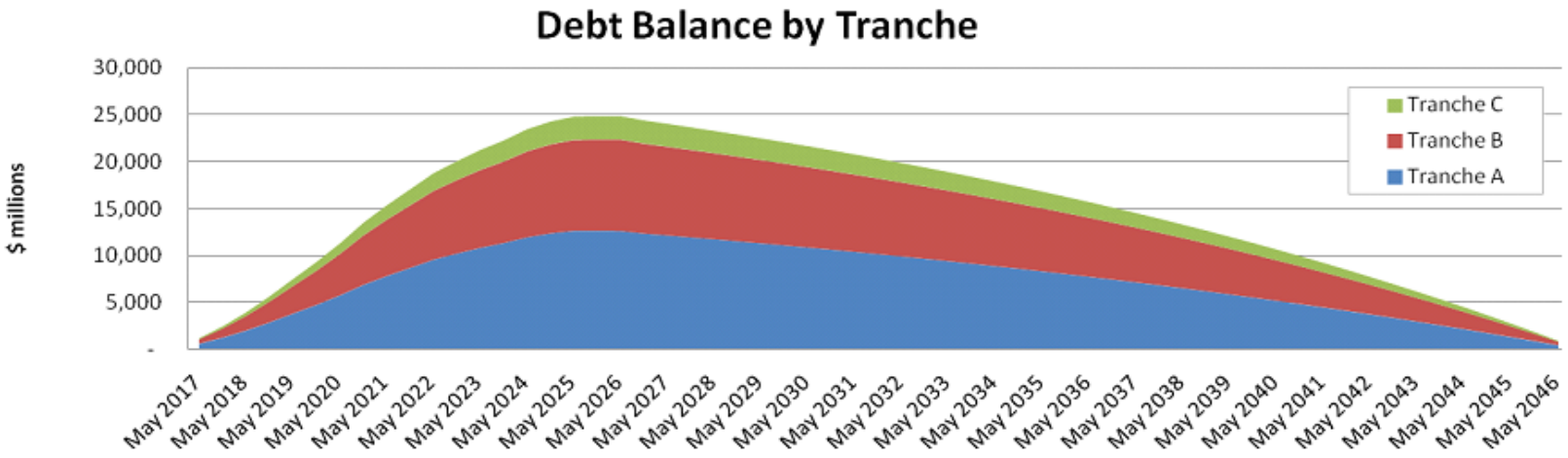
The Financing Plan has two main phases:

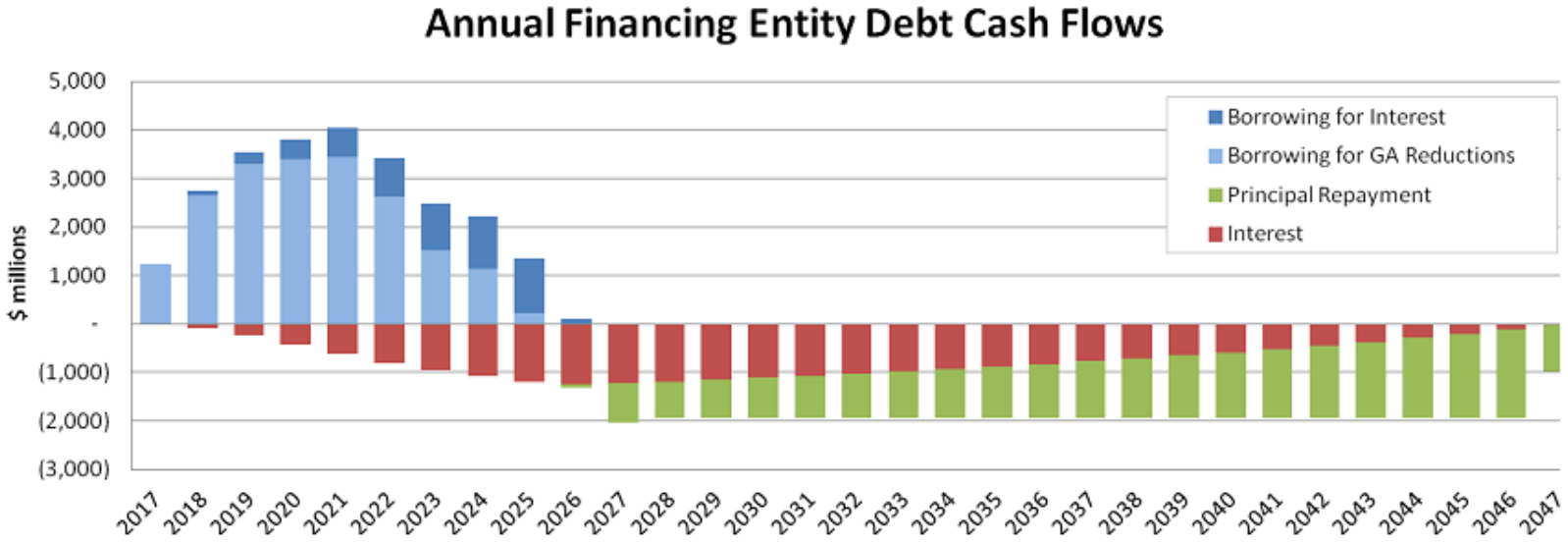
- **Net Borrowing Phase (2017-2026)**
  - During this 10 year period the debt created by the deferral of electricity charges will accumulate, together with associated interest costs & other fees, that in combination will establish the regulatory assets.
  - Monthly the Financing Entity will purchase the regulatory assets from IESO (purchase is ~$200M) as follows:
    - 51% through external capital markets (~$102M per month)
      - Initially the financing plan will access liquidity facilities at the Financing Entity level to fund and warehouse the monthly asset purchase requirement
      - On a quarterly basis when the accumulated monthly funding has reached a certain level ($300M), public debt will be offered to the market
    - Up to 49% subordinated debt in OPG
      - 44% funded through OPG via equity injections from the Province (~$88M/ month)
      - 5% funded through OPG via the capital markets (~$10M/ month)
  - Cash interest will be paid based on the lender agreements. The interest costs will be added to future borrowing requirements, and do not flow through to consumers during this period

Financing Plan – Program Overview

- **Debt Amortization Phase (2027-2046)**
  - Starting 2027, the accumulated debt created by the deferral will be recovered and paid down by 2047
  - Similar to mortgage style debt payment, a combination of principal and interest will be paid to lenders during this 20 yr period
  - Financing Entity structure continues until all the debt is repaid
  - Target to keep the charge paid by ratepayers during the amortization period to less than 10% of a customers bills to meet credit rating agency guidelines

Debt Profile & Cash Flows





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Financing Plan – Funding Alternatives

Key Considerations

- There are several potential funding sources that can be considered to structure the overall financing program, including securitization (issued in Canada or the U.S.), bonds, bank financing, and subordinated debt

Short Term	
ABCP Conduit	▪ R-1(high)/P-1 credit ratings required from DBRS and Moody's (limited market capacity if these ratings are not achieved) ▪ Requires periodic take-outs to repay warehouse funding; take-out risk needs to be addressed as amortization of debt currently not contemplated to commence until after year 10
Bank	▪ No external rating required ▪ Take-out risk needs to be addressed as amortization of debt currently not contemplated to commence until after year 10
Long Term	
Canadian Term ABS	▪ AAA ratings required from at least two of DBRS, Moody's, S&P or Fitch (limited market capacity if these ratings are not achieved) ▪ Tenors > 10 years to be explored
Canadian Bond	▪ This type of financing has not been tested in the Canadian market ▪ AAA ratings not required to access the market ▪ Provides access to broadest investor base in the Canadian market
US Term Debt (ABS/Bonds)	▪ Proven market for securitization and higher market capacity available than Canadian Term ABS ▪ Ratings required from at least two of S&P, Moody's or Fitch (AAA required for Term ABS) ▪ Requires cross-currency swaps
Subordinated Debt	▪ Nature of subordinated debt, repayment terms/flexibility and contingent Provincial support applicable to subordinated debt will impact pricing ▪ Quantum of subordinated debt creates equity like thickness and may serve as a credit enhancement for the senior debt

Indicative Pricing Consideration

Indicative Pricing Considerations

- Although all of the debt issued by the Financing Entity is expected to be afforded the same level of protection including a provincial guarantee, a higher return on the subordinated debt (sub debt) would be required to compensate for incremental risk to the extent:
  - The rating agencies attribute a lower rating to the sub debt relative to the senior debt because of its ranking in the cash flow waterfall
  - The ratings of senior debt need to be credit enhanced by all or a portion of the sub debt as follows:
    1) Flexibility to defer charges to rate payers and hence extend the expected duration of the sub debt to manage the total amount charged to rate payers as a proportion of the total bill during the recovery period – could result in non repayment by 2047 if a hard cap is included
    2) Defer principal payments on certain classes of sub debt until more senior notes are fully repaid

Feature	Tranche B Subordinated Debt	Tranche C Subordinated Debt
	Explanation	**Explanation**
Credit Risk	Credit enhancement to Tranche A (senior debt)	Credit enhancement to Tranche A (senior debt) Act as first “loss absorber”
Duration/Tenor Premium	Same duration as Market Notes	Same duration as Market Notes
Certainty of timing of payments	Same as Market Notes but lower in the waterfall	Some additional volatility in timing of payments, but trued-up every 6 months
Liquidity Premium	Issue size expected to be similar to senior debt	Relatively small amount which will have less liquidity

From:	Gadi Mayman
To:	Carlos Yep; Ken Kandeepan; John Psinas; John Kim; Adam Prokop; Bruno Amara; "Kaitlin.Montgomery@ontario.ca"
Cc:	Anna Strathy; Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); Karen Hughes (MGS); "Veinot, Cindy (TBS)"
Subject:	RE: Fair Hydro Plan - Provincial Support Agreement - Term Sheet <comments from TD>
Date:	Friday, April 28, 2017 11:26:13 AM

From the conversations that I've been involved with Blakes, Energy, TBS, OPG, etc., one of the challenges that they're trying to overcome is the perception of the banks providing advice to OPG that this is a securitization transaction, which, while it has many similarities, it is not. It seems that TD is also falling into this trap in their analysis, so it would be worthwhile to try to move them off of this perspective for their next round of advice on this, which will have to be in advance of next Tuesday morning when we'll be meeting with the Deputy and the Minister's office in advance of this item going to Fiscal Prep on Wednesday.

I understand where Susan and the TD team are going on this, but TD needs to take the Province's perspective on this, not come at it from the angle of how to structure this to make the financing as easy as possible. We will not, as many of you are aware from our previous discussions, provide anything except the skinniest possible guarantee that would make this financeable, while still ensuring that the appropriate accounting treatment is possible to be achieved.

Thanks,

Gadi

From: Carlos Yep
Sent: Friday, April 28, 2017 11:12 AM
To: Ken Kandeepan ; John Psinas ; John Kim ; Adam Prokop ; Bruno Amara ; 'Kaitlin.Montgomery@ontario.ca'
Cc: Gadi Mayman ; Anna Strathy ; Mike Manning
Subject: FW: Fair Hydro Plan - Provincial Support Agreement - Term Sheet

Fyi

From: Thompson, Susan [mailto:Susan.Thompson@tdsecurities.com]
Sent: Friday, April 28, 2017 10:40 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Thom, Trevor <Trevor.Thom@tdsecurities.com>; Holloway, Harold <Harold.Holloway@tdsecurities.com>; Wolff, Michael <Michael.Wolff@tdsecurities.com>; Purkis, Brad <Brad.Purkis@tdsecurities.com>; Hilloowala, Maharukh <Maharukh.Hilloowala@tdsecurities.com>
Subject: Fair Hydro Plan - Provincial Support Agreement - Term Sheet

Mike, Jim, Carlos

Please see below for our comments on the draft term sheet for the Provincial Support Agreement. Let us know when you would like to discuss further. Also, please note that we have not sent the

comments or the term sheet to Steve Ashbourne at Blakes. Please let us know if you would like us to do so.

Attached is a sample servicing guarantee for a general securitization transaction to provide examples of common features. Note that the sample guarantee is formatted for a corporate transaction and would have to be adjusted accordingly. Also attached is a brief description of the servicing obligations typically covered by a servicing guarantee.

In reviewing the term sheet, we believe that the Servicing Guarantee is narrow in scope.

- Not a conventional servicing guarantee for securitization transactions
- It may not be acceptable for the rating agencies, particularly if monthly remittances of collections from the LCDs are necessary.

As drafted, it solely allows for the appointment of a replacement servicer by the Guarantor upon the occurrence of a Servicer Default (due to breach of servicing performance).

- It does not cover any losses arising from a breach of the electricity vendors' servicing obligations (typical servicing obligations described in attachment)
- It would preclude the monthly remittance of collections by the LDS to IESO for deposit into the Trust's collection account.

Other Items of Consideration:

- Not typical for the Indenture Trustee to be obligated to provide any reporting to the Guarantor
- Confidentiality would be difficult to maintain for a public issuance. The guarantee is a material component of the transaction and will have to be disclosed in detail in the IM, and possibly posted as a material contract
- Consistent with other "AAA" transactions, performance under the guarantee is expected to occur promptly, typically within 2 business days for payment obligations
- Guarantee does not cover a market disruption and the inability to refinance existing due and maturing issuances (including ABCP)

Susan Thompson, MBA | Director | Government Finance | **TD Securities**
222 Bay Street, 7th Floor, Toronto, Ontario, M5K 1A2
T: 416 982 6587 | C: 416 436 2533 | Susan.Thompson@tdsecurities.com

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From:	Gadi Mayman
To:	Carlos Yep; Ken Kandeepan; John Psinas; John Kim; Adam Prokop; Bruno Amara; "Kaitlin.Montgomery@ontario.ca"
Cc:	Anna Strathy; Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); Karen Hughes (MGS); "Veinot, Cindy (TBS)"
Subject:	RE: Fair Hydro Plan - Provincial Support Agreement - Term Sheet <comments from TD>
Date:	Friday, April 28, 2017 11:26:13 AM

From the conversations that I've been involved with Blakes, Energy, TBS, OPG, etc., one of the challenges that they're trying to overcome is the perception of the banks providing advice to OPG that this is a securitization transaction, which, while it has many similarities, it is not. It seems that TD is also falling into this trap in their analysis, so it would be worthwhile to try to move them off of this perspective for their next round of advice on this, which will have to be in advance of next Tuesday morning when we'll be meeting with the Deputy and the Minister's office in advance of this item going to Fiscal Prep on Wednesday.

I understand where Susan and the TD team are going on this, but TD needs to take the Province's perspective on this, not come at it from the angle of how to structure this to make the financing as easy as possible. We will not, as many of you are aware from our previous discussions, provide anything except the skinniest possible guarantee that would make this financeable, while still ensuring that the appropriate accounting treatment is possible to be achieved.

Thanks,

Gadi

From: Carlos Yep
Sent: Friday, April 28, 2017 11:12 AM
To: Ken Kandeepan ; John Psinas ; John Kim ; Adam Prokop ; Bruno Amara ; 'Kaitlin.Montgomery@ontario.ca'
Cc: Gadi Mayman ; Anna Strathy ; Mike Manning
Subject: FW: Fair Hydro Plan - Provincial Support Agreement - Term Sheet

Fyi

From: Thompson, Susan [mailto:Susan.Thompson@tdsecurities.com]
Sent: Friday, April 28, 2017 10:40 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Thom, Trevor <Trevor.Thom@tdsecurities.com>; Holloway, Harold <Harold.Holloway@tdsecurities.com>; Wolff, Michael <Michael.Wolff@tdsecurities.com>; Purkis, Brad <Brad.Purkis@tdsecurities.com>; Hilloowala, Maharukh <Maharukh.Hilloowala@tdsecurities.com>
Subject: Fair Hydro Plan - Provincial Support Agreement - Term Sheet

Mike, Jim, Carlos

Please see below for our comments on the draft term sheet for the Provincial Support Agreement. Let us know when you would like to discuss further. Also, please note that we have not sent the

comments or the term sheet to Steve Ashbourne at Blakes. Please let us know if you would like us to do so.

Attached is a sample servicing guarantee for a general securitization transaction to provide examples of common features. Note that the sample guarantee is formatted for a corporate transaction and would have to be adjusted accordingly. Also attached is a brief description of the servicing obligations typically covered by a servicing guarantee.

In reviewing the term sheet, we believe that the Servicing Guarantee is narrow in scope.

- Not a conventional servicing guarantee for securitization transactions
- It may not be acceptable for the rating agencies, particularly if monthly remittances of collections from the LCDs are necessary.

As drafted, it solely allows for the appointment of a replacement servicer by the Guarantor upon the occurrence of a Servicer Default (due to breach of servicing performance).

- It does not cover any losses arising from a breach of the electricity vendors' servicing obligations (typical servicing obligations described in attachment)
- It would preclude the monthly remittance of collections by the LDS to IESO for deposit into the Trust's collection account.

Other Items of Consideration:

- Not typical for the Indenture Trustee to be obligated to provide any reporting to the Guarantor
- Confidentiality would be difficult to maintain for a public issuance. The guarantee is a material component of the transaction and will have to be disclosed in detail in the IM, and possibly posted as a material contract
- Consistent with other "AAA" transactions, performance under the guarantee is expected to occur promptly, typically within 2 business days for payment obligations
- Guarantee does not cover a market disruption and the inability to refinance existing due and maturing issuances (including ABCP)

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From:	Thompson, Susan
To:	Mike Manning; James Devine; Carlos Yep
Cc:	Thom, Trevor; Holloway, Harold; Wolff, Michael; Purkis, Brad; Hilloowala, Maharukh
Subject:	RE: Fair Hydro Plan - Provincial Support Agreement - Term Sheet
Date:	Tuesday, May 02, 2017 2:46:19 PM

Hello Mike, Jim, Carlos

With the Capital Injection discussion behind us, we wanted to follow up on the below. Please let us know if you would like a call to discuss further.

Regards,

Susan

From: Thompson, Susan
Sent: Friday, April 28, 2017 10:40 AM
To: 'mike.manning@ofina.on.ca'; 'Jim Devine'; 'Carlos Yep'
Cc: Thom, Trevor; Holloway, Harold; Wolff, Michael; Purkis, Brad; Hilloowala, Maharukh
Subject: Fair Hydro Plan - Provincial Support Agreement - Term Sheet

Mike, Jim, Carlos

Please see below for our comments on the draft term sheet for the Provincial Support Agreement. Let us know when you would like to discuss further. Also, please note that we have not sent the comments or the term sheet to Steve Ashbourne at Blakes. Please let us know if you would like us to do so.

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From:	Thompson, Susan
To:	Carlos Yep; Thom, Trevor; Castle, Steven
Cc:	James Devine; Mike Manning; Hilloowala, Maharukh; Laing, Mark
Subject:	RE: Fair Hydro Plan - guarantee / provincial support
Date:	Wednesday, August 16, 2017 1:35:24 PM
Attachments:	Comments on Provincial Protection and Assurances Term Sheet (F).pdf

Hi Carlos,

Please see attached for comments. While the comments are not material in nature, we have suggested other options that you may wish to consider. I have cc'd Maharukh and Mark in the event you have questions. Please let us know if you would like a call to discuss.

Regards,

Susan

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Tuesday, August 15, 2017 12:24 PM
To: Thom, Trevor; Castle, Steven; Thompson, Susan
Cc: James Devine; Mike Manning
Subject: Fair Hydro Plan - guarantee / provincial support

Susan

Here is the latest draft from OPG with input from CIBC/RBC/GS.

We are starting to review the document. Can you also review and forward comments back to us.

I am also expecting OPG and IESO to review and provide more feedback regarding servicing guarantee and LDC co-mingling risks.

Please call if you have any questions - we can discuss timeline.

Regards

Carlos

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Comments on the Provincial Protection and Assurances Term Sheet

Our review of the Term Sheet focused on three key aspects:

- Change in Law
- Servicing (commingling)
- Warehouse Takeout Risk

Change in Law:

On Guarantee Activation Events:

- Consider whether some of these types of events should be subject to having a "materially adverse effect" standard on the rights and interest of the special purpose entity, possibly (B), (C) and (E). Generally, imposing this standard for guarantees is not that common. Legal counsel should be able to provide more guidance.
- Guarantee Activation Event (C) – It would be helpful to understand under what circumstances the Province can have the ability to change its contractual obligations under a Guarantee and/or transaction documents without the consent of the Financing Entity. Material changes to transaction documents are typically also subject to the satisfaction of Rating Agency Condition "RAC" (i.e. the action does not result in the rating agency lowering the transaction rating). Investors place great reliance on the RACs in transaction documents to ensure that their interests are protected.

  If it's possible to make changes to the Guarantee and transaction documents without the Financing Entity consent than consider if a Guarantee Activation Event to occur if RAC is not satisfied (i.e. this action results in a ratings downgrade of the transaction).
- Guarantee Activation Event (E) - Is the concern here that a change in IESO's organization, structure, etc or change in the electricity market structure will affect IESO's servicing ability [as alluded in the NTD] or financial capability due to its strong linkage to the Province?

  If so, it seems the focus of IESO servicing capability is more fixated on its strong linkage with the Province rather than the actual rating of the Province or IESO. With the addition of this Guarantee Activation Event, there is no specific servicing guarantee for IESO needed (and there is at this point no minimum rating requirement for IESO as servicer other than if it wishes to assume the commingling risks of the LDCs). If so, this Event is a reasonable compromise in lieu of a servicing guarantee for IESO.
- Approval Requirement: Consider whether the Province wishes to have the right of "subsequent approval" if the form of the document if the document is materially changed or the changes adversely affect the Provinces rights/interest and obligations under the transaction.
- Last Point in Power Point Presentation – What are the additional compensations that US investors would require if the guarantee is triggered? We would expect that the additional compensation would also be available for existing and future Canada investors.

Servicing (commingling)

Commingling Risk of Non-Investment Grade LDCs:

- Mitigants proposed to address the commingling risk (backed by a L/C or deposit funds in the Commingling Reserve Account) are commonly used in securitization transactions.
- Commingling Risk Amount based on 45-60 days collections is generally the standard time frame applied for securitization transactions to determine the amount to cover for the commingling risk. The rating agency will determine the amount based on the frequency with which collections are remitted by the LDC's to IESO and also the time frame over which the LDC can be replaced as servicer
- L/C Provider rating of A+ is consistent with the rating requirement needed by rating agencies for credit enhancers. But, consider if there are two or more rating agencies involved in the transaction, if the rating test should be met for all rating agencies or at least one rating agency.

Warehouse Takeout Risk

- Warehouse Default Event: Failure to repay the warehouse facility at the end of the commitment period, results in the occurrence of a "default event" with the warehouse facility becoming immediately due and payable. In the securitization context, declaration of a "default event" and acceleration of the debt, would typically also allow the purchaser/warehouse banks to sell and realize on their collateral. It does not appear that the intent here is to allow the banks to sell the collateral, but the occurrence of the event simply allows for the amortization of the facility and increased pricing. If so, it would be more appropriate to use the term "Warehouse Amortization Event". Generally, lenders of the warehouse facilities would not have the ability to "sell" the collateral, but the pricing would be very punitive.
- Warehouse Default Payment Cap - If repayment is also due to existing note holders after the occurrence of a Warehouse Default Event, the amount under clause (b) for warehouse default payment cap amount would typically be calculated pro-rata with payments due to the other note holders of the Financing Entity

From:	Mike Manning
To:	Gwun-Hone Chin
Cc:	Carlos Yep
Subject:	RE: Fair Hydro Plan
Date:	Thursday, July 06, 2017 4:01:06 PM
Attachments:	image001.png

Hi Gwun:
Will shoot to finalize tomorrow and may need a bit of assistance.

Thanks, Mike

From: Gwun-Hone Chin
Sent: Thursday, July 06, 2017 3:23 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Hi Mike,

Welcome back from your trip.

Know you've been busy catching up but just wanted to quickly check in with you on your e-mail search results. We met when you were away and have determined that it would be helpful if custodians could further sort their correspondences between OFA and MOF, separating MOF e-mails for DMO review. See below for an example:

We had committed to providing the DMO with e-mails by EOD tomorrow. Carlos has completed his search and is able to assist with further instructions if you need clarification - Thanks,

Gwun

From: Mike Manning
Sent: Friday, June 16, 2017 4:33 PM
To: Gwun-Hone Chin <Gwun-Hone.Chin@ofina.on.ca>
Subject: Fair Hydro Plan

Everything in file.

Thanks, Mike

RSS Feeds

x - AG request

MOF with cc to Gadi Ken Ron

MOF without Gadi Ken Ron

From: Gwun-Hone Chin
To: Mike Manning
Cc: Carlos Yep
Subject: RE: Fair Hydro Plan
Date: Thursday, July 06, 2017 3:23:17 PM
Attachments: image001.png

Hi Mike,
Welcome back from your trip.
Know you've been busy catching up but just wanted to quickly check in with you on your e-mail search results. We met when you were away and have determined that it would be helpful if custodians could further sort their correspondences between OFA and MOF, separating MOF e-mails for DMO review. See below for an example:

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Gwun

From: Mike Manning
Sent: Friday, June 16, 2017 4:33 PM
To: Gwun-Hone Chin
Subject: Fair Hydro Plan
Everything in file.
Thanks, Mike

RSS Feeds

x - AG request

MOF with cc to Gadi Ken Ron

MOF without Gadi Ken Ron

From:	Gwun-Hone Chin
To:	Mike Manning
Cc:	Carlos Yep
Subject:	RE: Fair Hydro Plan
Date:	Friday, July 07, 2017 9:30:49 AM
Attachments:	image001.png

Thanks Mike,
Gwun

From: Mike Manning
Sent: Thursday, July 06, 2017 4:01 PM
To: Gwun-Hone Chin
Cc: Carlos Yep
Subject: RE: Fair Hydro Plan

Hi Gwun:
Will shoot to finalize tomorrow and may need a bit of assistance.
Thanks, Mike

From: Gwun-Hone Chin
Sent: Thursday, July 06, 2017 3:23 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Hi Mike,
Welcome back from your trip.
Know you've been busy catching up but just wanted to quickly check in with you on your e-mail search results. We met when you were away and have determined that it would be helpful if custodians could further sort their correspondences between OFA and MOF, separating MOF e-mails for DMO review. See below for an example:

We had committed to providing the DMO with e-mails by EOD tomorrow. Carlos has completed his search and is able to assist with further instructions if you need clarification - Thanks,
Gwun

From: Mike Manning
Sent: Friday, June 16, 2017 4:33 PM
To: Gwun-Hone Chin <Gwun-Hone.Chin@ofina.on.ca>
Subject: Fair Hydro Plan

Everything in file.
Thanks, Mike

RSS Feeds

x - AG request

MOF with cc to Gadi Ken Ron

MOF without Gadi Ken Ron

From:	Opal Kandelas
To:	Malle Hanslep (MOF); Anis Hirani; Ken Kandeepan
Cc:	Mike Manning; Carlos Yep; Tobias P. Whitfield (MOF)
Subject:	RE: Guarantee Discussion with OPG
Date:	Tuesday, May 23, 2017 3:28:00 PM
Attachments:	Term Sheet - Provincial Support Agreement - May 12.docx Compare_Term Sheet - Provincial Support Agreement (2) - Term Sheet - Pro....pdf

Hi Malle,

I've attached the latest version.

Thanks,

Opal.

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Tuesday, May 23, 2017 3:22 PM

To: Opal Kandelas ; Anis Hirani ; Ken Kandeepan

Cc: Mike Manning ; Carlos Yep ; Tobias P. Whitfield (MOF)

Subject: RE: Guarantee Discussion with OPG

Hi all,

Do we have the most recent version of the proposed guarantee language that is going to be discussed tomorrow?

Thanks.

Malle

From: Opal Kandelas [mailto:Opal.Kandelas@ofina.on.ca]
Sent: May 16, 2017 5:32 PM
To: Hirani, Anis (OFA); Kandeepan, Ken (OFA)
Cc: Manning, Mike (OFA); Yep, Carlos (OFA)
Subject: RE: Guarantee Discussion with OPG

Hi Anis,

I'm waiting for confirmation but think it would be fine to send a meeting request to the legal contacts, Tobias.Whitfield@Ontario.ca and Malle.Hanslep@Ontario.ca. No need to include Sarah Neville.

Thanks,

Opal.

From: Anis Hirani

Sent: Tuesday, May 16, 2017 5:13 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>

Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>

Subject: Re: Guarantee Discussion with OPG

I will contact Sarah tomorrow morning and will arrange meeting.

Thanks

Anis Hirani
(416) 464-9540

On May 16, 2017, at 4:09 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

Makes sense, I spoke to Cindy and she is fine with participating in the meeting/tele-conference. Can you pls request Anis to contact her EA sarah.hosick@ontario.ca
To set up a suitable time.
Thanks
Ken k

From: Mike Manning
Sent: Tuesday, May 16, 2017 2:34 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Anis Hirani <Anis.Hirani@ofina.on.ca>
Subject: Guarantee Discussion with OPG

As you know the recent version of the guarantee language is quite different from the initial language. John Lee wants to talk to us about it, and we had originally set up a meeting for tomorrow morning. I think it would make sense to broaden the group involved on our side, and talking to Gadi he thinks we should involve Cindy or Nadine, and I think that it would be good to get Legal Services involved too. This will make coordination a bit more tricky – making tomorrow morning unlikely for a meeting.
I'm going to ask Anis to line up a meeting, and it would be helpful Ken if you think Cindy, Nadine or both should be invited? On the Legal side, it would be good if Opal could point us to the right person.
Regards, Mike

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Provincial Support Agreement Term Sheet

Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") is provided exclusively to the parties listed herein in connection with the draft Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Defined terms used herein have the meanings ascribed to them in the Act. The provincial support agreement (the "**Provincial Support Agreement**") will contain the terms and conditions set out in this Term Sheet in addition to such other representations, warranties, indemnities, and other terms and conditions as the Guarantor and the Beneficiaries (each as defined below) may reasonably require.*

Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") on behalf of itself and all other persons having debt or other claims against a Financing Entity secured under the Master Trust Indenture (collectively, the "**Beneficiaries**") including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee, the trustee of the Financing Entity if the Financing Entity is a trust, and any other administrator of the Financing Entity.
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[1] after all funding obligations (to be defined to include principal, interest, fees, hedge settlement and termination obligations and other related amounts) of all Financing Entities have been repaid.

[1] This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

Performance Guarantee:	Under the Master Sale and Servicing Agreement to be entered into by IESO and the Financing Entity, **[and OPG as Financial Services Manager]** ("**MSSA**"), IESO will have obligations both as a seller and as a servicer. Pursuant to a performance guarantee, the Guarantor will guarantee in favour of the Beneficiaries to perform, or cause the performance of (which may be by way of the appointment of a replacement servicer), the obligations of IESO as servicer under the MSSA and the Act including the obligations of any replacement servicer. The Guarantor will also guarantee the servicing obligations of the electricity vendors under the Act. The servicing obligations covered will include all obligations related to the collecting and remitting of clean energy adjustments and will protect the Beneficiaries from any risks arising from collections of clean energy adjustments being commingled with other amounts. In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the Beneficiaries for any losses that result.
Payment Guarantee Event:	A Payment Guarantee Event will occur if: (A) the Legislative Assembly of Ontario repeals the Act; or (B) the Legislative Assembly of Ontario amends the Act or a Regulation thereunder is amended in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest; or (C) a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable; or (D) funding obligations are due and payable at a time when a market disruption (a period of [six months or more] when capital markets term funding is not available to effect refinancings of funding obligations) is occurring and, in the case of long term funding obligations only, a moratorium or limitation on the imposition and collection of clean energy adjustments to repay such funding obligations is in effect under the Act.

Payment Guarantee:	Upon the occurrence of a Payment Guarantee Event under clauses (A), (B) or (C) of the above definition: (x) the Guarantor shall assume and pay when due (without acceleration) all funding obligations and all other obligations of the Financing Entities to the Beneficiaries by paying all regularly scheduled amounts in respect thereof during the term of each Financing Entity's contractual obligation to such Beneficiaries; and (y) Beneficiaries holding funding obligations consisting of bonds [with a remaining term to maturity of greater than one year] shall have the option to put the bonds to the Financing Entity for a put price equal to 101% of the principal amount thereof plus accrued and unpaid interest. In connection with any put under this clause (y), the Guarantor shall guarantee payment of the put price and any related hedge breakage but shall not be responsible for any other default, penalty, prepayment or make whole amounts.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
Priority of Payments:	The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.
Subrogation:	Where the Guarantor has repaid all Beneficiaries in full, to the extent of such payments the Guarantor shall be subrogated in and to all the rights of recovery of the Beneficiaries in respect of their applicable indebtedness and obligations and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all indebtedness and obligations owing to the Beneficiaries, the Indenture Trustee will acknowledge and agree on behalf of the Beneficiaries that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiaries have or may exercise in respect of the repaid indebtedness and obligations, all in accordance with the terms of the Master Trust Indenture. Prior to the repayment in full of the indebtedness and obligations owed to the Beneficiaries, the Guarantor shall have no rights of subrogation.
Notice Requirements:	The Indenture Trustee will be required to provide notice to the Guarantor of a Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.

Closing:	Date to be determined but no later than **[**■, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
Conditions Precedent to Closing:	Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.[2]
Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.
Governing Law:	Province of Ontario

[2] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

Provincial Support Agreement Term Sheet~~—~~

Fair Hydro Plan Act, 2017

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Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The ~~trust company acting as~~ indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") ~~acting for the benefit of~~on behalf of itself and all other persons ~~who may have contractual~~having debt or other claims against a Financing Entity secured under the Master Trust Indenture (collectively, the "**Beneficiaries**") ~~(~~including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee ~~and~~, the trustee of the Financing Entity[1]~~)~~ if the Financing Entity is a trust, and any other administrator of the Financing Entity.
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[2]1 after all ~~Funding Obligations~~funding obligations (to be defined to include principal, interest, fees, hedge settlement and termination obligations and other related amounts) of all Financing Entities have been repaid.
Performance Guarantee:	~~**[Upon the occurrence of a Performance Guarantee Event]**, the Indenture Trustee will be entitled to require the Guarantor to appoint a replacement servicer who will perform IESO's duties as servicer under~~Under the Master Sale and Servicing Agreement ~~between IESO, as seller and servicer,~~to be entered into by IESO and the Financing Entity~~, as purchaser~~, **[and OPG as Financial Services Manager]** ("**MSSA**")~~.~~, IESO will have obligations both

[1] ~~We have assumed that the initial Financing Entity will be a trust.~~

[2]1 This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

	as a seller and as a servicer. Pursuant to a performance guarantee, the Guarantor will guarantee in favour of the Beneficiaries to perform, or cause the performance of (which may be by way of the appointment of a replacement servicer), the obligations of IESO as servicer under the MSSA and the Act including the obligations of any replacement servicer. The Guarantor will also guarantee the servicing obligations of the electricity vendors under the Act. The servicing obligations covered will include all obligations related to the collecting and remitting of clean energy adjustments and will protect the Beneficiaries from any risks arising from collections of clean energy adjustments being commingled with other amounts. In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the ~~Indenture Trustee~~Beneficiaries for any losses that result.
~~**Performance Guarantee Event:**~~	~~A "Servicer Default" occurs under the MSSA[3]~~
~~**Payment Guarantee:**~~	~~**[Upon the occurrence of a Payment Guarantee Event and within [5/10] business days after receiving a demand from the Indenture Trustee]**, the Guarantor shall **[guarantee and indemnify the Indenture Trustee (for and on behalf of the Beneficiaries) by paying all regularly scheduled interest and principal payments during the term of a Financing Entity's contractual obligation to such Beneficiary]/[assume the contractual obligations of a Financing Entity to the Beneficiaries]**[4], which for greater certainty shall not include any default, penalty, prepayment, or make whole amounts.~~
Payment Guarantee Event:	A Payment Guarantee Event will occur if: (A) ~~if~~ the Legislative Assembly of Ontario repeals the Act; or (B) ~~if~~ the Legislative Assembly of Ontario amends the Act or a Regulation thereunder is amended in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest; or (C) ~~if~~ a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment

[3] ~~Each Servicer Default will include its own cure period before the event becomes a Servicer Default.~~
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	interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable; or (D) funding obligations are due and payable at a time when a market disruption (a period of [six months or more] when capital markets term funding is not available to effect refinancings of funding obligations) is occurring and, in the case of long term funding obligations only, a moratorium or limitation on the imposition and collection of clean energy adjustments to repay such funding obligations is in effect under the Act.
Payment Guarantee:	Upon the occurrence of a Payment Guarantee Event under clauses (A), (B) or (C) of the above definition: (x) the Guarantor shall assume and pay when due (without acceleration) all funding obligations and all other obligations of the Financing Entities to the Beneficiaries by paying all regularly scheduled amounts in respect thereof during the term of each Financing Entity's contractual obligation to such Beneficiaries; and (y) Beneficiaries holding funding obligations consisting of bonds [with a remaining term to maturity of greater than **one year]** shall have the option to put the bonds to the Financing Entity for a put price equal to 101% of the principal amount thereof plus accrued and unpaid interest. In connection with any put under this clause (y), the Guarantor shall guarantee payment of the put price and any related hedge breakage but shall not be responsible for any other default, penalty, prepayment or make whole amounts.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
Priority of Payments:	The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.
Subrogation:	Where the Guarantor has repaid ~~a Beneficiary~~all Beneficiaries in full, to the extent of such ~~payment,~~payments the Guarantor ~~is~~shall be subrogated in and to all the rights of recovery of ~~such~~the Beneficiar~~y~~ies in respect of their applicable indebtedness and obligations and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all ~~amounts~~indebtedness and obligations owing to ~~a~~the Beneficiar~~y~~ies,

	the Indenture Trustee will acknowledge and agree on behalf of ~~such~~the Beneficiar~~y~~ies that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiar~~y~~ies ha~~s~~ve or may exercise in respect of the repaid indebtedness and obligations, all in accordance with the terms of the Master Trust Indenture. Prior to the repayment in full of the indebtedness and obligations owed to the Beneficiaries, the Guarantor shall have no rights of subrogation.
Notice Requirements:	The Indenture Trustee will be required to provide notice to the Guarantor of a ~~Performance Guarantee Event or~~ Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.
Closing:	Date to be determined but no later than **[**■, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
Conditions Precedent to Closing:	Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.~~5~~[2]
Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.
Governing Law:	Province of Ontario

~~5~~[2] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

From:	Opal Kandelas
To:	Malle Hanslep (MOF); Anis Hirani; Ken Kandeepan
Cc:	Mike Manning; Carlos Yep; Tobias P. Whitfield (MOF)
Subject:	RE: Guarantee Discussion with OPG
Date:	Tuesday, May 23, 2017 3:28:00 PM
Attachments:	Term Sheet - Provincial Support Agreement - May 12.docx Compare_Term Sheet - Provincial Support Agreement (2) - Term Sheet - Pro....pdf

Hi Malle,

I've attached the latest version.

Thanks,

Opal.

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Tuesday, May 23, 2017 3:22 PM

To: Opal Kandelas ; Anis Hirani ; Ken Kandeepan

Cc: Mike Manning ; Carlos Yep ; Tobias P. Whitfield (MOF)

Subject: RE: Guarantee Discussion with OPG

Hi all,

Do we have the most recent version of the proposed guarantee language that is going to be discussed tomorrow?

Thanks.

Malle

From: Opal Kandelas [mailto:Opal.Kandelas@ofina.on.ca]
Sent: May 16, 2017 5:32 PM
To: Hirani, Anis (OFA); Kandeepan, Ken (OFA)
Cc: Manning, Mike (OFA); Yep, Carlos (OFA)
Subject: RE: Guarantee Discussion with OPG

Hi Anis,

I'm waiting for confirmation but think it would be fine to send a meeting request to the legal contacts, Tobias.Whitfield@Ontario.ca and Malle.Hanslep@Ontario.ca. No need to include Sarah Neville.

Thanks,

Opal.

From: Anis Hirani

Sent: Tuesday, May 16, 2017 5:13 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>

Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>

Subject: Re: Guarantee Discussion with OPG

I will contact Sarah tomorrow morning and will arrange meeting.

Thanks

Anis Hirani
(416) 464-9540

On May 16, 2017, at 4:09 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

Makes sense, I spoke to Cindy and she is fine with participating in the meeting/tele-conference. Can you pls request Anis to contact her EA sarah.hosick@ontario.ca
To set up a suitable time.
Thanks
Ken k

From: Mike Manning
Sent: Tuesday, May 16, 2017 2:34 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Anis Hirani <Anis.Hirani@ofina.on.ca>
Subject: Guarantee Discussion with OPG

As you know the recent version of the guarantee language is quite different from the initial language. John Lee wants to talk to us about it, and we had originally set up a meeting for tomorrow morning. I think it would make sense to broaden the group involved on our side, and talking to Gadi he thinks we should involve Cindy or Nadine, and I think that it would be good to get Legal Services involved too. This will make coordination a bit more tricky – making tomorrow morning unlikely for a meeting.
I'm going to ask Anis to line up a meeting, and it would be helpful Ken if you think Cindy, Nadine or both should be invited? On the Legal side, it would be good if Opal could point us to the right person.
Regards, Mike

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Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") on behalf of itself and all other persons having debt or other claims against a Financing Entity secured under the Master Trust Indenture (collectively, the "**Beneficiaries**") including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee, the trustee of the Financing Entity if the Financing Entity is a trust, and any other administrator of the Financing Entity.
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[1] after all funding obligations (to be defined to include principal, interest, fees, hedge settlement and termination obligations and other related amounts) of all Financing Entities have been repaid.

[1] This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

Performance Guarantee:	Under the Master Sale and Servicing Agreement to be entered into by IESO and the Financing Entity, **[and OPG as Financial Services Manager]** ("**MSSA**"), IESO will have obligations both as a seller and as a servicer. Pursuant to a performance guarantee, the Guarantor will guarantee in favour of the Beneficiaries to perform, or cause the performance of (which may be by way of the appointment of a replacement servicer), the obligations of IESO as servicer under the MSSA and the Act including the obligations of any replacement servicer. The Guarantor will also guarantee the servicing obligations of the electricity vendors under the Act. The servicing obligations covered will include all obligations related to the collecting and remitting of clean energy adjustments and will protect the Beneficiaries from any risks arising from collections of clean energy adjustments being commingled with other amounts. In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the Beneficiaries for any losses that result.
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From:	Hanslep, Malle (MOF)
To:	Opal Kandelas; Anis Hirani; Ken Kandeepan
Cc:	Mike Manning; Carlos Yep; Tobias P. Whitfield (MOF)
Subject:	RE: Guarantee Discussion with OPG
Date:	Wednesday, May 24, 2017 9:59:44 AM

Thanks Opal.
Toby and I will attend the meeting today at 2. I note that footnote 2 mentions that opinions on the validity and enforceability of the provincial support agreement will be required. The proposed legislation provides for both Ministers to jointly give the guarantee. Does anyone know whether Energy Legal and Blakes (who I believe is the Province's outside counsel) have reviewed the revised term sheet? It will be helpful to get a better understanding of the scope and timing of this proposed guarantee. I note that the description of the beneficiaries is very broad. Wouldn't it be expected that the actual guarantee scope would be tailored to the obligations in specific instruments or transactions that are required to be guaranteed.
Thanks.
Malle

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To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: Re: Guarantee Discussion with OPG
I will contact Sarah tomorrow morning and will arrange meeting.
Thanks

Anis Hirani
(416) 464-9540

On May 16, 2017, at 4:09 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

> Makes sense, I spoke to Cindy and she is fine with participating in the meeting/tele-conference. Can you pls request Anis to contact her EA sarah.hosick@ontario.ca
> To set up a suitable time.
> Thanks
> Ken k
>
> ---
>
> **From:** Mike Manning
> **Sent:** Tuesday, May 16, 2017 2:34 PM
> **To:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
> **Cc:** Anis Hirani <Anis.Hirani@ofina.on.ca>
> **Subject:** Guarantee Discussion with OPG
> As you know the recent version of the guarantee language is quite different from the initial language. John Lee wants to talk to us about it, and we had originally set up a meeting for tomorrow morning. I think it would make sense to broaden the group involved on our side, and talking to Gadi he thinks we should involve Cindy or Nadine, and I think that it would be good to get Legal Services involved too. This will make coordination a bit more tricky – making tomorrow morning unlikely for a meeting.
> I'm going to ask Anis to line up a meeting, and it would be helpful Ken if you think Cindy, Nadine or both should be invited? On the Legal side, it would be good if Opal could point us to the right person.
> Regards, Mike

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From:	Anna Strathy
To:	David Peters; James Devine; Ken Kandeepan; Mike Manning; Opal Kandelas; Bonnie Lemcke
Subject:	RE: House Book Updates due April 28, 2017
Date:	Tuesday, April 25, 2017 9:47:09 AM

Good morning,
Just a reminder to please send updated CINS by eod today.
Thanks, Anna

From: Anna Strathy
Sent: Tuesday, April 18, 2017 11:13 AM
To: David Peters ; James Devine ; Ken Kandeepan ; Mike Manning ; Opal Kandelas ; Bonnie Lemcke
Subject: FW: House Book Updates due April 28, 2017

Good morning,
Communications has asked us to update our CINs to reflect the language of the 2017 Budget. Could your teams please review the following CINs and update as needed?

1. Borrowing and Debt
2. Ontario Credit Rating
3. Green Bonds
4. DBRS Response to the Fair Hydro Plan

Please send your updated CINs to me **by Tuesday, April 25 for CEO review**. The CINs will not be sent to Communications until Friday, April 28, after the release of the Document.
Thanks, Anna

From: Pichette, Marc (MOF) [mailto:Marc.Pichette@ontario.ca]
Sent: Thursday, April 13, 2017 2:22 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Edwards, Malon (FSCO) <Malon.Edwards@fsco.gov.on.ca>; Birks, Ryan (MOF) <Ryan.Birks@ontario.ca>; Ghufran Tarin (MOF) <Ghufran.Tarin@ontario.ca>; Jamie Buckland Foster (MCYS) <Jamie.Buckland.Foster@ontario.ca>; Katz, Emily (MOF) <Emily.Katz@ontario.ca>; Patel, Lesley (MOF) <Lesley.Patel@ontario.ca>; Vo, Kim (MOF) <Kim.Vo@ontario.ca>; Julia Hancock (MNDM) <Julia.Hancock@ontario.ca>; Vivienne Skoberne (MOHLTC) <Vivienne.Skoberne@ontario.ca>; Sadruddin Salman (MOF) <Sadruddin.Salman@ontario.ca>; Lucy Kang (MTO) <Lucy.Kang@ontario.ca>; Wallace, Julia (MOF) <Julia.Wallace@ontario.ca>; Jayne Harten (ENE) <Jayne.Harten@ontario.ca>
Cc: @FIN-L-O-CSB-ISSUES <FIN-L-O-CSB-ISSUES@msgov.gov.on.ca>
Subject: House Book Updates due April 28, 2017

Hi all,
Thanks once again for providing the Contentious Issue Notes (CINs) for the Spring House Book (see attachment of Index of CINs by Program Area).
The Minister announced today that the 2017 Budget will be tabled on Thursday, April 27th, MO expects the CINs to be updated to reflect the new language of the 2017 Budget.
Therefore we would like to get an update of the CINs impacted by the Budget by Friday, April 28th.
Please send the updated notes to my attention.
Marc Pichette
Team Lead – Issues Management

Communications Services Branch
Ministry of Finance
(416) 314-1587

From: Anna Strathy
To: David Peters; James Devine; Ken Kandeepan; Mike Manning; Opal Kandelas
Subject: RE: House Book Updates due April 28, 2017
Date: Friday, April 28, 2017 11:35:03 AM

Good morning,
Just a reminder to please send the updated Borrowing and Debt and Green Bonds CINs as soon as possible.
Thanks, Anna

From: Anna Strathy
Sent: Tuesday, April 18, 2017 11:13 AM
To: David Peters ; James Devine ; Ken Kandeepan ; Mike Manning ; Opal Kandelas ; Bonnie Lemcke
Subject: FW: House Book Updates due April 28, 2017

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Communications has asked us to update our CINs to reflect the language of the 2017 Budget. Could your teams please review the following CINs and update as needed?

1. Borrowing and Debt
2. Ontario Credit Rating
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To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Edwards, Malon (FSCO) <Malon.Edwards@fsco.gov.on.ca>; Birks, Ryan (MOF) <Ryan.Birks@ontario.ca>; Ghufran Tarin (MOF) <Ghufran.Tarin@ontario.ca>; Jamie Buckland Foster (MCYS) <Jamie.Buckland.Foster@ontario.ca>; Katz, Emily (MOF) <Emily.Katz@ontario.ca>; Patel, Lesley (MOF) <Lesley.Patel@ontario.ca>; Vo, Kim (MOF) <Kim.Vo@ontario.ca>; Julia Hancock (MNDM) <Julia.Hancock@ontario.ca>; Vivienne Skoberne (MOHLTC) <Vivienne.Skoberne@ontario.ca>; Sadruddin Salman (MOF) <Sadruddin.Salman@ontario.ca>; Lucy Kang (MTO) <Lucy.Kang@ontario.ca>; Wallace, Julia (MOF) <Julia.Wallace@ontario.ca>; Jayne Harten (ENE) <Jayne.Harten@ontario.ca>
Cc: @FIN-L-O-CSB-ISSUES <FIN-L-O-CSB-ISSUES@msgov.gov.on.ca>
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Please send the updated notes to my attention.
Marc Pichette

Team Lead – Issues Management
Communications Services Branch
Ministry of Finance
(416) 314-1587

From: Opal Kandelas
To: Mike Manning
Subject: RE: IESO Facility
Date: Tuesday, April 25, 2017 2:47:58 PM

Hi Mike,
The original credit facility provides the following:
Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the **Province's cost of funds for borrowings with a similar term as determined by the OF A plus 0.25 percent per annum**, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OF A by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.
It does not appear that any amendments (there are 9) have changed this.
Thanks,
Opal.

From: Mike Manning
Sent: Tuesday, April 25, 2017 12:43 PM
To: Opal Kandelas
Subject: RE: IESO Facility
Importance: High
Hi Opal:
Do you know the rate formula for IESO for this facility?
I looked but didn't see it.
Mike

From: Opal Kandelas
Sent: Tuesday, April 25, 2017 11:36 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: IESO Facility
Hi Mike,
Please find attached the last amendment to the IESO credit facility and the Minister's directive.
Opal.

From: Kelly Listoe
Sent: Tuesday, April 25, 2017 11:29 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO Facility
Hi Opal

Attached is the IESO Amendment from last November. I have also attached the Directive as it contains a brief synopsis. The main changes were that the maturity date was extended to Dec. 31, 2019 from 2016 and the length of time advances can be outstanding was lengthened.

Regards,
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From:	Mike Manning
To:	Opal Kandelas
Subject:	RE: IESO Facility
Date:	Tuesday, April 25, 2017 12:42:47 PM

Hi Opal:
Do you know the rate formula for IESO for this facility?
I looked but didn't see it.
Mike

From: Opal Kandelas
Sent: Tuesday, April 25, 2017 11:36 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
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Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From:	Mike Manning
To:	Opal Kandelas
Subject:	RE: IESO Facility
Date:	Tuesday, April 25, 2017 2:49:00 PM

Thanks, Mike

From: Opal Kandelas
Sent: Tuesday, April 25, 2017 2:48 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: IESO Facility

Hi Mike,

The original credit facility provides the following:

Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the **Province's cost of funds for borrowings with a similar term as determined by the OF A plus 0.25 percent per annum**, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OF A by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

It does not appear that any amendments (there are 9) have changed this.

Thanks,
Opal.

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Sent: Tuesday, April 25, 2017 12:43 PM
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Subject: RE: IESO Facility
Importance: High

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Do you know the rate formula for IESO for this facility?

I looked but didn't see it.
Mike

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Opal.

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Sent: Tuesday, April 25, 2017 11:29 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO Facility

Hi Opal

Attached is the IESO Amendment from last November. I have also attached the Directive as it contains a brief synopsis. The main changes were that the maturity date was extended to Dec. 31, 2019 from 2016 and the length of time advances can be outstanding was lengthened.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From:	Salman Qadir
To:	Ken Kandeepan; Mike Manning; Carlos Yep
Cc:	Bruno Amara; John Kim
Subject:	RE: IESO Treasury Policy - likely revising for June 2017
Date:	Monday, June 05, 2017 9:17:09 AM

Hi all – good morning,
I just received an email from Anthony from IESO asking for comments for EOD. The changes requested don't appear to be substantial, but hoping we can get back to him today. Please let me know if I should expect comments from you/your teams, if any, otherwise, we'll aim to get back to him later this afternoon.
Thank you in advance for your help,
Salman

From: Salman Qadir
Sent: Friday, June 02, 2017 12:02 PM
To: Ken Kandeepan ; Mike Manning ; Carlos Yep
Cc: Bruno Amara ; John Kim
Subject: FW: IESO Treasury Policy - likely revising for June 2017

Hi Ken/Mike/Carlos,
Hope your week is going well.
We received the attached request to review IESO's latest update to their treasury policy which will require Minister of Finance's approval. As applicable, if your teams can review and provide comments, if any, we can consolidate and get back to IESO before they go to their Board in mid-June. We're hoping to get back to IESO early/mid next week.
Please let me know.
Thank you,
Salman

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, May 30, 2017 11:29 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: IESO Treasury Policy - likely revising for June 2017

Salman,
Attached is a preliminary draft of the Treasury Policy and Sch A for your review.
Two changes have been made:

1. Permitting Fair Hydro program borrowings – self explanatory rationale; and
2. Increase from $420 million to $500 million in Sch A's Cdn Banks max limit per counter party.

The key rationale for the requested increase from $420 million to $500 million per counterparty is as follows:
• The market price of electricity has increased between 2014 to 2016 by approximately 16%-19% which has continued to result in the IESO managing higher and higher cash-flows and therefore seeking risk appropriate investments in accordance with the Treasury Policy – a large limit will allow the IESO to have more flexibility while being efficient with its cash;
• Over the past few years and relevant today, the availability of short-term (generally 1 day to 7 days which is used a lot by the IESO, and including less than 30 days investment) products such as Treasury Bills, BAs and Term Deposits have been irregular and not reliable for the IESO to find. The IESO generally deals in large amounts (several hundreds of millions) and given the lack of short term products at the size the IESO needs, the Sch 1 banks have been generally offering Term Deposits for

the IESO at very low interest rates because the Banks do not need the IESO monies. In fact, a few banks offer the IESO less than 10bps for Term Deposits – which is significantly lower than Bank of Canada overnight rate and BAs rates. Therefore, a Term Deposit with very low interest yield does not align with a resulting lower counterparty risk for the IESO; and

• The IESO's Transmission Rights balances have in general remained higher than $100 million on average over the last few years despite an IESO target of $20 million. This has resulted in the IESO managing higher cash-flows

- While the Fair Hydro program is likely to not impact the IESO's overall net cash balances (borrow / sell should generally align), the timing of these cash flows may be different at times and the IESO may hold more cash (short term basis) for a few days. The sales/service agreement with OPG Trust has not been completed, and I am just listing this as a contingency in case for some reason IESO holds larger cash balances before paying back the Fair Hydro loans.

Regards.

From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 23, 2017 3:11 PM
To: Anthony Martinello
Cc: John Kim; Bruno Amara; Shajee Kathirgamanathan
Subject: RE: IESO Treasury Policy - likely revising for June 2017

Thanks Anthony.

We are working on obtaining approvals to ensure the facility can be put in place. I assume we will follow the same process as for the $975m facility – I will touch base with our documentation team and get back to you – that being said, our priority at the moment is to secure certain approvals.

Regards,

Salman

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]

Sent: Monday, May 22, 2017 2:32 PM

To: Salman Qadir <Salman.Qadir@ofina.on.ca>

Cc: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>

Subject: RE: IESO Treasury Policy - likely revising for June 2017

Will do – trying for this week.

Can you update me on whether the IESO's $2B Fair Hydro credit facility is a go or no go – and if OFA will prepare the legal docs to start the process?

Regards.

From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: May 18, 2017 3:09 PM
To: Anthony Martinello
Cc: John Kim; Bruno Amara; Shajee Kathirgamanathan
Subject: RE: IESO Treasury Policy - likely revising for June 2017

Hi Anthony,

I wanted to circle back with you on this email, particularly regarding possibly updating the IESO's Treasury Policy. Since it does require the Minister of Finance's approval, the OFA would be involved in obtaining that approval from the Minister. When you do have a markup, please do share it with us. Any details on what the changes would be accomplishing etc would also be helpful.

Regards,

Salman

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, May 15, 2017 3:13 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: IESO Treasury Policy - likely revising for June 2017

Salman,

As part of the Fair Hydro initiative, the IESO plans to ask government to permit FHP debt in an update to the O. Reg. 280/14.

In addition, IESO is likely to update its treasury policy (see attached – as approved by IESO Board and Min of Fin in 2015) to permit for the FHP draws/initiative.

I likely may also ask to increase the short term Cdn Sch I banks limits from $420million to $500million.

As part of the treasury policy update I wanted to give you/OFA a fyi and determine if you/OFA wish to comment back to me before I undertake the above changes.

Call me to discuss if easier.

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Ken Kandeepan
To:	Ronald Kwan
Cc:	Anna Strathy; Gavin He; Sarah Neville; Andrew Prahalad; Mike Manning
Subject:	RE: Information Request - Action Required
Date:	Thursday, May 25, 2017 2:32:16 PM

Good point Ron, agreed, I believe Andrew mentioned that his search criteria would be string based as opposed to individual words, in any event he can provide more details at tomorrow's meeting.
Thanks
Ken k

From: Ronald Kwan
Sent: Thursday, May 25, 2017 1:58 PM
To: Ken Kandeepan ; Mike Manning
Cc: Anna Strathy ; Gavin He ; Sarah Neville ; Andrew Prahalad
Subject: RE: Information Request - Action Required
Hi Ken,
Thanks for your list, of course.
In your experience, would you say that where the FHP and accounting are in an email, that, e.g., one or more of the following would also occur?
Regulatory asset
Deferral [account]
Regulated
Others?
Just trying to see if we can use IT searches that filter for "accounting" ***and*** one of the rate-regulation type terms, along with variants of FHP, GA, smoothing, rate mitigation/price mitigation, etc.
Trying to avoid, or reduce, having to manually ensure that where, say the GA gets mentioned and caught in an electronic search, having to then exclude all the NUG related ones; or any FHP ones that just don't have any discussions on accounting.
Thanks,
Ron

From: Ken Kandeepan
Sent: May-25-17 11:31
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Andrew Prahalad <Andrew.Prahalad@ofina.on.ca>
Subject: RE: Information Request - Action Required
Hi Ron and Mike
I went through the email folder that I created in January for all emails relating to the Fair Hydro Plan and found the following alternate terms for the Plan which I will request Andrew to include in his search terms. Be useful if you can do a quick scan of your emails and see if any other terms should be included in the search parameters. These of course would be in addition to the terms already specified by the AG in her email.
GA and/or Global Adjustment
GA Smoothing and/or Global Adjustment Smoothing
GA Financing and/or Global Adjustment Financing/Refinancing
Electricity Mitigation and/or Electricity Price Mitigation

Deferred GA or Deferred Global Adjustment
Rate Mitigation
Global Adjustment Deferral
OPG Trust and/or PG Trust Consolidation
Equity Injection
Equity Financing
Fair Hydro Plan/Trust
Thanks
Ken K

From: Sarah Neville
Sent: Thursday, May 25, 2017 10:57 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Information Request - Action Required

Hello Ron and Mike –
We have now received some guidance and determined a process for next steps.
We would like to set up a meeting for tomorrow afternoon to review process, confirm search terms and time frame, and confirm the "custodians" (i.e. those staff who would have responsive records). It would probably be prudent to have any identified "custodians" in attendance so that we can make sure we have agreement on the search terms and next steps as this will need to move quickly.
I will send out a meeting request based on your calendars and would ask that you forward it internally to staff who should attend.
Thanks very much for your assistance with this request.
Sarah

From: Sarah Neville
Sent: Wednesday, May 24, 2017 2:13 PM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Information Request - Action Required
Importance: High

Solicitor Client Privilege

Hello Ron and Mike,
We have received a request for information from the Auditor General for the documents/e-mails listed below. Ken Kandeepan has been the point person on this matter in Gadi's absence this week. Pursuant to the *Auditor General Act* S.10(2), OFA and OEFC are required to provide the AG with free access to these materials.

- Engagement Agreements with E&Y and KPMG and any others dealing with the Fair Hydro Plan Proposed Accounting
- All emails between E&Y and KPMG and other Public Accounting Firms staff on the Fair Hydro Plan - Accounting
- All emails between OFA/OEFC and the Ministry of Energy on the Fair Hydro Plan Accounting
- All emails between OPCD/Treasury Board/Ministry of Finance and OFA/OEFC on the Fair Hydro Plan Accounting

- All emails between IESO and OFA/OEFC on the Fair Hydro Plan Accounting
- All emails between OEB and OFA/OEFC on the Fair Hydro Plan Accounting
- All emails between OPG and OFA/OEFC on the Fair Hydro Plan Accounting
- All emails/material provided to the OFA/OEFC Board/Audit Committee on the Fair Hydro Plan Accounting

We are still determining next steps, process and timing, and will provide further guidance in due course, but we wanted to make you aware of the request. Please identify individuals, including yourselves if appropriate, in your respective branches who may have responsive emails/documents. Please make sure these individuals are aware of the request and remind them that they have an obligation to preserve requested documents/emails.

We are exploring the option of running an automated search and anticipate that we will be seeking guidance from you and your respective teams in the coming days with respect to scoping the search request and identifying search strings/key words to ensure that all responsive e-mails are captured.

In the meantime, please let me know if you have any questions or would like to discuss.

Thanks very much, and best regards,

Sarah

Sarah Neville
Director, Legal Branch
Ontario Financing Authority
1 Dundas Street West, Suite 1200
Toronto ON M7A 1Y7
Phone: (416) 325-8754
Email: Sarah.Neville@ofina.on.ca

From: Ronald Kwan
To: Ken Kandeepan; Mike Manning
Cc: Anna Strathy; Gavin He; Sarah Neville; Andrew Prahalad
Subject: RE: Information Request - Action Required
Date: Thursday, May 25, 2017 1:58:07 PM

Hi Ken,
Thanks for your list, of course.
In your experience, would you say that where the FHP and accounting are in an email, that, e.g., one or more of the following would also occur?
Regulatory asset
Deferral [account]
Regulated
Others?
Just trying to see if we can use IT searches that filter for "accounting" ***and*** one of the rate-regulation type terms, along with variants of FHP, GA, smoothing, rate mitigation/price mitigation, etc.
Trying to avoid, or reduce, having to manually ensure that where, say the GA gets mentioned and caught in an electronic search, having to then exclude all the NUG related ones; or any FHP ones that just don't have any discussions on accounting.
Thanks,
Ron

From: Ken Kandeepan
Sent: May-25-17 11:31
To: Ronald Kwan ; Mike Manning
Cc: Anna Strathy ; Gavin He ; Sarah Neville ; Andrew Prahalad
Subject: RE: Information Request - Action Required
Hi Ron and Mike
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Deferred GA or Deferred Global Adjustment
Rate Mitigation
Global Adjustment Deferral
OPG Trust and/or PG Trust Consolidation
Equity Injection
Equity Financing
Fair Hydro Plan/Trust
Thanks
Ken K

From: Sarah Neville

Sent: Thursday, May 25, 2017 10:57 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
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Thanks very much for your assistance with this request.

Sarah

From: Sarah Neville
Sent: Wednesday, May 24, 2017 2:13 PM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Information Request - Action Required
Importance: High

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Thanks very much, and best regards,
Sarah
Sarah Neville
Director, Legal Branch
Ontario Financing Authority
1 Dundas Street West, Suite 1200
Toronto ON M7A 1Y7
Phone: (416) 325-8754
Email: Sarah.Neville@ofina.on.ca

From:	Ronald Kwan
To:	Sarah Neville; Ken Kandeepan; Mike Manning
Cc:	Anna Strathy; Gavin He; Andrew Prahalad
Subject:	RE: Information Request - Action Required
Date:	Thursday, May 25, 2017 11:51:24 AM

Thanks Sarah.
Ron

From: Sarah Neville
Sent: May-25-17 11:51
To: Ronald Kwan ; Ken Kandeepan ; Mike Manning
Cc: Anna Strathy ; Gavin He ; Andrew Prahalad
Subject: RE: Information Request - Action Required
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Sent: Thursday, May 25, 2017 11:49 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
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Sent: May-25-17 11:31
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Andrew Prahalad <Andrew.Prahalad@ofina.on.ca>
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1 Dundas Street West, Suite 1200
Toronto ON M7A 1Y7
Phone: (416) 325-8754
Email: Sarah.Neville@ofina.on.ca

From:	Sarah Neville
To:	Ronald Kwan; Ken Kandeepan; Mike Manning
Cc:	Anna Strathy; Gavin He; Andrew Prahalad
Subject:	RE: Information Request - Action Required
Date:	Thursday, May 25, 2017 11:50:37 AM

Hi Ron- the request (in the form received by the AG) is what was circulated to you yesterday in the bulleted list below, see highlighted language.
Sarah

From: Ronald Kwan
Sent: Thursday, May 25, 2017 11:49 AM
To: Ken Kandeepan ; Mike Manning
Cc: Anna Strathy ; Gavin He ; Sarah Neville ; Andrew Prahalad
Subject: RE: Information Request - Action Required
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Ontario Financing Authority
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Toronto ON M7A 1Y7
Phone: (416) 325-8754
Email: Sarah.Neville@ofina.on.ca

From:	Ronald Kwan
To:	Ken Kandeepan; Mike Manning
Cc:	Anna Strathy; Gavin He; Sarah Neville; Andrew Prahalad
Subject:	RE: Information Request - Action Required
Date:	Thursday, May 25, 2017 11:49:16 AM

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Ontario Financing Authority
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Toronto ON M7A 1Y7
Phone: (416) 325-8754
Email: Sarah.Neville@ofina.on.ca

From: Ken Kandeepan
To: Ronald Kwan; Mike Manning
Cc: Anna Strathy; Gavin He; Sarah Neville; Andrew Prahalad
Subject: RE: Information Request - Action Required
Date: Thursday, May 25, 2017 11:31:14 AM

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Phone: (416) 325-8754
Email: Sarah.Neville@ofina.on.ca

From: Sarah Neville
To: Ronald Kwan; Mike Manning
Cc: Anna Strathy; Ken Kandeepan; Gavin He
Subject: RE: Information Request - Action Required
Date: Thursday, May 25, 2017 10:56:43 AM

Hello Ron and Mike –
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Importance: High
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From:	Ronald Kwan
To:	Ken Kandeepan
Cc:	Anna Strathy; Gavin He; Sarah Neville; Andrew Prahalad; Mike Manning
Subject:	RE: Information Request - Action Required
Date:	Thursday, May 25, 2017 3:13:24 PM

Hi Ken,
We may want to search on ''SPV'' and ''Special Purpose Vehicle'' too.
Ron

From: Ken Kandeepan
Sent: May-25-17 14:32
To: Ronald Kwan
Cc: Anna Strathy ; Gavin He ; Sarah Neville ; Andrew Prahalad ; Mike Manning
Subject: RE: Information Request - Action Required
Good point Ron, agreed, I believe Andrew mentioned that his search criteria would be string based as opposed to individual words, in any event he can provide more details at tomorrow's meeting.
Thanks
Ken k

From: Ronald Kwan
Sent: Thursday, May 25, 2017 1:58 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Andrew Prahalad <Andrew.Prahalad@ofina.on.ca>
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Hi Ken,
Thanks for your list, of course.
In your experience, would you say that where the FHP and accounting are in an email, that, e.g., one or more of the following would also occur?
Regulatory asset
Deferral [account]
Regulated
Others?
Just trying to see if we can use IT searches that filter for "accounting" ***and*** one of the rate-regulation type terms, along with variants of FHP, GA, smoothing, rate mitigation/price mitigation, etc.
Trying to avoid, or reduce, having to manually ensure that where, say the GA gets mentioned and caught in an electronic search, having to then exclude all the NUG related ones; or any FHP ones that just don't have any discussions on accounting.
Thanks,
Ron

From: Ken Kandeepan
Sent: May-25-17 11:31
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Andrew Prahalad <Andrew.Prahalad@ofina.on.ca>
Subject: RE: Information Request - Action Required

Hi Ron and Mike
I went through the email folder that I created in January for all emails relating to the Fair Hydro Plan and found the following alternate terms for the Plan which I will request Andrew to include in his search terms. Be useful if you can do a quick scan of your emails and see if any other terms should be included in the search parameters. These of course would be in addition to the terms already specified by the AG in her email.
GA and/or Global Adjustment
GA Smoothing and/or Global Adjustment Smoothing
GA Financing and/or Global Adjustment Financing/Refinancing
Electricity Mitigation and/or Electricity Price Mitigation
Deferred GA or Deferred Global Adjustment
Rate Mitigation
Global Adjustment Deferral
OPG Trust and/or PG Trust Consolidation
Equity Injection
Equity Financing
Fair Hydro Plan/Trust
Thanks
Ken K

From: Sarah Neville
Sent: Thursday, May 25, 2017 10:57 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Information Request - Action Required
Hello Ron and Mike –
We have now received some guidance and determined a process for next steps.
We would like to set up a meeting for tomorrow afternoon to review process, confirm search terms and time frame, and confirm the "custodians" (i.e. those staff who would have responsive records).
It would probably be prudent to have any identified "custodians" in attendance so that we can make sure we have agreement on the search terms and next steps as this will need to move quickly.
I will send out a meeting request based on your calendars and would ask that you forward it internally to staff who should attend.
Thanks very much for your assistance with this request.
Sarah

From: Sarah Neville
Sent: Wednesday, May 24, 2017 2:13 PM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Information Request - Action Required
Importance: High
Solicitor Client Privilege
Hello Ron and Mike,
We have received a request for information from the Auditor General for the documents/e-mails

listed below. Ken Kandeepan has been the point person on this matter in Gadi's absence this week. Pursuant to the *Auditor General Act* S.10(2), OFA and OEFC are required to provide the AG with free access to these materials.

- Engagement Agreements with E&Y and KPMG and any others dealing with the Fair Hydro Plan Proposed Accounting
- All emails between E&Y and KPMG and other Public Accounting Firms staff on the Fair Hydro Plan - Accounting
- All emails between OFA/OEFC and the Ministry of Energy on the Fair Hydro Plan Accounting
- All emails between OPCD/Treasury Board/Ministry of Finance and OFA/OEFC on the Fair Hydro Plan Accounting
- All emails between IESO and OFA/OEFC on the Fair Hydro Plan Accounting
- All emails between OEB and OFA/OEFC on the Fair Hydro Plan Accounting
- All emails between OPG and OFA/OEFC on the Fair Hydro Plan Accounting
- All emails/material provided to the OFA/OEFC Board/Audit Committee on the Fair Hydro Plan Accounting

We are still determining next steps, process and timing, and will provide further guidance in due course, but we wanted to make you aware of the request. Please identify individuals, including yourselves if appropriate, in your respective branches who may have responsive emails/documents. Please make sure these individuals are aware of the request and remind them that they have an obligation to preserve requested documents/emails.

We are exploring the option of running an automated search and anticipate that we will be seeking guidance from you and your respective teams in the coming days with respect to scoping the search request and identifying search strings/key words to ensure that all responsive e-mails are captured.

In the meantime, please let me know if you have any questions or would like to discuss.

Thanks very much, and best regards,

Sarah

Sarah Neville
Director, Legal Branch
Ontario Financing Authority
1 Dundas Street West, Suite 1200
Toronto ON M7A 1Y7
Phone: (416) 325-8754
Email: Sarah.Neville@ofina.on.ca

From:	Hanslep, Malle (MOF)
To:	Gadi Mayman; Mike Manning; Michael Waterston (MOF)
Cc:	Ken Kandeepan; Anna Strathy; Ronald Kwan; Tobias P. Whitfield (MOF)
Subject:	RE: Nalcor: Request for Financing document
Date:	Tuesday, April 25, 2017 11:05:35 AM

Thanks Gadi. This will impact the drafting of the legislative provision a bit.

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: April 25, 2017 10:48 AM
To: Manning, Mike (OFA); Hanslep, Malle (MOF); Waterston, Michael (MOF)
Cc: Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA); Whitfield, Tobias P. (MOF)
Subject: Re: Nalcor: Request for Financing document

It was just agreed at the weekly meeting on rate mitigation that both Ministers would sign the guarantee.

From: Mike Manning
Sent: Tuesday, April 25, 2017 9:45 AM
To: Gadi Mayman; Malle Hanslep (MOF); Michael Waterston (MOF)
Cc: Ken Kandeepan; Anna Strathy; Ronald Kwan; Tobias P. Whitfield (MOF)
Subject: RE: Nalcor: Request for Financing document

Contacted TD & working on it.
Mike

From: Gadi Mayman
Sent: Tuesday, April 25, 2017 9:42 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Michael Waterston (MOF) <Michael.Waterston@ontario.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Re: Nalcor: Request for Financing document

Mike, I assume that TD would have the schedules, as they've just submitted their RFP response for the new financing. Given that they're our advisor on the fair hydro plan, could you ask them for copies of the schedules?
Thanks,
Gadi

From: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Sent: Tuesday, April 25, 2017 9:23:01 AM
To: Gadi Mayman; Michael Waterston (MOF)
Cc: Mike Manning; Ken Kandeepan; Anna Strathy; Ronald Kwan; Tobias P. Whitfield (MOF)
Subject: RE: Nalcor: Request for Financing document

Hi Gadi,
This document is a newer one dated 2017 and is a request for financing. There are a number of schedules referenced in it (see the second page of the index) but the schedules are not attached. I wonder if it would be possible to obtain them as it would be very helpful to understanding the scope of the guarantee proposed in it. Schedule 1 is the Form of Canada Guarantee and there are some other schedules such as Form of Canada Guarantee Opinion Letters etc.
The one I found was from an earlier transaction in 2012.
Thanks.
Malle

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: April 21, 2017 2:58 PM
To: Hanslep, Malle (MOF); Waterston, Michael (MOF)

Cc: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA); Whitfield, Tobias P. (MOF)
Subject: Fw: Nalcor: Request for Financing document

I don't know if this is the same document that you just sent, Malle, but this is the description of the Federal Guarantee.

From: Stewart, Rob (FIN) <rob.stewart@canada.ca>
Sent: Wednesday, April 19, 2017 3:43 PM
To: Gadi Mayman
Subject: FW: Nalcor: Request for Financing document

Hi Gadi,

Without spending too much time on it, I gather that the guarantee we have provided simply entails Canada talking over payment of the cashflows on the bonds (see sections 2.2-2.3). Hope this helps. Nice talking to you.

Rob

Rob Stewart
Associate Deputy Minister | Sous-ministre délégué
Department of Finance Canada | Ministère des Finances Canada
90 Elgin St., Ottawa, Canada K1A 0G5
Rob.Stewart@canada.ca
Telephone | Téléphone 613-369-3878
Government of Canada | Gouvernement du Canada

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From: Moreau, Nicolas (FIN)
Sent: April-19-17 3:01 PM
To: Stewart, Rob (FIN)
Subject: Nalcor: Request for Financing document

Rob,

As requested,

Nic

Nicolas Moreau
Director | Directeur
Funds Management Division | Division de la gestion des fonds
Financial Sector Policy Branch | Direction de la politique du secteur financier
Department of Finance Canada | Ministère des Finances Canada
Ottawa, Canada K1A 0C6
Nicolas.Moreau@canada.ca
Telephone | Téléphone 613-369-5613
Facsimile | Télécopieur 613-369-3922
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From:	Mike Manning
To:	Gadi Mayman; Malle Hanslep (MOF); Michael Waterston (MOF)
Cc:	Ken Kandeepan; Anna Strathy; Ronald Kwan; Tobias P. Whitfield (MOF)
Subject:	RE: Nalcor: Request for Financing document
Date:	Tuesday, April 25, 2017 9:45:27 AM

Contacted TD & working on it.
Mike

From: Gadi Mayman
Sent: Tuesday, April 25, 2017 9:42 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Michael Waterston (MOF) <Michael.Waterston@ontario.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
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Thanks.

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Sent: April 21, 2017 2:58 PM
To: Hanslep, Malle (MOF); Waterston, Michael (MOF)
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Associate Deputy Minister | Sous-ministre délégué
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90 Elgin St., Ottawa, Canada K1A 0G5
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From: Moreau, Nicolas (FIN)
Sent: April-19-17 3:01 PM
To: Stewart, Rob (FIN)
Subject: Nalcor: Request for Financing document

Rob,

As requested,

Nic

Nicolas Moreau
Director | Directeur
Funds Management Division | Division de la gestion des fonds
Financial Sector Policy Branch | Direction de la politique du secteur financier
Department of Finance Canada | Ministère des Finances Canada
Ottawa, Canada K1A 0C6
Nicolas.Moreau@canada.ca
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Sent: April-19-17 3:01 PM
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Nic

Nicolas Moreau
Director | Directeur
Funds Management Division | Division de la gestion des fonds
Financial Sector Policy Branch | Direction de la politique du secteur financier
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From:	Anna Strathy
To:	Ronald Kwan
Cc:	Gadi Mayman; Mike Manning; Hresa Gavaris
Subject:	RE: Next Round Hydro Quebec
Date:	Thursday, August 03, 2017 10:48:30 AM

Hi Ron,
August 16 at 12:00pm? Yes, he can be available.
Anna

From: Ronald Kwan
Sent: Thursday, August 03, 2017 10:42 AM
To: Anna Strathy
Cc: Gadi Mayman ; Mike Manning
Subject: FW: Next Round Hydro Quebec
Hi Anna,
Does Gadi have this time in the calendar available?
Ron

From: Nelms, Scott (MOF) [mailto:Scott.Nelms@ontario.ca]
Sent: August-03-17 10:25
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: Next Round Hydro Quebec
Fyi – see below. I passed this along to the MO as well.

From: Schlaepfer, Martin (ENERGY)
Sent: August 3, 2017 10:18 AM
To: Hume, Steen (ENERGY); Nelms, Scott (MOF)
Cc: Armstrong, Hillary (ENERGY)
Subject: FW: Next Round Hydro Quebec
FYI, MO is asking CO that we add the Provincial Guarantee to our list of topics to cover with PO on the 16th.
We'll need to think about what a briefing product could look like and who would lead it. Perhaps this is something we could discuss at our RMI meeting this afternoon.
Martin

From: Teliszewsky, Andrew (ENERGY)
Sent: August 3, 2017 9:49 AM
To: Bromm, William (CAB)
Cc: Greenberg, Martha (CAB); Armstrong, Hillary (ENERGY); Schlaepfer, Martin (ENERGY)
Subject: Re: Next Round Hydro Quebec
Good Morning:
Had wanted to update folks planning for our time on 16 August.
We have those two hours and am now proposing that we attempt to cover three separate topics (3 x ~ 40 mins each).
1. Hydro Quebec
2. OFHP / LTEP curve
3. NEW : OFHP "Provincial Guarantee"
Note : the Provincial Guarantee is a core requirement of the debt / borrowing platform that is

required for the dealers and rating agencies to confirm a score for this product so that OPG trust can go to market this fall.
Gadi has been doing battle with dealers on this and we think that 16th would be an appropriate milestone to brief decision makers on the results. Forward planning, this would require a TB/MBC conversation and the overall goal for that would be to have that done when Cabinet is around that last week of August.
Anyway, if we can add this to the agenda to 16th, then we'd probably want to increase size of room to have a sort of mini-FPC so that MOF and TBS MO are participants.
I think that Hydro Quebec item will be quick based on where we are at with discussions and the LTEP curve we got really good directional thinking at yesterday afternoon's multicorners, so if we invited counterparts for 1.15pm then we should be okay, I wager / hope?
Hope this makes sense - let me know if this works for your end and then I'll make sure that I bring TBS and MOF (Ali and Jason) up the curve and ensure they are ready for 16th in advance.
Many thanks, in advance.
Atel/

Andrew Teliszewsky
Chief of Staff | Office of Hon. Glenn Thibeault
Ministry of Energy
andrew.teliszewsky@ontario.ca
416-327-3550 (o)
416-436-6370 (m)

On Jul 28, 2017, at 3:44 PM, Bromm, William (CAB) <William.Bromm2@ontario.ca> wrote:

> Just want to update you on these meetings. Because of a few calendar conflicts, the meetings will have to be from 11 – 12 & 12 to 1 rather than 12 - 1 & 1 - 2. Hopefully the shift back by an hour won't be an issue.
> William
>
> **From:** Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>
> **Sent:** Tuesday, July 25, 2017 7:43 PM
> **To:** Kwamena, Boafoa (CAB); Greenberg, Martha (CAB); Armstrong, Hillary (ENERGY); Schlaepfer, Martin (ENERGY)
> **Cc:** Baker, Carys (ENERGY)
> **Subject:** Re: Next Round Hydro Quebec
>
> Good Evening:
> Owing to the significant dialogue regarding this week's LTEP Cabinet Submission and the factors that will feed into the full price curve, we have been granted more time in Andrew Bevan's calendar for that third week of August.
> We still have Mike / Gillian next week (2 August) on LTEP Curve / OFHP Implications, but please take note of the following updates :
> August 16th
>
> 12 to 1pm – Hydro-Quebec Update
>
> 1 to 2pm – Long Term Energy Plan / Price Curve Meeting
>
> Asking please for CO to update our Outlook Calendars' accordingly.
> Many thanks, as always!

Andrew Teliszewsky
416-327-3550

From: Kwamena, Boafoa (CAB)
Sent: Thursday, July 20, 2017 11:03 AM
To: Teliszewsky, Andrew (ENERGY); Greenberg, Martha (CAB); Armstrong, Hillary (ENERGY); Schlaepfer, Martin (ENERGY)
Cc: Baker, Carys (ENERGY)
Subject: RE: Next Round Hydro Quebec

Will do.

From: Teliszewsky, Andrew (ENERGY)

Sent: July 20, 2017 10:15 AM

To: Greenberg, Martha (CAB); Kwamena, Boafoa (CAB); Armstrong, Hillary (ENERGY); Schlaepfer, Martin (ENERGY)

Cc: Baker, Carys (ENERGY)

Subject: Re: Next Round Hydro Quebec

Good Morning:

Appreciate that we are not yet through tomorrow's multicorners discussions regarding Hydro Quebec, however to ensure continued coordination and to plan ahead for when senior PO staff have returned from various holidays, a "next date" has been provided to us via Bevan's calendar.

Wednesday 16 August @ noon - 1pm.

If CO would be so kind as to organize calendar invitation would be terrific.

Many thanks, in advance.

Andrew Teliszewsky

416-327-3550

From: Teliszewsky, Andrew (ENERGY)
Sent: Friday, July 14, 2017 3:05 PM
To: Greenberg, Martha (CAB); Kwamena, Boafoa (CAB); Armstrong, Hillary (ENERGY); Schlaepfer, Martin (ENERGY)
Subject: Next Round Hydro Quebec

Good Afternoon:

Have confirmed next round Hydro Quebec briefing in Bevan's calendar works for 3-4pm on Friday 21 July (one week from right now).

IESO has advised that this is "pushing them" but will need to be made to work given senior PO calendar.

Asking CO to please find the location that suits and dispatch the outlook calendar invites, please.

Many thanks, in advance.

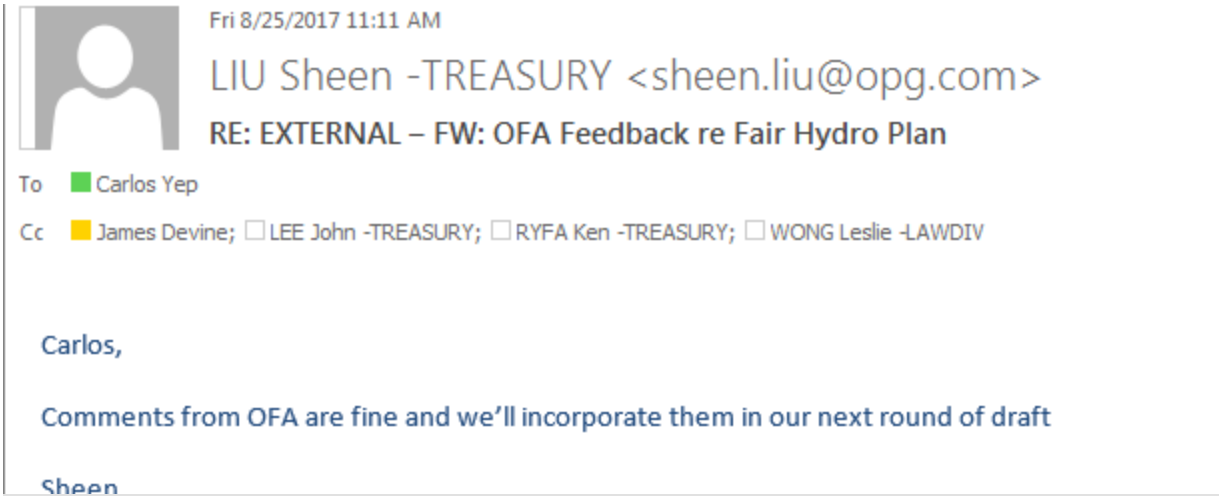
Atel/

Andrew Teliszewsky
Chief of Staff | Office of Hon. Glenn Thibeault
Ministry of Energy
andrew.teliszewsky@ontario.ca
416-327-3550 (o)
416-436-6370 (m)

From:	Katona, Keley (MOF)
To:	Carlos Yep; Montgomery, Kaitlin (MOF); Ken Kandeepan; Mike Manning; John Kim; John Psinas
Cc:	James Devine
Subject:	RE: OFA Feedback re Fair Hydro Plan - Sub Debt
Date:	Friday, August 25, 2017 12:19:39 PM
Attachments:	image001.png

Can we say end of September for this to be finalized? It doesn't need to be precise, we're just looking for a timeline to populate a document that lists outstanding business decisions.

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: August 25, 2017 11:19 AM
To: Katona, Keley (MOF) ; Montgomery, Kaitlin (MOF) ; Kandeepan, Ken (OFA) ; Manning, Mike (OFA) ; Kim, John (OFA) ; John Psinas
Cc: Devine, James (OFA)
Subject: RE: OFA Feedback re Fair Hydro Plan - Sub Debt
Hi
OPG will incorporate the OFA recommendations in the next round of drafts.
Thanks
Carlos



From: Katona, Keley (MOF) [mailto:Keley.Katona@ontario.ca]
Sent: Friday, August 25, 2017 10:25 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Cc: James Devine <James.Devine@ofina.on.ca>
Subject: RE: OFA Feedback re Fair Hydro Plan - Sub Debt
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Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; James Devine <James.Devine@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
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Pls find attached our comments on each document. Happy to discuss along with my colleagues from our Capital Markets Division who are cc'ed.
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Cc: MAUTI John -FIN & C CTRL; LEE John -TREASURY; Mike Manning; Graham Monroe; Carlos Yep; James Devine; JORDA Jenny -FIN & C CTRL; GORE Michael -FIN & C CTRL; LIU Sheen -TREASURY
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May Laureta Lapira, CPA, CA | Senior Manager, Treasury | Ontario Power Generation
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To Carlos Yep

Cc James Devine; LEE John -TREASURY; RYFA Ken -TREASURY; WONG Leslie -LAWDIV

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Cc:	James Devine
Subject:	RE: OFA Feedback re Fair Hydro Plan - Sub Debt
Date:	Friday, August 25, 2017 11:19:25 AM
Attachments:	image001.png

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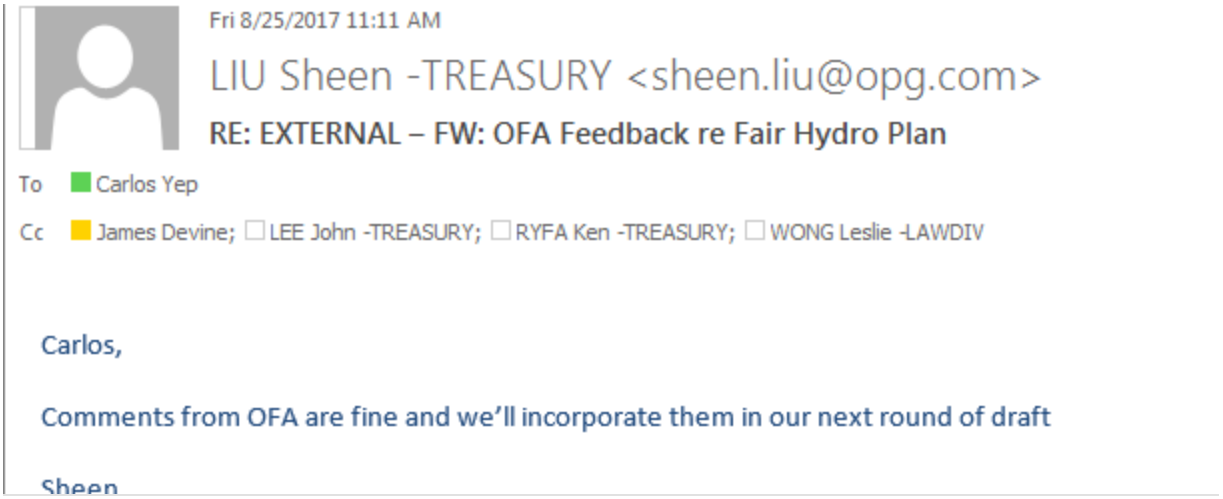

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Subject:	RE: OFA Feedback re Fair Hydro Plan - Sub Debt
Date:	Friday, August 25, 2017 10:24:58 AM

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Subject:	RE: OFA Feedback re Fair Hydro Plan - Sub Debt
Date:	Friday, August 25, 2017 12:22:15 PM
Attachments:	image001.png

Hi
End of September works
Thanks
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Can we say end of September for this to be finalized? It doesn't need to be precise, we're just looking for a timeline to populate a document that lists outstanding business decisions.

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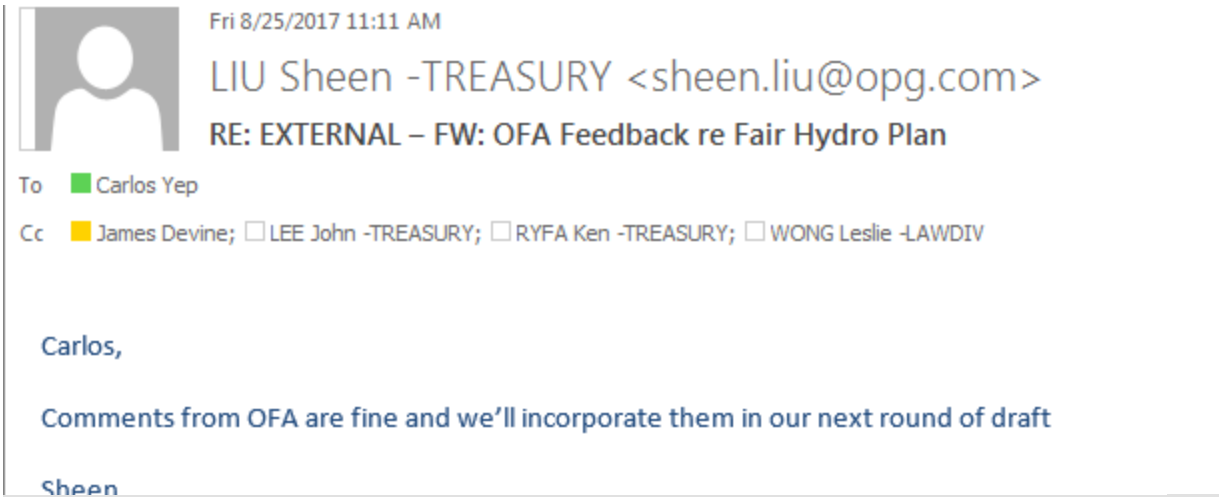

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Sent: Monday, July 31, 2017 4:20 PM
To: 'LIU Sheen -TREASURY' <sheen.liu@opg.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; James Devine <James.Devine@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OFA Feedback re Fair Hydro Plan

Hi Sheen

Pls find attached our comments on each document. Happy to discuss along with my colleagues from our Capital Markets Division who are cc'ed.

Thanks

Ken k

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Friday, July 28, 2017 5:32 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: OFA Feedback re Fair Hydro Plan

Ken,

Thanks for providing your concurrence in the Trust's approach to performance benchmarking. In order to move forward with completing all Fair Hydro Plan related legal documents, could you please also confirm your agreement to the methodology/process as illustrated in the other two documents provided to you in the past (both attached above for your reference)? Specifically, we would appreciate your confirmation re the following items:

1. Fee Structure, including both fixed and variable fees (as described in FHPA Regulations – Fees.docx)
2. The process of (a) taking out subordinated loan from OFA; and (b) establishing relevant pricing (as described in Draft subordinated Debt Term Sheet.doc)

If you have other outstanding comments relating to Fair Hydro Plan, please also let us know so that we could incorporate them before finalizing the structure and legal documents.
Your timely response will be appreciated.
Regards
Sheen

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Tuesday, July 18, 2017 1:05 PM
To: LAURETA LAPIRA May -FIN & C CTRL
Cc: MAUTI John -FIN & C CTRL; LEE John -TREASURY; Mike Manning; Graham Monroe; Carlos Yep; James Devine; JORDA Jenny -FIN & C CTRL; GORE Michael -FIN & C CTRL; LIU Sheen -TREASURY
Subject: EXTERNAL – RE: EY concurrence re: Draft Trust Performance Fee Recommendations
*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Thank you May, the email from E&Y is clear and given a choice between a performance methodology, that in our opinion, is not entirely reflective of capital markets decision making and jeopardizing the consolidation of the Trust, we are opting to accept OPG's methodology for the construction of the benchmark.
Pls proceed accordingly.
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From: LAURETA LAPIRA May -FIN & C CTRL [mailto:may.lapira@opg.com]
Sent: Monday, July 17, 2017 2:40 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Graham Monroe <Graham.Monroe@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; JORDA Jenny -FIN & C CTRL <jenny.jorda@opg.com>; GORE Michael -FIN & C CTRL <michael.gore@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: EY concurrence re: Draft Trust Performance Fee Recommendations
Hi Ken,
My name is May Lapira and I'm the newest addition to the Treasury team. Jenny has been working hard to get me updated on the accounting aspects of the Fair Hydro Plan so we can transition future correspondences over to me.
Per our discussion during the call earlier today, we have reached out to EY to obtain concurrence on our interpretation of their accounting position. Please see attached the email trail from EY's senior manager Brittany Keenan confirming that excluding the equity injection component from the definition of a 'benchmark bond' would result in non-commercial terms and could ultimately result

in OPG not being able to consolidate the financing entity.

Please let me know if you have any follow up questions on this matter.

I look forward to working with you,

May

May Laureta Lapira, CPA, CA | Senior Manager, Treasury | Ontario Power Generation

700 University Avenue, Toronto ON M5G 1X6 | Tel: (416) 592-3721| Fax: (416) 592-7758 |E-mail: may.lapira@opg.com

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Fri 8/25/2017 11:11 AM

LIU Sheen -TREASURY <sheen.liu@opg.com>

RE: EXTERNAL – FW: OFA Feedback re Fair Hydro Plan

To Carlos Yep

Cc James Devine; LEE John -TREASURY; RYFA Ken -TREASURY; WONG Leslie -LAWDIV

Carlos,

Comments from OFA are fine and we'll incorporate them in our next round of draft

Sheen

From:	Ken Kandeepan
To:	"LIU Sheen -TREASURY"
Cc:	LEE John -TREASURY; RYFA Ken -TREASURY; WONG Leslie -LAWDIV; James Devine; Mike Manning; Carlos Yep
Subject:	RE: OFA Feedback re Fair Hydro Plan
Date:	Monday, July 31, 2017 4:20:10 PM
Attachments:	Draft Subordianted Debt Term Sheet.doc FHPA Regulations - Fees.docx

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Inc.

Fair Hydro Plan – Subordinated Debt Loan Arrangement
Term Sheet

- Parties: OPG, Fair Hydro Trust, ~~OFA~~, Ministry of Energy

- In accordance with the Master Subscription Agreement among OPG, ~~OFA~~ and Ministry of Energy, the Province agrees to inject 44% of total funding of GA asset by way of equity subscriptions in OPG, and OPG agrees to use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt (Equity Injection Plan) requirements as part of the Fair Hydro Plan

- OPG will lend the equity injection from the Province to Fair Hydro Trust by way of subordinated debt (one or more mezzanine level)

- Initial credit rating will be assigned to the subordinated debt of Fair Hydro Trust

- Based on monthly funding requirement of GA asset, the Trust will use short term financing, such as bank facilities, and take out bonds once accumulative short term funding reaches certain levels.

- The mechanism to implement Equity Injection Plan will be based on monthly equity injections reflecting funding requirements of GA asset

- Interest rates on the subordinated debt will be established as follows:

    - During the Trust short term financing period when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt

    - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. The process will be similar to the one established for pricing of OPG debt drawn from OEFC facilities.

Commented [KK1]: The OFA is not part of the master subscription agreement and hence should be removed.

Commented [KK2]: OPG can simplify (only set rates once) and reduce financing risk (there is no certainty as to the timing or term structure of the senior debt issuance) of the suggested process by terming out the subordinated debt at the time of each monthly equity injection from the Province

TORYS/OPG COMMENTS: JUNE 22, 2017

Fees, subs. 19 (3) of the Act

(x.1) For the purposes of this section, "incremental annual funding obligation" means the aggregate of all funding obligations issued by all financing entities in a calendar year.

10xx. (1) For the purposes of subsection 19 (3) of the Act, the Financial Services Manager may establish and charge fees to financing entities in relation to the following matters:

1. The services provided by the Financial Services Manager to financing entities, which may include services related to planning, financing, negotiation and execution of agreements, the payment of costs and expenses on behalf of a financing entity, front office services and administrative services.

2. The costs of doing anything that the Financial Services Manager is required or permitted to do under the Act.

(2) The fees mentioned in subsection (1) shall be established annually and shall be comprised of a fixed fee and a variable fee based on performance.

(x.2) The fixed fee referred to in (2) shall be payable monthly and calculated as follows:

$$(A \times B) / 12$$

Where,

A = a percentage, expressed as a per annum rate, based on market comparable fees determined by the Financial Services Manager charged by service providers for similar services, and

B = the average of the opening and closing balances of the aggregate principal amount of outstanding funding obligations issued by all financing entities in the previous calendar month.

(x.3) The variable fee referred to in (2) shall be calculated as the sum of the amounts calculated, using the following formula, for all tranches of funding obligations issued by all financing entities in the relevant year:

$$(A \times (B - C)) \times D$$

Where,

A = the principal amount of the applicable tranche of net incremental annual funding obligations,

B = the forecast interest rate for the applicable tranche of incremental annual funding obligations, as determined by the Financial Services Manager on or before the end of the calendar year prior to the calendar year in which the fee is being determined and based on the term of the applicable tranche of incremental annual funding obligations,

C = the actual interest rate for the applicable tranche of incremental annual funding obligations,

D = 5%

(3) The variable fee payable for any calendar year shall not be:

1. more than 1% of (D × the incremental annual funding obligations), or

2. less than -1% of (D × the incremental annual funding obligations).

(3.x) If the variable fee is a negative amount, such amount shall be deducted from the fixed fee payable in the following calendar year in twelve equal monthly instalments.

Board approval of fees, subs. 19 (4) of the Act

11xx. (1) The Financial Services Manager shall submit its proposed fees, together with the methodology used for determining its proposed fees, to the Board for approval no later than August 31, 2017. ***[NTD: Need to determine how to deal with the 1st fee. Understand that OPG is proposing a fixed fee for this year. OPG: There will not be a variable fee for the 1st year.]***

(2) The Board may approve the fees proposed under (1) and the methodology used to determine those fees or it may refer the proposal back to the Financial Services Manager for further consideration with the Board's recommendations.

(3) The Financial Services Manager may from time to time, but not more than once in any 12 month period, submit proposed amendments to the approved methodology for determining fees, together with its proposed fees based on such proposed amendments, to the Board and the Board may approve the proposed amendments and the proposed fees or may refer the proposal back to the Financial Services Manager for further consideration with the Board's recommendations.

Commented [A1]: Pls note that as it stands it appears to include all of the borrowings in any given year which is both new borrowings and refinancing maturities. Including the word "net" ensures that the performance fee is limited to new borrwoings only.

(4) If the Financial Services Manager submits proposed amendments to its approved methodology for determining fees, the proposed amendments together with the proposed fees based on such proposed amendments shall be submitted to the Board for approval no later than 120 days before the Financial Services Manager intends for the fees, determined on the basis of the amended methodology, to commence being charged.

(5) Section 10 applies with such modifications as the context may require to any application by the Financial Services Manager for approval to amend the approved methodology for determining fees and for approval of the resulting fees.

(6) The Financial Services Manager may annually establish and charge fees to financing entities in accordance with the methodology approved by the Board under (2) or (3), as applicable, and such fees shall be deemed to have been approved by the Board for purposes of subsection 19(4) of the Act provided that, in each year where the Financial Services Manager establishes and charges fees that are deemed to have been approved under this subsection, the Financial Services Manager shall submit to the Board, for information purposes, a report setting out the fees that have been established for the year and demonstrating that the approved methodology has been appropriately applied.

(7) When the Financial Services Manager submits its proposed fees and methodology under (1), or its proposed amendments to the approved methodology and resulting proposed fees under (3), the Financial Services Manager shall provide the Board with the following:

1. The methodology that the Financial Services Manager has used to calculate its fixed and variable fees.

2. The methodology that the Financial Services Manager has used to benchmark the market comparable fees charged by service providers for similar services.

3. The identity of the financing entities that are liable to pay the proposed fees.

4. Such other information as the Board may require.

(x.1) Fees established by the Financial Services Manager and approved by the Board shall be included in the definition of “expenses” for the purposes of determining finance amounts under the Act.

From: Anthony Martinello
To: Kim Marshall; Ronald Kwan; Michael Boll; Mike Manning; Ken Kandeepan; Victor Buza
Subject: RE: OFA : IESO - Fair Hydro funding call April 28
Date: Thursday, April 27, 2017 9:50:11 AM

Two additional items to consider to support #1 below:

- The proposed FH target is 25% (including OREC 8%) after-tax reduction on a representative consumer bill – there are items on a bill that may increase during the FH program which may mean the FH reductions needs to be larger in order to achieve the target (so the monthly IESO shortfall may be larger than planned);
- The proposed FH plan has that the IESO will be paying the OPGTrust admin/vendor costs plus any FH interest costs (all of which are expected to be added to the FH asset) – also these amounts will not be recovered until post 2022.

Regards.

From: Anthony Martinello
Sent: April 26, 2017 11:06 AM
To: Kim Marshall; Ronald Kwan; Michael Boll; Mike Manning; Ken Kandeepan; Victor Buza
Subject: OFA : IESO - Fair Hydro funding call April 28

Proposed Agenda for Friday's discussions:

1.

IESO's need to have $ commitment for funding Fair Hydro shortfalls – we can discuss the quantum during the call

Background to support the $ commitment's rationale:

- Fair Hydro plan propose to lower bills for the next 4 years – with no recovery until post 2022;
- OPG has no requirement to purchase from the IESO;
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- The monthly Fair Hydro amounts will continue to have +/- forecast variance amounts (these are expected to be funded by IESO, same as RPP today) and the OEB will consider these variances for each FH rate setting

2.

The current $975M OFA-IESO credit facility may be utilized to include the Fair Hydro funding commitment

Background:

- The current $975M includes a component for today's RPP shortfalls – so this amount can be reduced or transformed into the Fair Hydro commitment;
- Looking for more flexibility on the current minimum 28 day borrowing period,.. if OPG buys from IESO ….would like IESO to pay down the debt as soon as possible;
- Moody's (IESO rating) will be examining if IESO has sufficient capacities to fund FH;
- Examine material adverse clause to accommodate FH

3.

IESO to examine whether O.Reg 280/14 needs to be updated for Fair Hydro – if so, will need IESO Board and Minister of Finance's approvals;

Regards.

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From:	Ronald Kwan
To:	"Anthony Martinello"; Kim Marshall; Michael Boll; Mike Manning; Ken Kandeepan; Victor Buza
Subject:	RE: OFA-IESO, Fair Hydro next steps
Date:	Monday, April 24, 2017 5:47:02 PM

Hi,

The 27th would not work.

Ron

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]

Sent: April-24-17 17:44

To: Kim Marshall ; Ronald Kwan ; Michael Boll ; Mike Manning ; Ken Kandeepan ; Victor Buza

Subject: OFA-IESO, Fair Hydro next steps

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I think we should have another call this week to discuss more concrete action items regarding the IESO's funding needs to pay for the Fair Hydro shortfalls/holding regulatory asset amounts.

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1hour meeting either:

April 26 2017 4pm

April 27 2017 11am

April 28 2017 2pm

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April 28 2017 2pm

Regards.

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From:	Montgomery, Kaitlin (MOF)
To:	John Kim
Cc:	Bruno Amara; Kenneth Russell; Sarah Neville; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Kenneth Russell; Mike Manning
Subject:	RE: OFHP - Business Issue next steps
Date:	Tuesday, July 18, 2017 2:53:28 PM

Thanks john – yep I'll proceed on the basis we discussed last week. I've asked ENE legal to take a first crack at edits to the MSA (with just ENE and OPG as parties) and let them know that you guys are drafting up an SLA for ENE/OFA. Let me know when you think a draft might be ready.
Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 18, 2017 2:51 PM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Russell, Kenneth (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,
On the OFA side, we are of the view that the MSA should be between OPG and Energy.
Thanks,
John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 14, 2017 10:42 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP - Business Issue next steps

Hi – There's a strong interest in proceeding with the OFA as a party to the MSA. In terms of the significant reworking that you mentioned to make this agreeable I'm happy to take back any edits to the document– ENE legal has some edits to make as well but I think it would be helpful to see what works from the OFA's perspective first. I don't see any major policy issues popping up in this document its more just mechanics.
Happy to discuss,
Kaitlin
6.6343

From: Montgomery, Kaitlin (MOF)
Sent: July 11, 2017 2:49 PM
To: Kim, John (OFA)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:

1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?
2. When do you expect a draft SLA/MOU to be ready for ENE legal review?
3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?

Thanks,

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 11, 2017 2:16 PM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.

Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.

Happy to discuss.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM
To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,

Kaitlin

416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)

Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]

Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,

We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]

Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,

Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,

Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Montgomery, Kaitlin (MOF)
To: John Kim
Cc: Ken Kandeepan; Mike Manning
Subject: RE: OFHP - Business Issue next steps
Date: Wednesday, June 21, 2017 4:38:39 PM

For sure – I was planning to reach out to ENE legal on this tomorrow – anyone at MOF legal you'd suggest I work with?

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: June 21, 2017 4:17 PM
To: Montgomery, Kaitlin (MOF)
Cc: Kandeepan, Ken (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

I think the example raised was the example we have with MNDM on NIER. We can quickly work on something like it….the bigger question though is whether SLA between OFA and Energy is sufficient for respective Legal branches.

Thanks,

John

P.S. FYI, I'm off for a few days after tomorrow until Thursday next week.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,

Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
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Thanks in advance,

Kaitlin

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From: John Kim
To: "Montgomery, Kaitlin (MOF)"
Cc: Ken Kandeepan; Mike Manning
Subject: RE: OFHP - Business Issue next steps
Date: Wednesday, June 21, 2017 4:16:48 PM

Hi Kaitlin,

I think the example raised was the example we have with MNDM on NIER. We can quickly work on something like it….the bigger question though is whether SLA between OFA and Energy is sufficient for respective Legal branches.

Thanks,

John

P.S. FYI, I'm off for a few days after tomorrow until Thursday next week.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim ; Ken Kandeepan ; Mike Manning
Subject: RE: OFHP - Business Issue next steps

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Thanks in advance,
Kaitlin

From: Montgomery, Kaitlin (MOF)
To: John Kim; Ken Kandeepan; Mike Manning
Subject: RE: OFHP - Business Issue next steps
Date: Wednesday, June 21, 2017 2:27:26 PM
Attachments: Term Sheet_Master Subscription_draft June 13.docx

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Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

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Thanks,

Kaitlin

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Sent: June 5, 2017 3:55 PM
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Thanks in advance,

Kaitlin

Fair Hydro Plan –Master Subscription Agreement
Term Sheet

- Parties: OPG, OFA, Ministry of Energy
- The Province agrees to inject 44% of total funding of GA asset by way of equity subscription in OPG, which amount OPG in turn will invest in the Fair Hydro Trust as subordinated debt (**Equity Injection Plan**)
- Minister of Energy/Province approves Equity Injection Plan, and initial equity injection amount for 2017/18 fiscal year, and delegates to appropriate ministry staff authority to implement Equity Injection Plan (**Delegated Authority**)
- Long term, OPG equity requirements will form part of the business planning process in place between OPG and Ministry of Energy, ie, annually OPG to include forecasts of its equity requirements for the upcoming 3 years in its business plan submission -- NOTE: this portion of the business plan is not subject to concurrence by the shareholder
- Ministry of Energy will seek appropriation on an annual basis through PRRT for the amounts requested by OPG for its equity requirements-- NOTE: amount of annual appropriation to cover OPG multi year forecasts
- Ministry of Energy and Ontario Financing Authority will have a service level agreement in place which provides authority for OFA to provide cash management services to facilitate these share purchases on an ongoing basis on behalf of the Ministry of Energy
- OPG agrees use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt requirements as part of the Fair Hydro Plan
- OPG will amend its Articles to create an additional class of shares – Class A Shares – which will be non-voting and redeemable at OPG's option
- OPG will issue Class A Shares to the Province monthly at a value per share equal to book value, as determined from OPG's last approved quarterly financial statements -- Value of first Class A shares issued to Province will be based on book value of OPG common shares – ie, existing shareholder's equity
- OPG will have the right to repay equity to the Province, through exercise of its right to redeem the Class A Shares, as principal repayment of the subordinated debt is made commencing in 2027
- Redemption value of the Class A Shares to be based on book value on the redemption date, ie, the equity value per Class A share at the end of the prior financial quarter as set out in OPG's approved financial statements

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Monthly Process/Mechanics of Share Subscriptions:

a) OPG notifies OFA and Ministry of Energy of required equity injection and number of shares

Timing: [same day as notice from Fair Hydro Trust]

Documents/steps:

(i) share subscription form,

(ii) supporting documentation/invoice from Fair Hydro Trust, confirming amount of GA asset purchase for the month

b) OFA and OPG settle equity injection amounts
Timing: [five] business days from notice to OFA to payment/settlement with OPG
[NOTE: timing to be confirmed based on IESO/Trust process requirements]
Documents/steps:
(i) completed/signed share subscription form from OFA/Province to OPG
(ii) funds transfer from OFA to OPG account)
(iii) OPG receipt, together with secretary's certificate confirming issue of shares/update of share register sent to OFA and Ministry of Energy

Longer term Process/Approvals:

1. Equity Requirements Estimates:
   a. Business Plan Submissions: OPG to include forecasts of equity requirements for the business planning period as well as supporting documentation
   a.
   b. OPG Board Approvals
      - [Bi-annual] Board of Directors' resolutions authorizing equity requirement for period
      - [Bi-annual Shareholder's resolutions authorizing equity requirement for period][NOTE: TBD if needed]

   c. Ministry of Energy appropriations
   [describe annual process]- Ministry of Energy to update appropriations for upcoming 3 year cycle through the PRRT process, including 3 year rolling estimates along with supporting information as provided by OPG through its business planning process.

Share Redemption Process

- TBD -- process to be determined at a later date and appended as Appendix to Master Subscription Agreement

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Commented [KC1]: Technically appropriation authority doesn't come into effect until the Budget passes. In the event of a post-March 31 Budget, we would need to seek a temporary allocation from OPCD until the budget is approved. Is this handled differently on the loan side at OFA?

From: John Kim
To: Ken Kandeepan; Mike Manning
Subject: RE: OFHP - Business Issue next steps
Date: Thursday, June 08, 2017 11:58:57 AM

Hi Ken, Mike,
On these items, maybe #2 more so than #1, my understanding is that draft regulation is being drafted on the basis of our discussion on Monday.
Any concerns/comments? I will speak to Ron about it this afternoon.
Thanks,
John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, June 06, 2017 6:56 PM
To: John Kim ; Ken Kandeepan ; Mike Manning
Cc: Scott Nelms (ENERGY)
Subject: RE: OFHP - Business Issue next steps
Further to this, attached is an updated business issues note to reflect our conversation on Monday. There will be a few more updates after the guarantee meeting tomorrow but if you could review and provide any edits tomorrow that would be great.
Thanks,
Kaitlin

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Sent: June 5, 2017 3:55 PM
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From:	Montgomery, Kaitlin (MOF)
To:	John Kim; Ken Kandeepan; Mike Manning
Cc:	Scott Nelms (ENERGY)
Subject:	RE: OFHP - Business Issue next steps
Date:	Tuesday, June 06, 2017 6:56:32 PM
Attachments:	2017 06 06 Outstanding Business Issues Ontario Fair Hydro Plan - v04.docx

Further to this, attached is an updated business issues note to reflect our conversation on Monday. There will be a few more updates after the guarantee meeting tomorrow but if you could review and provide any edits tomorrow that would be great.

Thanks,

Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
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    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,

Kaitlin

Outstanding Business Issues – Ontario Fair Hydro Plan

Briefing Note

PURPOSE

Provide an overview of a few of the key remaining outstanding business issues that OPG and the Province are working through

BUSINESS ISSUES

1. **Provincial Support Agreement Term Sheet (Performance and Payment Guarantees)**
   - As part of the OFHP, the IESO will create and sell a regulatory asset to the OPG financing entity
   - In order to provide assurances to those with claims against the Financing Entity (eg. Holders of debt), and support credit ratings, the Province is providing both a Service Guarantee and a Performance Guarantee to ensure that the obligations of the IESO are carried out including obligations related to collecting and remitting clean energy adjustments.
   - **Next Steps:**
     - OPG and OFA have discussed a draft term sheet and the OFA, MOF and Blakes will work together to provide comments
     - Timing: Guarantees are required to support rating agency review which is expected by the end of July.

2. **Payments in Lieu of Taxes (PILs) Exemption**
   - Provincial staff, with OPG's concurrence, recommends minimizing, to the extent possible, the PILs payable by the OPG financing vehicle, as those costs will be recovered from ratepayers.
   - The Province is considering regulation changes to exempt from PILs the income arising to the OPG financing vehicle / OPG as a consequence of the Fair Hydro Plan.
   - As part of the OFHP, the financing entity will raise debt and acquire "investment assets" from the IESO. Given the unique nature of the investment assets, there are no specific rules which govern the manner which investment assets should be treated for tax purposes, and further analysis is required to ensure the cost of the investment assets are appropriately recognized as a deduction or offset in computing the income of the financing entity.
   - **Next Steps:**
     - The MOF, OFA and OPG are working together to determine required regulation changes.
     - Torys prepared a memo on the item
     - Timing: MOF will be setting up a call with tax policy, OPG and Torys to discuss a memo Torys prepared on the item in the next few days

3. **Fair Hydro Plan - Master Subscription Agreement Term Sheet (Equity Injection Process)**
    - OPG will require equity injections on a monthly basis, to match the timing of the purchase of the IESO regulatory asset, as applicable, in order to maintain its capital structure, and will require flexibility in order to issue shares as needed by the Province.
    - The Ministry of Energy received appropriation for a fiscally-neutral operating asset expenditure of $1.1B through PRRT to support equity injections for the 2017-18 period, and will continue to provide multi-year forecasts each year through PRRT.
    - **Next Steps:**
        - ~~The Ministry of Energy, OFA and OPG are working through the short term mechanics of this process, which will ultimately feed into a Master Subscription Agreement. A draft term sheet is underway.~~Approval of the draft term sheet (see note).
        - Once term sheet is approved, this will serve as the basis for the Master Subscription Agreement between OPG/ENE and OFA
        - OFA and ENE to develop Service Level Agreement for monthly cash management services
        - Amendment to OPG articles required to facilitate issuance of new class of shares
        - Timing: OPG will require the ability to issue equity in ~~July~~August, so mechanics and agreements should be finalized in ~~June~~July.

4. **Management Fees**
    - OPG will be providing all required services to the Trust as part of the OFHP, including planning, strategy, financing, deal execution etc.
    - The legislation allows OPG to establish and charge a management fee for those services in accordance with the regulations, which are currently in development.
    - ~~OPG and OEB are currently working together on a management fee structure that balances the interests of minimizing costs and satisfying accounting consolidation requirements.~~
    - There are two components to the management fee model proposed by OPG:
        - Base fee: the structure will allow OPG to earn a commercial fee, an accounting consolidation requirement, with periodic OEB review of the commercial basis of that fee. OEB and OPG are in discussions in order to develop a model that satisfies the accounting requirements and is consistent with OEB's processes.
        - Performance ~~management~~ fee: OPG has the ability to gain or lose depending on the actual financing cost relative to a benchmark, which would be shared equally between ratepayers and OPG. Gain/loss is capped at 1% of annual incremental issuance amount.
    - **Next Steps:**

- Base fee: OEB to provide comments on OPG's proposed base fee framework.
- Performance Fee: ~~OPG and OEB will bring forward a recommended framework for developing management fees.~~Approval of the draft framework (see note).
- Timing: ~~TBD~~For incorporation into the June 27th regulations

5. **Subordinated Debt Loan Agreement**
   - OPG will lend the equity injection from the Province to the Fair Hydro Trust by way of subordinated debt
   - Based on monthly funding requirements of the GA asset, the Trust will use short term financing and take out bonds once short term funding reaches certain levels
   - OPG and OFA are working on a Debt Loan Arrangement that would establish the interest rates on the subordinated debt
   - **Next Steps:**
     - OPG and OFA will bring forward a recommended framework for determining interest rates
     - Timing: TBD

6. **IESO – Increased OFA Credit Facilities**
   - THE OPG financing entity is not expected to be immediately operational, so the IESO will need to have transitional financing in place to manage the difference in the payments to generators and other service providers vs payments from loads / LDCs.
   - There may also be on-going monthly cash flow timing differences that the IESO will need a credit facility for.
   - In addition, the OPG financing entity has the right to purchase the regulatory asset from IESO but is not required to purchase it.
   - IESO is working with the OFA to increase the credit facilities in the event that the OPG financing entity does not purchase the regulatory asset
   - **Next Steps:**
     - OFA is drafting a new agreement for a $2 billion credit facility for the OFA to lend funds to IESO for FHP purposes. Concurrently, the OFA is seeking the Minister's approval for an LRC submission to approve an OIC for an additional $2 billion in borrowing capacity, as well as a Directive from the Minister of Finance, which are both necessary for the OFA to lend funds to IESO under the requested new Credit Facility.
     - Timing: The OIC is scheduled for the June 27, 2017 LRC meeting. The Directive and Credit Facility Agreement are currently being drafted, to be in place by July 1st, 2017

7. **OPG Indemnity**
    - OPG (and IESO) are asking for the Province to indemnify the IESO, OPG (the entities) and their respective directors, officers and employee in order to allow them to carry out their roles in implementing the Ontario Fair Hydro Plan and primarily the Global Adjustment refinancing.
    - Indemnification will need to ensure separation between the Province and OPG is maintained
    - **Next Steps:**
        - Staff in Ministry of Finance and Treasury Board Secretariat have received initial documents and are currently reviewing.
        - Depending on the structure of the indemnity requested, an OIC may be required to provide authority to the Minister of Finance
        - Timing: If an OIC is required this would be included in the June 27th, 2017 submission

From:	John Kim
To:	"Montgomery, Kaitlin (MOF)"
Cc:	Bruno Amara; Kenneth Russell; Sarah Neville; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Kenneth Russell; Mike Manning
Subject:	RE: OFHP - Business Issue next steps
Date:	Tuesday, July 18, 2017 2:50:43 PM

Hi Kaitlin,

On the OFA side, we are of the view that the MSA should be between OPG and Energy.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]

Sent: Friday, July 14, 2017 10:42 AM

To: John Kim

Cc: Bruno Amara ; Kenneth Russell ; Sarah Neville ; Malle Hanslep (MOF) ; Tobias P. Whitfield (MOF)

Subject: RE: OFHP - Business Issue next steps

Hi – There's a strong interest in proceeding with the OFA as a party to the MSA. In terms of the significant reworking that you mentioned to make this agreeable I'm happy to take back any edits to the document– ENE legal has some edits to make as well but I think it would be helpful to see what works from the OFA's perspective first. I don't see any major policy issues popping up in this document its more just mechanics.

Happy to discuss,

Kaitlin

6.6343

From: Montgomery, Kaitlin (MOF)
Sent: July 11, 2017 2:49 PM
To: Kim, John (OFA)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:

1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?
2. When do you expect a draft SLA/MOU to be ready for ENE legal review?
3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?

Thanks,

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 11, 2017 2:16 PM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.

Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity

injection.
Happy to discuss.
John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM
To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.
I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.
I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.
I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.
Happy to discuss,
Kaitlin
416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Malle,
My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.
Looping Kaitlin in as she has been in contact with OPG on this one.
Thanks,
John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John,
Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a “service” type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.
Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.
Thank you.
Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,
Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal’s input so I will send this to Sarah Neville for her review too if that’s ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would
I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?
The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG.
The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?
Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.
Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.
Thanks.
Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,

We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,

Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)

Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
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My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,

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This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	John Kim
To:	Kenneth Russell; Sarah Neville
Cc:	Bruno Amara; Ken Kandeepan; Mike Manning
Subject:	RE: OFHP - Business Issue next steps
Date:	Friday, July 14, 2017 9:42:04 AM

Hi Ken, Sarah,
Any issue on OFA being listed in the MSA, per #1 below? To the extent that SLA/MOU would clearly indicate that Energy is responsible and the OFA facilitates certain services, I don't have a problem with #1.
In terms of #3, we may want to put the onus on Energy to notify OFA if any material changes occur, e.g. law/legal framework, approvals in place for the equity injection, etc., but if it is Energy's preference to stay out operationally, I don't know if I'd see a problem with that.
Open to other views.
John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, July 11, 2017 2:49 PM
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Happy to discuss.

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Sent: Wednesday, June 28, 2017 9:55 AM

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Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>

Subject: RE: OFHP - Business Issue next steps

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Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.
At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?
Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,
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2. Performance Fee Recommendation (OPG recommended approach attached)

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My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated “business issues” note, which I’ll send around for everyone’s input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

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Thanks in advance,

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From:	John Kim
To:	Ken Kandeepan
Cc:	Mike Manning
Subject:	RE: OFHP - Business Issue next steps
Date:	Tuesday, July 11, 2017 3:49:22 PM

And the discussion I have had with Malle / Toby was - whether the OFA is able to effect the equity injection without Energy providing the request each month. But you're right that it makes no sense to have parallel discussions without copying each other.

From: John Kim
Sent: Tuesday, July 11, 2017 3:36 PM
To: Ken Kandeepan
Cc: Mike Manning
Subject: RE: OFHP - Business Issue next steps

Yes, for sure.

From: Ken Kandeepan
Sent: Tuesday, July 11, 2017 3:33 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

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3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?

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Sent: July 11, 2017 2:16 PM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
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Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.

Happy to discuss.

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To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
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416.326.6343

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To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
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person.
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Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
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Thank you.
Malle

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To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
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Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.
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Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

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From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

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Sent: Tuesday, July 11, 2017 2:49 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP - Business Issue next steps
Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:

1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?
2. When do you expect a draft SLA/MOU to be ready for ENE legal review?
3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?

Thanks,
Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 11, 2017 2:16 PM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps
Hi Kaitlin,
Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.
Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.
Happy to discuss.
John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM

To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,

Kaitlin

416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document

that sets out what the roles of the various parties in this would be.
Thank you.
Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,
Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would
I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?
The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG.
The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?
Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.
Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.
Thanks.
Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,
Just wanted to get something going with an introductory email and to provide you with some context.
Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.
I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)
Happy to discuss.
Thanks,
John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,

We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,

Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would

develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares

2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,

Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Risa Thau
To:	Ken Kandeepan; Opal Kandelas; John Psinas; George Sakura; John Kim; Alfonso Soriano
Cc:	Mike Manning; Carlos Yep
Subject:	RE: OFHP - Business Issue next steps
Date:	Tuesday, July 11, 2017 2:50:02 PM

Hi Ken,
I read over the agreement and have one change. In Exhibit D "Payment/Wire Transfer Instructions" the legal name and address of the beneficiary (I assume OPG) has to be included.
Thanks,
Risa Thau

From: Ken Kandeepan
Sent: Sunday, July 09, 2017 11:39 AM
To: Opal Kandelas ; John Psinas ; George Sakura ; Risa Thau ; John Kim ; Alfonso Soriano
Cc: Mike Manning ; Carlos Yep
Subject: FW: OFHP - Business Issue next steps
I went through this quickly and I don't have any comments; I believe that the actual transfer of funds to OPG for the equity injection will be governed by a SLA between OFA and the Ministry of Energy and we of course need to review that carefully. However, I would like you take a quick look and let me know if you have any comments.
Thanks
Ken k

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, July 06, 2017 9:12 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: FW: OFHP - Business Issue next steps
As mentioned yesterday – this is a draft of the Master Subscription Agreement.
Please let me know if you have any suggested edits.

Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 28, 2017 9:55 AM
To: Kandeepan, Ken (OFA)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps
Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.
OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.
Kaitlin

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Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin
My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.
Thanks
Ken k

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: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps
Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.
At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?
Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
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Hi everyone,
As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

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Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

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From: Montgomery, Kaitlin (MOF)
To: Ken Kandeepan
Cc: John Kim; Mike Manning
Subject: RE: OFHP - Business Issue next steps
Date: Wednesday, June 28, 2017 9:56:09 AM
Attachments: Fair Hydro - MasterSubscripAgt - June 22_OPG.DOCX

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.
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Kaitlin

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DRAFT: JUNE 22, 2017

MASTER SHARE SUBSCRIPTION AGREEMENT

among

MINISTER OF ENERGY

- and –

ONTARIO POWER GENERATION

- and -

ONTARIO FINANCING AUTHORITY

Dated as of ■, 2017

EXHIBITS

Exhibit A	--	Share Subscription Form
Exhibit B	--	Subscription Supporting Information
Exhibit C	--	Receipt and Certificate
Exhibit D	--	Payment/Wire Transfer instructions
Exhibit E	--	Share Redemption Process

MASTER SHARE SUBSCRIPTION AGREEMENT

THIS AGREEMENT made as of ■, 2017.

AMONG:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy

(the "**Minister**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

("OPG")

- and -

ONTARIO FINANCING AUTHORITY, a [ ]

(the "**OFA**")

Background

1. The Government of Ontario enacted the *Ontario Fair Hydro Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP"). The Act's purpose is, among other things, to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future specified consumers.

2. The Act and the regulations promulgated under the Act (the "Regulations") creates certain assets related to the deferral of electricity charges (the "Assets"), which Assets will be acquired from the Independent Electricity System Operator ("IESO") by the special purpose financing entity established by OPG to implement the financing plan to fund the deferral under the Act (the "Fair Hydro Trust") **[NTD: use "Financing Entity"??].**

3. The Fair Hydro Trust will acquire the Assets monthly from IESO and finance them in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Minister has agreed to fund up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the Fair Hydro Trust's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG [will amend] [has amended] its articles to create a new class of non-voting, redeemable shares (the "Class A Shares"). The Minister will subscribe for Class A Shares monthly in accordance with the process set forth in this Agreement and OPG will in turn invest these amounts in subordinated debt of the Fair Hydro Trust.

6. OPG will be entitled from time to time to redeem or buy back outstanding Class A Shares in connection with repayment of the Fair Hydro Trust subordinated debt or other purposes as may be approved by the OPG board of directors.

7. The Minister and the OFA have entered into a service level agreement (the "SLA") which provides the OFA with authority to provide cash management services to facilitate the share purchases on an ongoing basis on behalf of the Minister.

8. The parties desire to set out in this Agreement the process and mechanisms by which the equity injections and share purchases will occur and their respective roles and responsibilities in the Equity Injection Plan.

NOW THEREFORE the parties hereto agree as follows:

1. Confirmation of Equity Injection and Use of Funds

1.1 The Minister commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations, by way of equity subscriptions in OPG.

1.2 OPG agrees to use the equity received from the Minister solely to lend as subordinated debt to the Fair Hydro Trust to fund the Fair Hydro Trust's obligations under the [Master Sale and Servicing Agreement][**NTD: confirm name]** between the IESO and the Fair Hydro Trust, and the Act and Regulations.

2. Monthly Share Subscription Process

2.1 The Minister, through the OFA, will subscribe for and purchase Class A Shares from OPG monthly, in an amount, and for a value, as determined by OPG in accordance with paragraph 2.2 below.

2.2 Each month, coincident with the asset acquisition to be made by the Fair Hydro Trust from the IESO under the [Master Sale and Servicing Agreement], OPG will provide notice to the Minister and the OFA of the amount of equity injection required and the corresponding number of shares to be issued by OPG and subscribed by the Minister. This notice will be in the form of the Share Subscription attached as Exhibit A. OPG will also provide reasonable supporting information for the values and amounts set out in the Share Subscription, in the form of the Subscription Supporting Information attached as Exhibit B.

2.3 For purposes of providing the reasonable supporting information required under paragraph 2.2 above, OPG agrees:

(i) that the value of the monthly equity injection/share subscription amount will reflect the monthly funding requirements of the Fair Hydro Trust acquisitions under the [Master Sale and Servicing Agreement],; and

(ii) Class A Shares will be issued to the Minister at a value per share equal to their book value as determined from OPG's last approved quarterly financial statements. **[NTD: do we need any more specificity here?]**

2.4 Within [five] Business Days of receipt of the notice and supporting information described in paragraph 2.2, the OFA will deliver the executed Share Subscription to OPG and wire transfer, in immediately available funds, the required equity funds in accordance with the payment instructions set out in Exhibit D or as may be otherwise provided by OPG from time to time. For purposes of this Agreement, "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

2.5 OPG will issue a receipt to the Minister and the OFA, in the form of Exhibit C attached, confirming receipt of the equity amount and certifying as to the update of OPG's corporate share register with issue of the shares in the name of the Minister.

2.6 The first equity injection/share subscription will occur [August x 2017] (the "Initial Equity Injection"). Equity injections will continue monthly so long as the Fair Hydro Trust is purchasing assets and incurring debt obligations, including subordinated debt in favour of OPG, pursuant to the Act and Regulations.

3. Equity Requirement Forecasts and Approvals

3.1 OPG will prepare and submit forecasts of equity requirements for the applicable business planning period as part of its business plan submissions to the Shareholder in accordance with the Memorandum of Agreement between the Minister and OPG effective July 17, 2015 (the "MOA") as amended, restated or replaced from time to time. For clarity, OPG will submit annually, as part of its business plan submissions, the FHP equity requirements forecast for the upcoming 3 years.

3.2 OPG's equity requirement forecast submissions will include all reasonable supporting information and documentation. **[NTD: any more specificity required?]**

3.3 The OFA and the Minister confirm that OPG's equity requirement forecasts submitted with OPG's business plans will not require concurrence by the Shareholder as set out in the MOA.

3.4 In accordance with the submissions made under paragraph 3.1 above, the Minister will update the appropriations for the upcoming 3 year cycle through the PRRT process, including 3 year rolling estimates along with supporting information as provided by OPG through its business planning process.**[NTD: clarify that purpose of this clause is to confirm Energy will seek out and obtain required appropriations]**

4. Share Redemption Process

5.1 The Minister and OPG agree to set out the required process for any future redemption by OPG of outstanding Class A Shares in an appendix to this Agreement and attach it as Exhibit E. Exhibit E will be finalized before the first share redemption [and in any case no later than [90] Business Days before the effective date of such redemption].**[NTD: confirm if need timeframe]**

6. Miscellaneous

6.1 Notices

Any notice, report or other communication to be given under this Agreement will be in writing and will be effective (a) upon receipt when sent by mail or courier, (b) on the date personally delivered to an authorized officer of the party to which sent, or (c) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

in the case of the Minister:

■

in the case of the OFA:

■

in the case of OPG:

Ontario Power Generation Inc.
700 University Avenue

Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

and

Attention: ■
Email: ■

Each party may by notice given as above to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications will be sent.

6.2 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties in separate counterparts, each of which when so executed and delivered will be considered an original, but all such counterparts together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

MINISTER OF ENERGY

_____

ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO FINANCING AUTHORITY

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

SHARE SUBCRIPTION FORM

See attached

EXHIBIT B

SUBSCRIPTION SUPPORTING INFORMATION

[NTD: TBD what will support monthly equity injection calculation; for example Transfer Notice? Invoice?]

Exhibit C

FORM OF RECEIPT/OFFICER'S CERTIFICATE

EXHIBIT D

Payment/Wire Transfer Instructions

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

EXHIBIT E

SHARE REDEMPTION PROCESS

TBD

From: Ken Kandeepan
To: "Montgomery, Kaitlin (MOF)"
Cc: John Kim; Mike Manning
Subject: RE: OFHP - Business Issue next steps
Date: Saturday, June 24, 2017 11:45:13 AM

Hi Kaitlin
My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.
Thanks
Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim ; Ken Kandeepan ; Mike Manning
Subject: RE: OFHP - Business Issue next steps
Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.
At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?
Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps
Hi everyone,
As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new

updates received at that meeting.
Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?
Thanks in advance,
Kaitlin

From:	John Kim
To:	"Montgomery, Kaitlin (MOF)"
Cc:	Bruno Amara; Kenneth Russell; Sarah Neville; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Kenneth Russell; Mike Manning
Subject:	RE: OFHP - Business Issue next steps
Date:	Tuesday, July 18, 2017 2:54:49 PM

Ok, hopefully soon on the SLA draft.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, July 18, 2017 2:53 PM
To: John Kim
Cc: Bruno Amara ; Kenneth Russell ; Sarah Neville ; Malle Hanslep (MOF) ; Tobias P. Whitfield (MOF) ; Kenneth Russell ; Mike Manning
Subject: RE: OFHP - Business Issue next steps

Thanks john – yep I'll proceed on the basis we discussed last week. I've asked ENE legal to take a first crack at edits to the MSA (with just ENE and OPG as parties) and let them know that you guys are drafting up an SLA for ENE/OFA. Let me know when you think a draft might be ready.
Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 18, 2017 2:51 PM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Russell, Kenneth (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,
On the OFA side, we are of the view that the MSA should be between OPG and Energy.
Thanks,
John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 14, 2017 10:42 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP - Business Issue next steps

Hi – There's a strong interest in proceeding with the OFA as a party to the MSA. In terms of the significant reworking that you mentioned to make this agreeable I'm happy to take back any edits to the document– ENE legal has some edits to make as well but I think it would be helpful to see what works from the OFA's perspective first. I don't see any major policy issues popping up in this document its more just mechanics.
Happy to discuss,
Kaitlin
6.6343

From: Montgomery, Kaitlin (MOF)
Sent: July 11, 2017 2:49 PM
To: Kim, John (OFA)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:

1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?
2. When do you expect a draft SLA/MOU to be ready for ENE legal review?
3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?

Thanks,
Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 11, 2017 2:16 PM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.

Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.

Happy to discuss.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM
To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,

Kaitlin
416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Thursday, July 06, 2017 10:04 AM

To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>

Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>

Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis.

Why has the OFA been made a direct party to the agreement as it seems that the OFA has a “service” type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal’s input so I will send this to Sarah Neville for her review too if that’s ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG.

The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]

Sent: Wednesday, June 28, 2017 9:55 AM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>

Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>

Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,

We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From

: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]

Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,

Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,

Kaitlin

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From: Opal Kandelas
To: Carlos Yep
Cc: Mike Manning
Subject: RE: OFHP - Outstanding business issues - new note#5 IESO
Date: Wednesday, May 31, 2017 11:03:30 AM
Attachments: Outstanding Business Issues Ontario Fair Hydro Plan markup_cy1 (003).docx

---

Hi Carlos,

The information known regarding the IESO credit facility has been included in the Note.

Thanks,
Opal

-----Original Message-----
From: Carlos Yep
Sent: Tuesday, May 30, 2017 2:28 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: OFHP - Outstanding business issues - new note#5 IESO

-----Original Message-----
From: Carlos Yep
Sent: Tuesday, May 30, 2017 12:21 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: FW: OFHP - Outstanding business issues

fyi

-----Original Message-----
From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, May 30, 2017 11:28 AM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: OFHP - Outstanding business issues

Hi all,

ENE MO asked for a quick note on 4 of the outstanding business issues that are being worked through and are hoping to see something tomorrow morning.

I've pulled together a high level explanation of each of the items and next steps/timing (to the extent I know).

Would greatly appreciate if you guys could take a look and provide any edits/comments today/early tomorrow if possible. I'm also not too involved in a few of these discussions so if there's others within OFA you think should review feel free to pass along.

Thanks in advance,
Kaitlin

Outstanding Business Issues – Ontario Fair Hydro Plan
Briefing Note

PURPOSE
Provide an overview of a few of the key remaining outstanding business issues that OPG and the Province are working through

BUSINESS ISSUES

1. **Provincial Support Agreement Term Sheet (~~Service and~~ Performance and Payment Guarantees)**
   - As part of the OFHP, the IESO will create and sell a regulatory asset to the OPG financing entity
   - In order to provide assurances to those with claims against the Financing Entity (eg. Holders of debt), and support credit ratings, the Province is providing both a Service Guarantee and a Performance Guarantee to ensure that the obligations of the IESO are carried out including obligations related to collecting and remitting clean energy adjustments.
   - **Next Steps:**
     - OPG and OFA and working towards the development of a term sheet
     - Timing: Guarantees are required to support rating agency review which is expected by the end of July

2. **Payments in Lieu of Taxes (PILs) Exemption**
   - The Province would like to minimize to the extent possible , the PILs payable by the OPG financing vehicle, as those costs will be recovered from ratepayers
   - The Province is considering regulation changes to exempt the income arising as a consequence of the Fair Hydro Plan from PILs
   - As part of the OFHP, the financing entity will raise debt and acquire "investment assets" from the IESO. Given the unique nature of the investment assets, there are no specific rules which govern the manner which investment assets should be treated for tax purposes, and further analysis is required to ensure the cost of the investment assets are appropriately recognized as a deduction or offset in computing the income of the financing entity
   - **Next Steps:**
     - The Ministries of Finance, OFA and OPG are working together to determine required regulation changes
     - Timing: [Next steps for a decision / when is a decision required / when would these regulation changes occur]

3. **Fair Hydro Plan - Master Subscription Agreement Term Sheet (Equity Injection Process)**

- OPG will require equity injections on a monthly basis in order to maintain its capital structure, and will require flexibility in order to issue shares as needed by the Province
- The Ministry of Energy received appropriation for $1.1B through PRRT to support equity injections for the 2017-18 period, and will continue to provide multi-year forecasts each year through PRRT
- **Next Steps:**
    - The Ministry of Energy, OFA and OPG are working through the short term mechanics of this process which will ultimately feed into a Master Subscription Agreement. A draft term sheet is underway.
    - Timing: OPG will require the ability to issue equity in July, so mechanics and agreements should be finalized in June

4. **Management Fees**
    - OPG will be providing all required services to the Trust as part of the OFHP, including planning, strategy, financing, deal execution etc.
    - The legislation allows OPG to establish and charge a management fee for those services in accordance with the regulations which are currently in development
    - OPG and OEB are currently working together on a management fee structure that balances the interests of minimizing costs and satisfying accounting consolidation requirements
    - **Next Steps:**
        - OPG and OEB will bring forward a recommended framework for developing management fees
        - Timing: For incorporation into regulations being brought forward in June

5. **IESO – Increased Credit Facilities**
    - The OPG financing entity has the right to purchase the regulatory asset from IESO but does not have to purchase it.
    - IESO is working with the OFA to increase the credit facilities in the event that the OPG financing entity does not purchase the regulatory asset
    - **Next Steps:**
        - OFA is drafting a new agreement for a $2 billion credit facility for the OFA to lend funds to IESO for FHP purposes. Concurrently, the OFA is seeking LRC approval for a new $2 billion OIC, as well as a Directive from the Minister of Finance, which are both necessary for the OFA to lend funds to IESO under the new Credit Facility. .....
        - Timing: The OIC is scheduled as item for the June 27, 2017 LRC meeting. The Directive and Credit Facility Agreement are currently being drafted, to be in place by July 1st, 2017.....

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From: Montgomery, Kaitlin (MOF)
To: Ken Kandeepan
Cc: Carlos Yep; Mike Manning; John Kim; John Psinas; Ronald Kwan
Subject: RE: OFHP Business Issues
Date: Thursday, August 03, 2017 10:06:19 AM

Hi – just looping back on this one.
Anyone know the status/next steps on the sub-debt agreement?
Thanks,
Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: July 12, 2017 5:00 PM
To: Montgomery, Kaitlin (MOF)
Cc: Yep, Carlos (OFA); Manning, Mike (OFA); Kim, John (OFA); John Psinas; Kwan, Ronald (OFA)
Subject: RE: OFHP Business Issues

Hi Kaitlin
Pls see below, cc'ing my colleagues in case they have anything to add.
Thanks
Ken k

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, July 12, 2017 10:53 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: OFHP Business Issues

Hey Ken – In Scotts absence I'm hoping you can help me with a couple items:

1. On the performance fees – Did Scott share an ENE note with 3 options for your review last week? No
2. On the Sub-Debt – could you share the latest term sheet and what is the status of this one? Is it over to OFA to provide comments back to OPG or are we waiting on OPG for something? To the best of my knowledge we didn't have any major issues with the latest term sheet.

Thanks and happy to chat if that's easier
Kaitlin
416.326.6343

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From:	Ken Kandeepan
To:	"Montgomery, Kaitlin (MOF)"
Cc:	Carlos Yep; Mike Manning; John Kim; John Psinas; Ronald Kwan
Subject:	RE: OFHP Business Issues
Date:	Wednesday, July 12, 2017 5:00:04 PM

Hi Kaitlin

Pls see below, cc'ing my colleagues in case they have anything to add.

Thanks

Ken k

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]

Sent: Wednesday, July 12, 2017 10:53 AM

To: Ken Kandeepan

Subject: OFHP Business Issues

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Thanks and happy to chat if that's easier

Kaitlin

416.326.6343

From: Montgomery, Kaitlin (MOF)
To: Ken Kandeepan; Carlos Yep; Mike Manning; John Kim; John Psinas
Cc: Keley Katona (ENERGY)
Subject: RE: OFHP Business Issues
Date: Thursday, August 24, 2017 4:53:06 PM

Hi everyone,
Just checking in if anyone knows the status / next steps on the sub-debt? It's listed as one of the outstanding business issues so just trying to sort out required next steps/timing.
Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: August 3, 2017 10:06 AM
To: Kandeepan, Ken (OFA)
Cc: Yep, Carlos (OFA); Manning, Mike (OFA); Kim, John (OFA); John Psinas; Kwan, Ronald (OFA)
Subject: RE: OFHP Business Issues
Hi – just looping back on this one.
Anyone know the status/next steps on the sub-debt agreement?
Thanks,
Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: July 12, 2017 5:00 PM
To: Montgomery, Kaitlin (MOF)
Cc: Yep, Carlos (OFA); Manning, Mike (OFA); Kim, John (OFA); John Psinas; Kwan, Ronald (OFA)
Subject: RE: OFHP Business Issues
Hi Kaitlin
Pls see below, cc'ing my colleagues in case they have anything to add.
Thanks
Ken k

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, July 12, 2017 10:53 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: OFHP Business Issues
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From: Nelms, Scott (MOF)
To: Mike Manning; Ronald Kwan; Gadi Mayman
Subject: RE: OFHP
Date: Thursday, May 25, 2017 9:09:38 AM

Thanks Ron, Mike. What about timing for the IESO LoC increase?

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: May 25, 2017 8:58 AM
To: Nelms, Scott (MOF); Kwan, Ronald (OFA); Mayman, Gadi (OFA)
Subject: RE: OFHP

For the guarantee, we could say discussions underway with OPG
Mike

From: Nelms, Scott (MOF) [mailto:Scott.Nelms@ontario.ca]
Sent: Thursday, May 25, 2017 8:41 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: OFHP

In the weekly update meeting with ENE. Anything we want to say on the following topics:

- Comparison of Clean Energy Adjustment to Debt Retirement Charge (OFA)
- Guarantees for dealers (OPG/OFA)

If not, no problem, wanted to check.

Thanks,

Scott

Scott Nelms
Electricity Investment and Governance Secretariat | Ministry of Finance
7th Floor | 375 University ave. | Toronto, ON
w: (416) 212-6469 | c: (647) 330-2681
scott.nelms@ontario.ca

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From:	Mike Manning
To:	Scott Nelms (ENERGY); Ronald Kwan; Gadi Mayman
Subject:	RE: OFHP
Date:	Thursday, May 25, 2017 8:57:52 AM

For the guarantee, we could say discussions underway with OPG

Mike

From: Nelms, Scott (MOF) [mailto:Scott.Nelms@ontario.ca]
Sent: Thursday, May 25, 2017 8:41 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: OFHP

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scott.nelms@ontario.ca

From:	Mike Manning
To:	Scott Nelms (ENERGY); Ronald Kwan; Gadi Mayman
Subject:	RE: OFHP
Date:	Thursday, May 25, 2017 9:26:29 AM

Documentation of loans is being worked and should be straight forward but still some work on OIC timing, authorities, etc. is my understanding.

Mike

From: Nelms, Scott (MOF) [mailto:Scott.Nelms@ontario.ca]
Sent: Thursday, May 25, 2017 9:09 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: RE: OFHP

Thanks Ron, Mike. What about timing for the IESO LoC increase?

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: May 25, 2017 8:58 AM
To: Nelms, Scott (MOF); Kwan, Ronald (OFA); Mayman, Gadi (OFA)
Subject: RE: OFHP

For the guarantee, we could say discussions underway with OPG

Mike

From: Nelms, Scott (MOF) [mailto:Scott.Nelms@ontario.ca]
Sent: Thursday, May 25, 2017 8:41 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: OFHP

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From:	Mike Manning
To:	Anna Strathy
Subject:	RE: OPG - FHP - Guarantee
Date:	Tuesday, August 08, 2017 9:23:32 AM

Will give it a shot.

Mike

From: Anna Strathy
Sent: Tuesday, August 08, 2017 9:15 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OPG - FHP - Guarantee

Hi Mike, I just came by but you were on the phone. Would you be able to touch base with OPG before the meeting this week? Or maybe you have already. Gadi would like us to have a sense of the banks' demands before we walk in to the meeting.

Thanks, Anna

From: Anna Strathy
Sent: Tuesday, August 08, 2017 8:48 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OPG - FHP - Guarantee

Good morning,

I hope everyone had a nice long weekend. FYI, the meeting with OPG tomorrow afternoon will likely be rescheduled to accommodate an expanded group (i.e., Cindy Veinot, Steen Hume, possibly legal counsel). Please let me know if there are any days/times this week that you are not available.

Thanks, Anna

-----Original Appointment-----
From: HAHN PARKER Janet -TREASURY [mailto:j.hahnparker@opg.com]
Sent: Wednesday, August 02, 2017 4:06 PM

To: HAHN PARKER Janet -TREASURY; Ken Kandeepan; Mike Manning; Carlos Yep; Ronald Kwan; Gadi Mayman; Scott Nelms (ENERGY); LEE John -TREASURY; RYFA Ken -TREASURY; 'Persaud, Donnie - Debt Capital Markets'; Benaiah, Ian
Cc: Anna Strathy
Subject: Fw: OPG - FHP - Guarantee
When: Wednesday, August 09, 2017 2:15 PM-3:15 PM (UTC-05:00) Eastern Time (US & Canada).
Where: OPG, 700 University Avenue, 18th Floor, Treasury C/R

From: HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>

Sent: Wednesday, August 2, 2017 1:43 PM

To: Gadi Mayman; Scott Nelms (ENERGY); LEE John -TREASURY; RYFA Ken -TREASURY; 'Persaud, Donnie - Debt Capital Markets'; Benaiah, Ian

Subject: OPG - FHP - Guarantee

When: Wednesday, August 09, 2017 2:15 PM-3:15 PM (UTC-05:00) Eastern Time (US & Canada).

Where: OPG, 700 University Avenue, 18th Floor, Treasury C/R

Note: The GMT offset above does not reflect daylight saving time adjustments.

~~*~*~*~*~*~*~*~*

Please come to OPG's office, 18th floor. We will meet you at the Glass Doors.

No pass required.

Thank you.

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From: Anna Strathy
To: Mike Manning
Subject: RE: OPG - FHP - Guarantee
Date: Tuesday, August 08, 2017 9:14:40 AM

Hi Mike, I just came by but you were on the phone. Would you be able to touch base with OPG before the meeting this week? Or maybe you have already. Gadi would like us to have a sense of the banks' demands before we walk in to the meeting.

Thanks, Anna

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To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OPG - FHP - Guarantee

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From: HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>

Sent: Wednesday, August 2, 2017 1:43 PM

To: Gadi Mayman; Scott Nelms (ENERGY); LEE John -TREASURY; RYFA Ken -TREASURY; 'Persaud, Donnie - Debt Capital Markets'; Benaiah, Ian

Subject: OPG - FHP - Guarantee

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From:	Ken Kandeepan
To:	Anna Strathy
Cc:	Gavin He; Mike Manning; Carlos Yep; Ronald Kwan
Subject:	RE: OPG - FHP - Guarantee
Date:	Tuesday, August 08, 2017 8:49:46 AM

Thanks Anna, I will make myself available all day Thursday and Friday.

Ken k

From: Anna Strathy
Sent: Tuesday, August 08, 2017 8:48 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OPG - FHP - Guarantee

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Sent: Wednesday, August 2, 2017 1:43 PM

To: Gadi Mayman; Scott Nelms (ENERGY); LEE John -TREASURY; RYFA Ken -TREASURY; 'Persaud, Donnie - Debt Capital Markets'; Benaiah, Ian

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From:	Anna Strathy
To:	Ken Kandeepan; Mike Manning; Carlos Yep; Ronald Kwan
Cc:	Gavin He
Subject:	RE: OPG - FHP - Guarantee
Date:	Tuesday, August 08, 2017 8:48:28 AM

Good morning,

I hope everyone had a nice long weekend. FYI, the meeting with OPG tomorrow afternoon will likely be rescheduled to accommodate an expanded group (i.e., Cindy Veinot, Steen Hume, possibly legal counsel). Please let me know if there are any days/times this week that you are not available.

Thanks, Anna

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Sent: Wednesday, August 02, 2017 4:06 PM
To: HAHN PARKER Janet -TREASURY; Ken Kandeepan; Mike Manning; Carlos Yep; Ronald Kwan; Gadi Mayman; Scott Nelms (ENERGY); LEE John -TREASURY; RYFA Ken -TREASURY; 'Persaud, Donnie - Debt Capital Markets'; Benaiah, Ian
Cc: Anna Strathy
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Where: OPG, 700 University Avenue, 18th Floor, Treasury C/R

From: HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>

Sent: Wednesday, August 2, 2017 1:43 PM

To: Gadi Mayman; Scott Nelms (ENERGY); LEE John -TREASURY; RYFA Ken -TREASURY; 'Persaud, Donnie - Debt Capital Markets'; Benaiah, Ian

Subject: OPG - FHP - Guarantee

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From:	Anna Strathy
To:	Mike Manning
Subject:	RE: OPG - FHP - Guarantee
Date:	Tuesday, August 08, 2017 9:24:02 AM

Thanks Mike.

From: Mike Manning
Sent: Tuesday, August 08, 2017 9:24 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: OPG - FHP - Guarantee

Will give it a shot.

Mike

From: Anna Strathy
Sent: Tuesday, August 08, 2017 9:15 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OPG - FHP - Guarantee

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To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OPG - FHP - Guarantee

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Sent: Wednesday, August 02, 2017 4:06 PM
To: HAHN PARKER Janet -TREASURY; Ken Kandeepan; Mike Manning; Carlos Yep; Ronald Kwan; Gadi Mayman; Scott Nelms (ENERGY); LEE John -TREASURY; RYFA Ken -TREASURY; 'Persaud, Donnie - Debt Capital Markets'; Benaiah, Ian
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Sent: Wednesday, August 2, 2017 1:43 PM

To: Gadi Mayman; Scott Nelms (ENERGY); LEE John -TREASURY; RYFA Ken -TREASURY; 'Persaud, Donnie - Debt Capital Markets'; Benaiah, Ian

Subject: OPG - FHP - Guarantee

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From:	Ken Kandeepan
To:	Scott Nelms (ENERGY)
Cc:	Ronald Kwan; Mike Manning; Carlos Yep; Veinot, Cindy (TBS)
Subject:	RE: OPG Performance fees
Date:	Sunday, May 21, 2017 10:42:33 AM

Hi Scott
Sorry for the delay in responding, after a discussion with Gadi the OFA is comfortable with the approach proposed by OPG. We also recommend that the $1M upside/downside limit on performance fees in relation to a pre-determined benchmark be enshrined in the Financing Plan to be developed by OPG. The OFA is also willing to work with OPG on the development of the benchmark.
Thanks
Ken k

From: Nelms, Scott (MOF) [mailto:Scott.Nelms@ontario.ca]
Sent: Monday, May 15, 2017 9:17 AM
To: Ken Kandeepan
Cc: Ronald Kwan ; Mike Manning ; Carlos Yep ; Veinot, Cindy (TBS)
Subject: RE: OPG Performance fees
I talked to OPG on this. Here are some other considerations:

- Risk / reward goes both ways. Unlike most management fee structures where the performance fee provides an at risk upside to the manager, but no downside, the distribution of potential benefits and losses is symmetric between ratepayers and OPG.
- OPG's current thinking is that it would work with OFA to set a benchmark for borrowing costs at the start of the year based on GOC yields + a premium. If OPG over-performs (under-performs) the benefit (downside) would be shared between the company and ratepayers 50/50 up to +/- $1M. Above or below $1M, all of the benefit (downside) would flow to ratepayers.
- OPG does not particularly like this symmetry but this is apparently required to meet accounting requirements.
- From my perspective, $1M is a small number, so I am not too concerned about overall impacts on ratepayers.

Thanks,
Scott

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: May 13, 2017 7:32 PM
To: Nelms, Scott (MOF)
Cc: Kwan, Ronald (OFA); Manning, Mike (OFA); Yep, Carlos (OFA); Veinot, Cindy (TBS)
Subject: RE: OPG Performance fees
Hi Scott
Yes the MOF does like OPG to make money since on a PSAB basis it benefits the Province's fiscal position. In this instance however, the marginal increase to the fiscal bottom line comes at the expense of the ratepayers in terms of additional debt, hence our push back.
Pls see below my responses on the two issues that you have raised. I am cc'ing Cindy as well since she may have her own thoughts and a discussion maybe value added in terms of arriving at a common understanding.

Thanks
Ken K

From: Nelms, Scott (MOF) [mailto:Scott.Nelms@ontario.ca]
Sent: Friday, May 12, 2017 2:54 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OPG Performance fees

MoF asking OPG to make less money! This feels so backward!
I will chat with OPG to dig in to the rationale. I take your point that OPG will benefit from the loans to the trust. However, I see two weaknesses with the argument:

1) Lenders don't typically consolidate borrowers, so it takes more than interest revenues to meet this test. Not sure if you are referring to the "Power" or "profit" principle. If the former the Province lends to IO for all its needs and yet exercises power since IO is consolidated with the Province in much the same way the Trust and OPG will be consolidated. Note that OPG benefits from the interest income on the 44% relating to the equity injection even if the Trust is not consolidated.
2) Earning interest income on equity is going to take down the company's ROE (one of the key metrics that we are tracking on overall company performance). Therefore I wouldn't see this as a particularly compelling allocation of funds from a commercial perspective. This is a good point however, OPG considers the 44% it lends to the Trust as sub-debt most likely priced higher than the debt borrowed by the Trust from the markets. In the event the interest on the 44% is less than OPG's current ROE of the company, your point holds however, if the interest is higher it actually adds to OPG's ROE.

Scott

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: May 12, 2017 11:24 AM
To: Nelms, Scott (MOF)
Cc: Kwan, Ronald (OFA); Manning, Mike (OFA); Yep, Carlos (OFA)
Subject: OPG Performance fees

Hi Scott
This issue has come up a couple of times and after discussing with Gadi we felt that you may be able to raise it either directly with OPG or via Energy. As the Financial Services Manager, OPG is proposing a performance fee for itself based beating a benchmark for borrowing costs the Trust incurs in presumably the 51% it seeks to borrow from the capital markets.
OPG argues that the latter of the two fundamental principles, "Power" and "Profit" allowing the Trust to be consolidated with OPG requires the implementation of a performance fee structure. The counter argument is that OPG already has access to profit, by virtue of its position as the funding entity for 44% of the debt incurred by the Trust. OPG uses the funds it receives from the Province's equity injection, for which it pays no interest, for this purpose.
Upon consolidation with the Trust, OPG's interest income will therefore increase by the amount of the interest the Trust receives on 44% of its overall debt, a relatively risk free profit source, at least over the duration of the Fair Hydro Plan. While the use of a benchmark is appropriate and contributes to an efficient borrowing program, any performance fees arising from beating the benchmark will effectively be funded by the ratepayers, by increasing the investment asset and the

associated debt to be repaid by ratepayers.
Mike and I will be happy to provide any further technical assistance that you may require as you raise this issue.
Thanks
Ken k

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From:	Ken Kandeepan
To:	Scott Nelms (ENERGY)
Cc:	Ronald Kwan; Mike Manning; Carlos Yep; Veinot, Cindy (TBS)
Subject:	RE: OPG Performance fees
Date:	Saturday, May 13, 2017 7:31:35 PM

Hi Scott
Yes the MOF does like OPG to make money since on a PSAB basis it benefits the Province's fiscal position. In this instance however, the marginal increase to the fiscal bottom line comes at the expense of the ratepayers in terms of additional debt, hence our push back.
Pls see below my responses on the two issues that you have raised. I am cc'ing Cindy as well since she may have her own thoughts and a discussion maybe value added in terms of arriving at a common understanding.
Thanks
Ken K

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From:	Nelms, Scott (MOF)
To:	Ken Kandeepan
Cc:	Ronald Kwan; Mike Manning; Carlos Yep
Subject:	RE: OPG Performance fees
Date:	Friday, May 12, 2017 2:54:08 PM

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From:	Ronald Kwan
To:	Mike Manning; Ken Kandeepan; Carlos Yep; Veinot, Cindy (TBS)
Subject:	RE: OPG Performance fees
Date:	Monday, May 15, 2017 3:58:58 PM

Hi,
Agreed.
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From: Mike Manning
Sent: May-15-17 14:47
To: Ken Kandeepan ; Ronald Kwan ; Carlos Yep ; Veinot, Cindy (TBS)
Subject: RE: OPG Performance fees
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Scott

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Sent: May 12, 2017 11:24 AM
To: Nelms, Scott (MOF)
Cc: Kwan, Ronald (OFA); Manning, Mike (OFA); Yep, Carlos (OFA)
Subject: OPG Performance fees

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From:	Ken Kandeepan
To:	Ronald Kwan; Mike Manning; Carlos Yep; Veinot, Cindy (TBS)
Subject:	RE: OPG Performance fees
Date:	Monday, May 15, 2017 2:43:12 PM

Hi All
Given the comparatively low materiality and the fact that the benchmark will be set by the OFA with OPG absorbing any underperformance makes this viable from my perspective. Pls let me know if you agree.
If so I will touch base with Gadi just to make sure and respond to Scott.
Thanks
Ken k

From: Nelms, Scott (MOF) [mailto:Scott.Nelms@ontario.ca]
Sent: Monday, May 15, 2017 9:17 AM
To: Ken Kandeepan
Cc: Ronald Kwan ; Mike Manning ; Carlos Yep ; Veinot, Cindy (TBS)
Subject: RE: OPG Performance fees

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Sent: May 13, 2017 7:32 PM
To: Nelms, Scott (MOF)
Cc: Kwan, Ronald (OFA); Manning, Mike (OFA); Yep, Carlos (OFA); Veinot, Cindy (TBS)
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To:	Ken Kandeepan
Cc:	Ronald Kwan; Mike Manning; Carlos Yep; Veinot, Cindy (TBS)
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Date:	Monday, May 15, 2017 9:16:54 AM

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To:	Scott Nelms (ENERGY)
Cc:	Ronald Kwan; Mike Manning; Carlos Yep; Veinot, Cindy (TBS)
Subject:	RE: OPG Performance fees
Date:	Saturday, May 13, 2017 7:31:35 PM

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To:	Scott Nelms (ENERGY)
Cc:	Ronald Kwan; Mike Manning; Carlos Yep; Veinot, Cindy (TBS)
Subject:	RE: OPG Performance fees
Date:	Sunday, May 21, 2017 10:42:33 AM

Hi Scott
Sorry for the delay in responding, after a discussion with Gadi the OFA is comfortable with the approach proposed by OPG. We also recommend that the $1M upside/downside limit on performance fees in relation to a pre-determined benchmark be enshrined in the Financing Plan to be developed by OPG. The OFA is also willing to work with OPG on the development of the benchmark.
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From:	Whitfield, Tobias P. (MOF)
To:	Ronald Kwan; John Kim
Cc:	Ken Kandeepan; Mike Manning; Malle Hanslep (MOF)
Subject:	RE: OPG/IESO Indemnities
Date:	Tuesday, June 06, 2017 11:01:56 AM
Attachments:	Provincial Indemnity comments June 6 2017.docx

Further to the below, please find attached our comments on the draft indemnity.
Please let us know when you have had a chance to review and are available to discuss.
Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: June 6, 2017 9:59 AM
To: Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca); Kim, John (OFA) (John.Kim@ofina.on.ca)
Cc: Kandeepan, Ken (OFA); Manning, Mike (OFA) (Mike.Manning@ofina.on.ca); Hanslep, Malle (MOF)
Subject: OPG/IESO Indemnities

Further to our conversations on the indemnities, it appears that this request will go to the MOF instead of TBS.
Energy has asked us to expedite this matter, as there is a board meeting of OPG or IESO early next week, and they want to have an approval before then so that this can be signed off on at that meeting. We still need some additional information as to the parameters of what is driving the timeline – for instance, it appears that IESO will have to act before OPG and that OPG may not need the indemnity as soon, but we are also not sure if OPG is asking for an indemnity before taking any other actions.
We are preparing some comments on the draft indemnity and note, and will forward those shortly. We will also reach out to Energy Legal to ask who their clients are, and initiate the conversation between the Energy policy staff and yourselves. Energy Legal has asked us what our timeline is, and I indicated that we would need to discuss with you before being able to give such an indication.
Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
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CONFIDENTIAL AND PRIVILEGED LEGAL ADVICE – June 6, 2017

FAA 11.3 provides that no agreement or undertaking shall be entered into in a fiscal year that would result in a charge to an appropriation for that fiscal year in excess of the amount available under that appropriation – every agreement that provides for the payment of money by the Crown is deemed to contain a provision that payment by the Crown of moneys that come due under the agreement shall be subject to an appropriation to which that payments can be charged being available in the fiscal year in which the payment becomes due or the payment having been charged to an appropriation for a previous fiscal year.

Any payment under the indemnity is subject to an appropriation being available. Does there need to be an appropriation available at the time of execution of the indemnity, if it is not expected that payments will be needed this year? Energy will need to obtain supplementary estimates if it doesn't have sufficient funds available if called upon to pay under the indemnity.

Comments/Questions:

OPG

1. Indemnity is in favour of OPG, OPG subs, and their directors, officers and employees (including if they are acting in a different capacity at request of Corporation). When might they be acting in a different capacity? What will the corporation ask? Will the "financing entity" be considered an OPG sub and benefit from this indemnity?
2. Do we know what the corporate structure of the financial entity is proposed to be, and who will be acting on behalf of the financial entity and in what capacity?
3. Has OPG given a standard indemnity to its directors and officers that would be called upon first before the indemnity from the Province?
4. What type of insurance does OPG have in place to cover possible risks both for itself and for its directors, officers and employees?
5. Overall it would be better if the business case for the request set out in more detail OPG's and its subs' expected roles in the implementation of the Fair Hydro Plan. Then it could identify which of those roles present the most risk and how the risk can be mitigated.
6. Is it expected that OPG might have to sign as promoter? What about Province? Would indemnified individuals be signing on behalf of OPG as promoter or on behalf of financial entity? What sorts of liability might OPG, its directors, officers and employees have here? Is it for misrepresentations in prospectus? Is there any other risk?
7. What is meant by the sentence "This risk arises in part because of the kind of market that OPG and IESO indirectly are to participate in and the steps that investors could take to protect their investments"? This should be elaborated.
8. What does OPG do as Financial Services Manager?
9. Need a better description of any pre-existing indemnities including OPG indemnity to directors/officers.

10. OPG's objects are amended to include new objects related to their new objects under the Fair Hydro Plan. Why is it considered that these activities might not be carried out in good faith or in the best interest of the corporation?
11. Why doesn't s. 39(2) extend to directors and officers as well? Was there a specific reason?
12. Are there any issues relating to US securities law and liabilities that the Province is being asked to indemnify that we should be considering?

Comments on actual wording of indemnity agreement, May 18, 2017

- Is it possible to limit the indemnity to specific named subs of OPG?
- Is 2nd recital "may face risk of liability due to or as a result of the Fair Hydro Plan" necessary?
- Par. 1 – how is a loss "indirectly" suffered?
- Par. 1 – covers all punitive and/or consequential damages and loss of profits and damages in respect of economic loss and/or loss of opportunity? Should OPG be covered for "loss of opportunity/economic loss? Should OPG be covered for what damages/payments it actually incurs or must pay as a result of these damages and suits?
- Explain, the capacity in which a director, officer or employee might be working?
- Par. 3(b) – "except to the extent that provision of same would cause the Protected party to lose its entitlement to claim privilege with respect to same" – how standard is this type of exclusion – not seen before.
- 7(b) – why would actions be take "on the Province's part" – just wondering whether this is necessary. Need to compare these reps to other agreements. 7(c) doesn't seem to be comprehensive as it does quality the availability of equitable remedies such as specific performance and injunction and execution not available against Crown.
- Need to think further about "due diligence" defense exception wording.

Prepared by MOF Legal – June 6, 2017

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Date:	Wednesday, April 26, 2017 7:49:36 PM

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Cc:	Thom, Trevor <Trevor.Thom@tdsecurities.com> (Trevor.Thom@tdsecurities.com)
Subject:	RE: Ontario Fair Hydro Plan - Equity Infusion
Date:	Wednesday, April 26, 2017 5:05:13 PM

Susan
I will check schedules and get back to you tomorrow.
Regards
Carlos

From: Thompson, Susan [mailto:Susan.Thompson@tdsecurities.com]
Sent: Wednesday, April 26, 2017 4:33 PM
To: Carlos Yep ; Holloway, Harold
Cc: Thom, Trevor
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion
Hi Carlos,
We are available at following times. As you know, Trevor is out tomorrow but I'm happy to coordinate if that date/time suits you best:
Thursday, April 27th: 10:30 – 11:30 am and 2:30 – 5:30 pm
Friday, April 28th: 2:00 – 4:00 pm
Tuesday, May 2nd: 10:00 am – 1:30 pm and 3:30 pm – 5:30 pm
Regards,
Susan

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Tuesday, April 25, 2017 1:47 PM
To: Holloway, Harold
Cc: Thom, Trevor; Thompson, Susan
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion
Hi Harold,
Thank you for the Capital Injection Discussion slides.
Can you advise your availability for a conference call this week and next week to discuss further and I will check with others in the OFA and Ministry of Energy .
Regards
Carlos

From: Thom, Trevor [mailto:Trevor.Thom@tdsecurities.com]
Sent: Tuesday, April 25, 2017 11:30 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Holloway, Harold <Harold.Holloway@tdsecurities.com>; Wolff, Michael <Michael.Wolff@tdsecurities.com>; Purkis, Brad <Brad.Purkis@tdsecurities.com>; Hilloowala, Maharukh <Maharukh.Hilloowala@tdsecurities.com>; Thompson, Susan <Susan.Thompson@tdsecurities.com>
Subject: Ontario Fair Hydro Plan - Equity Infusion
Mike & team – please see attached for our analysis on the capital injection.
Let us know when you would like to discuss further. We have a # of folks on the road this week, but happy to accommodate later in the week if that works.

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From: Mike Manning
To: William Tan
Subject: RE: Policy question re OFHP Credit Facility Agreement
Date: Tuesday, August 08, 2017 1:46:23 PM

Hi William:
I'm in agreement as per our phone call with Opal & Sarah and with Ken's thoughts as well.

Regards, Mike

From: William Tan
Sent: Tuesday, August 08, 2017 12:51 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement

Hello Mike,

Based on Ken's response would you still like me to arrange a call?

Thanks,

Will

From: Ken Kandeepan
Sent: Tuesday, August 08, 2017 10:47 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hi Will

I am little confused here, yes its unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.

As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation.

Thanks and I am cc'ing Siva and John the former is responsible for the OFA and the latter for the implementation of the Fair Hydro plan.

Ken k

From: William Tan
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To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement

Good morning Ken,

I hope you enjoyed the long weekend.
Do you agree with the current structure of the credit facility as unsecured?

Or would you like some additional back ground regarding this matter?

Thanks,

Will

From: John Kim
Sent: Friday, August 04, 2017 3:42 PM
To: William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

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I do want to copy Ken and Mike to ensure that they are onside, as well.

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Hello Bruno and John,

If you wish, I can arrange a call between legal and CEFD today.

From: Lisa Stein
Sent: Friday, August 04, 2017 2:36 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Policy question re OFHP Credit Facility Agreement
Importance: High

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In terms of the intercept provisions, which are required pursuant to s. 23 of CIPA, I have asked Toby from MOF Legal if they are aware of any agreement between the Ministry of Energy and the IESO agreeing that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this loan agreement (as required by CIPA)? Are you aware of any such agreement? However, even if there were such an agreement in place, it is unclear to whether adding intercept provisions to the credit facility agreement, will provide further comfort. I plan to discuss this matter further with MOF Legal.

Based on the foregoing (and pending any additional information that Toby may obtain from his discussions with the Ministry of Energy), I defer the following question to CEFD staff:

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risk that this may entail)? This decision ultimately needs to be made by business/policy people.

- **If yes,** the next draft of the agreement will be available in the next day or so to send to IESO for review. I will work with MOF Legal to draft/leverage intercept provisions to mitigate this risk (as far as possible, based on the foregoing). We are also working on the permitted liens, *pari passu* and negative pledge provisions of the draft agreement, as previously discussed.

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Please do not hesitate to contact me if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From:	Mike Manning
To:	William Tan
Subject:	RE: Policy question re OFHP Credit Facility Agreement
Date:	Tuesday, August 08, 2017 1:00:54 PM

Hi William:
I was only looking to have a quick meeting with you and Opal, possibly Sarah as well.

Thanks, Mike

From: William Tan
Sent: Tuesday, August 08, 2017 12:51 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>
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****

From:	Mike Manning
To:	William Tan
Subject:	RE: Policy question re OFHP Credit Facility Agreement
Date:	Tuesday, August 08, 2017 10:41:25 AM

It wouldn't hurt to have a quick discussion on this matter. I expect unsecured is ok.

Mike

From: William Tan
Sent: Tuesday, August 08, 2017 10:21 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement

Good morning Mike,

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Do you agree with the current structure of the credit facility as unsecured?

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Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
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From:	Lisa Stein
To:	John Kim; William Tan; Bruno Amara
Cc:	Sarah Harris; Sarah Neville; Jean-Francois Beaupre; Ken Kandeepan; Mike Manning; Tobias P. Whitfield (MOF)
Subject:	RE: Policy question re OFHP Credit Facility Agreement
Date:	Friday, August 04, 2017 3:47:17 PM

Thank you. I agree that Ken and Mike should weigh in before we proceed.
Lisa

From: John Kim
Sent: Friday, August 04, 2017 3:42 PM
To: William Tan ; Bruno Amara
Cc: Sarah Harris ; Sarah Neville ; Jean-Francois Beaupre ; Lisa Stein ; Ken Kandeepan ; Mike Manning
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Cc: Sarah Harris; Sarah Neville; Jean-Francois Beaupre; Lisa Stein; Ken Kandeepan; Mike Manning
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Hi Bruno and John,
I have some additional information pertaining to the structure of the OFA loan to IESO re: OFHP. While this information adds context, it doesn't address the policy question of whether an unsecured loan is appropriate (based on the extent of the insolvency risk) for this regulatory asset.
The current draft FHP Credit Facility Agreement is consistent with the OFA Lending Policy (last revised and approved April 16, 2010 – *status TBC*), which provides that except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision) in respect of loans made by the OFA to public bodies (IESO is a public body for the purposes of CIPA). As such, the structure of this loan is consistent with the Policy (subject to my note below re: intercept provision). In my review of the supporting policy documentation, including the LRC minute, I didn't see any reference to a secured lending structure and I don't believe that there is any direction requiring this to be a secured loan. That being said, I query whether OFA CEFD staff are comfortable with this approach (see below).
In terms of the intercept provisions, which are required pursuant to s. 23 of CIPA, I have asked Toby from MOF Legal if they are aware of any agreement between the Ministry of Energy and the IESO agreeing that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this loan agreement (as required by CIPA)? Are you aware of any such agreement? However, even if there were such an agreement in place, it is unclear to whether adding intercept provisions to the credit facility agreement, will provide further comfort. I

plan to discuss this matter further with MOF Legal.

Based on the foregoing (and pending any additional information that Toby may obtain from his discussions with the Ministry of Energy), I defer the following question to CEFD staff:

Are you comfortable with the current structure of this loan as an unsecured loan (and the risk that this may entail)? This decision ultimately needs to be made by business/policy people.

- **If yes,** the next draft of the agreement will be available in the next day or so to send to IESO for review. I will work with MOF Legal to draft/leverage intercept provisions to mitigate this risk (as far as possible, based on the foregoing). We are also working on the permitted liens, *pari passu* and negative pledge provisions of the draft agreement, as previously discussed.
- **If no,** additional Ministerial/TB direction, and a new legal agreement (likely with the assistance of external legal counsel) will be required. This will take additional time.

Please do not hesitate to contact me if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From:	William Tan
To:	Mike Manning
Subject:	RE: Policy question re OFHP Credit Facility Agreement
Date:	Tuesday, August 08, 2017 1:46:41 PM

Thank you Mike.

From: Mike Manning
Sent: Tuesday, August 08, 2017 1:46 PM
To: William Tan
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hi William:

I'm in agreement as per our phone call with Opal & Sarah and with Ken's thoughts as well.

Regards, Mike

From: William Tan
Sent: Tuesday, August 08, 2017 12:51 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement

Hello Mike,

Based on Ken's response would you still like me to arrange a call?

Thanks,

Will

From: Ken Kandeepan
Sent: Tuesday, August 08, 2017 10:47 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hi Will

I am little confused here, yes its unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.

As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation.

Thanks and I am cc'ing Siva and John the former is responsible for the OFA and the latter for the implementation of the Fair Hydro plan.

Ken k

From: William Tan
Sent: Tuesday, August 08, 2017 10:21 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement

Good morning Ken,

I hope you enjoyed the long weekend.

Do you agree with the current structure of the credit facility as unsecured?

Or would you like some additional back ground regarding this matter?

Thanks,
Will

From: John Kim
Sent: Friday, August 04, 2017 3:42 PM
To: William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hi Lisa, William,
I am OK as long as the proposed approach is consistent with OFA's lending policy and practices. We have generally not opined on the details of the lending agreement, as we have been communicating. I do want to copy Ken and Mike to ensure that they are onside, as well.
Thanks,
John

From: William Tan
Sent: Friday, August 04, 2017 3:24 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hello Bruno and John,
If you wish, I can arrange a call between legal and CEFD today.

From: Lisa Stein
Sent: Friday, August 04, 2017 2:36 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Policy question re OFHP Credit Facility Agreement
Importance: High

Hi Bruno and John,
I have some additional information pertaining to the structure of the OFA loan to IESO re: OFHP. While this information adds context, it doesn't address the policy question of whether an unsecured loan is appropriate (based on the extent of the insolvency risk) for this regulatory asset.
The current draft FHP Credit Facility Agreement is consistent with the OFA Lending Policy (last revised and approved April 16, 2010 – *status TBC*), which provides that except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision) in respect of loans made by the OFA to public bodies (IESO is a public body for the purposes of CIPA). As such, the structure of this loan is consistent with the Policy (subject to my note below re: intercept provision). In my review of the supporting policy documentation, including the LRC minute, I didn't see any reference to a secured lending structure and I don't believe that there is any direction requiring this to be a secured loan. That being said, I query whether OFA CEFD staff are comfortable with this approach (see below).
In terms of the intercept provisions, which are required pursuant to s. 23 of CIPA, I have asked Toby

from MOF Legal if they are aware of any agreement between the Ministry of Energy and the IESO agreeing that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this loan agreement (as required by CIPA)? Are you aware of any such agreement? However, even if there were such an agreement in place, it is unclear to whether adding intercept provisions to the credit facility agreement, will provide further comfort. I plan to discuss this matter further with MOF Legal.

Based on the foregoing (and pending any additional information that Toby may obtain from his discussions with the Ministry of Energy), I defer the following question to CEFD staff:

Are you comfortable with the current structure of this loan as an unsecured loan (and the risk that this may entail)? This decision ultimately needs to be made by business/policy people.

- **If yes,** the next draft of the agreement will be available in the next day or so to send to IESO for review. I will work with MOF Legal to draft/leverage intercept provisions to mitigate this risk (as far as possible, based on the foregoing). We are also working on the permitted liens, *pari passu* and negative pledge provisions of the draft agreement, as previously discussed.
- **If no,** additional Ministerial/TB direction, and a new legal agreement (likely with the assistance of external legal counsel) will be required. This will take additional time.

Please do not hesitate to contact me if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From:	John Kim
To:	Lisa Stein; Ken Kandeepan; Sarah Harris
Cc:	Bruno Amara; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; Gavin He; Anna Strathy; Kenneth Russell
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Tuesday, August 15, 2017 1:16:28 PM

Hi Lisa,
I was having a discussion with Ken R. on another matter (the equity injection discussion) and had a discussion with him about this issue. Here are some observations:
We know that the IESO is a public body for the purpose of the CIPA. And I understand that in the absence of this designation, the OFA would not be able to make loans to the IESO.
The intercept provision, I understand, is common in OFA loan arrangements or required under the OFA Lending Policy. Given that the intercept provision allows the OFA to access payments from the Province to OFA borrowers in the event of a default and that the IESO receives no such funding from the Province (the IESO is ratepayer-funded), would there still be any relevance in having or requiring the intercept provision? If we agree that there is no relevance, then would you reasonably arrive at the conclusion that seeking the direction from the Minister is not required?
The Minister, I understand, is away until September.
Happy to chat or hear comments.
Thanks,
John

From: Lisa Stein
Sent: Friday, August 11, 2017 9:58 AM
To: Ken Kandeepan ; Sarah Harris
Cc: Bruno Amara ; Mike Manning ; Opal Kandelas ; Tobias P. Whitfield (MOF) ; William Tan ; John Kim ; Gavin He ; Anna Strathy
Subject: RE: Policy questions re OFHP Credit Facility Agreement
Hello all. Just to clarify, the OFA Lending Policy provides that the OFA will generally lend on an unsecured basis in respect of loans made by the OFA to public bodies, unless otherwise directed. As such, no further direction/waiver is required to provide an unsecured loan to the IESO. However, the Policy also requires that, pursuant to s. 23 of CIPA, the intercept provisions (and accompanying MOU, etc.) must be included in unsecured OFA loan agreements except where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, in this case, as it has now been determined that the intercept provisions are not required, I will work with MOF Legal to obtain the required Ministerial direction waiving the Policy requirement to include these provisions.
Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320
****
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****

From: Ken Kandeepan
Sent: Friday, August 11, 2017 9:40 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>

Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Perfect, thank you very much

Ken k

From: Sarah Harris
Sent: Friday, August 11, 2017 9:35 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Thanks for clarifying the approach on this matter.

Based on this, we will not be seeking a security interest in the Regulatory Asset and will be seeking a directive ASAP for an exemption from inclusion of the intercept provision in the $2B FHP facility. We will inform IESO that current $975 million facility will be used for funding draws until such time as we are able execute the new $2B FHP facility.

Thanks,

Sarah

From: Ken Kandeepan
Sent: Thursday, August 10, 2017 5:12 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Sarah

Thanks for clear detailed email with good questions, however, instead of responding to each of the questions, I am going back to my earlier premise that none of the loans currently on the OFA loan book have any kind of security attached to them. A good example is the current line of credit extended to the IESO for $975 million. Given this I am very reluctant to impose a security requirement the proposed $2 billion facility to the IESO from the Province.

I understand that the security requirement which is part of the OFA lending policy can waived with ministerial approval, I suggest that it be obtained as soon as possible. If there are delays in obtaining this approval, especially since the minister will be on vacation from the end of this week onwards, I also suggest, if possible the previous facility of $975 million continue until the new facility is in place. This will allow IESO to fund any regulatory assets created in the intervening period.

I have discussed my proposed approach with Gadi, who is supportive.
Thanks
Ken k

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;

2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;

3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;

4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

> *"Dear Anthony,*
>
> *My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?*
>
> - *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
> - *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
> - *[Include additional questions]*
>
> *I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.*
>
> *Best regards,"*

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution

of the FHP facility will take longer than expected, likely taking an additional number of weeks.
If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.
If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.
Thanks
Sarah

From: Ken Kandeepan
Sent: Wednesday, August 09, 2017 1:54 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Policy questions re OFHP Credit Facility Agreement
Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.
It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.
Thanks
Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

> Hi Sarah
> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
> But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?
> I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
> Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific

terms and conditions to be set out in the Agreement.
Bruno

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:58 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.
Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,
Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or

other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	Lisa Stein
To:	Ken Kandeepan; Sarah Harris
Cc:	Bruno Amara; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; John Kim; Gavin He; Anna Strathy
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Friday, August 11, 2017 9:57:38 AM

Hello all. Just to clarify, the OFA Lending Policy provides that the OFA will generally lend on an unsecured basis in respect of loans made by the OFA to public bodies, unless otherwise directed. As such, no further direction/waiver is required to provide an unsecured loan to the IESO. However, the Policy also requires that, pursuant to s. 23 of CIPA, the intercept provisions (and accompanying MOU, etc.) must be included in unsecured OFA loan agreements except where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, in this case, as it has now been determined that the intercept provisions are not required, I will work with MOF Legal to obtain the required Ministerial direction waiving the Policy requirement to include these provisions.
Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320
****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From: Ken Kandeepan
Sent: Friday, August 11, 2017 9:40 AM
To: Sarah Harris
Cc: Lisa Stein ; Bruno Amara ; Mike Manning ; Opal Kandelas ; Tobias P. Whitfield (MOF) ; William Tan ; John Kim ; Gavin He ; Anna Strathy
Subject: RE: Policy questions re OFHP Credit Facility Agreement
Perfect, thank you very much
Ken k

From: Sarah Harris
Sent: Friday, August 11, 2017 9:35 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement
Hi Ken,
Thanks for clarifying the approach on this matter.
Based on this, we will not be seeking a security interest in the Regulatory Asset and will be seeking a directive ASAP for an exemption from inclusion of the intercept provision in the $2B FHP facility. We will inform IESO that current $975 million facility will be used for funding draws until such time as we are able execute the new $2B FHP facility.
Thanks,

Sarah

From: Ken Kandeepan
Sent: Thursday, August 10, 2017 5:12 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Sarah

Thanks for clear detailed email with good questions, however, instead of responding to each of the questions, I am going back to my earlier premise that none of the loans currently on the OFA loan book have any kind of security attached to them. A good example is the current line of credit extended to the IESO for $975 million. Given this I am very reluctant to impose a security requirement the proposed $2 billion facility to the IESO from the Province.

I understand that the security requirement which is part of the OFA lending policy can waived with ministerial approval, I suggest that it be obtained as soon as possible. If there are delays in obtaining this approval, especially since the minister will be on vacation from the end of this week onwards, I also suggest, if possible the previous facility of $975 million continue until the new facility is in place. This will allow IESO to fund any regulatory assets created in the intervening period.

I have discussed my proposed approach with Gadi, who is supportive.

Thanks

Ken k

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges

consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;
2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;
3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;
4 – The IESO repays the OFA for the loan.
Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
- *[Include additional questions]*

I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility

prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

Thanks

Sarah

From: Ken Kandeepan

Sent: Wednesday, August 09, 2017 1:54 PM

To: Bruno Amara <Bruno.Amara@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>

Subject: Re: Policy questions re OFHP Credit Facility Agreement

Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.

It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.

Thanks

Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

> Hi Sarah
> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
> But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?
> I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
> Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.
> Bruno
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Wednesday, August 09, 2017 10:58 AM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: Policy questions re OFHP Credit Facility Agreement
> Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.
> Lisa
>
> ---
>
> **From:** Sarah Harris
> **Sent:** Wednesday, August 09, 2017 10:37 AM
> **To:** Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF)

<Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,

Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of

intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.
Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

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In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.

- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
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Tobias Whitfield
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Phone: 416-325-1456

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From:	Ken Kandeepan
To:	Sarah Harris
Cc:	Lisa Stein; Bruno Amara; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; John Kim; Gavin He; Anna Strathy
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Friday, August 11, 2017 9:39:59 AM

Perfect, thank you very much
Ken k

From: Sarah Harris
Sent: Friday, August 11, 2017 9:35 AM
To: Ken Kandeepan
Cc: Lisa Stein ; Bruno Amara ; Mike Manning ; Opal Kandelas ; Tobias P. Whitfield (MOF) ; William Tan ; John Kim ; Gavin He ; Anna Strathy
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,
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I have discussed my proposed approach with Gadi, who is supportive.
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Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

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4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

> *"Dear Anthony,*
>
> *My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?*
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> - *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
> - *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
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> *I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.*
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> *Best regards,"*

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.
Thanks
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From: Ken Kandeepan
Sent: Wednesday, August 09, 2017 1:54 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Policy questions re OFHP Credit Facility Agreement
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It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.
Thanks
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Sent from my iPhone

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> Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.
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Sent: Wednesday, August 09, 2017 10:58 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.

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Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,

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Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place

such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	Sarah Harris
To:	Ken Kandeepan
Cc:	Lisa Stein; Bruno Amara; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; John Kim; Gavin He; Anna Strathy
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Friday, August 11, 2017 9:34:53 AM

Hi Ken,
Thanks for clarifying the approach on this matter.
Based on this, we will not be seeking a security interest in the Regulatory Asset and will be seeking a directive ASAP for an exemption from inclusion of the intercept provision in the $2B FHP facility. We will inform IESO that current $975 million facility will be used for funding draws until such time as we are able execute the new $2B FHP facility.
Thanks,
Sarah

From: Ken Kandeepan
Sent: Thursday, August 10, 2017 5:12 PM
To: Sarah Harris
Cc: Lisa Stein ; Bruno Amara ; Mike Manning ; Opal Kandelas ; Tobias P. Whitfield (MOF) ; William Tan ; John Kim ; Gavin He ; Anna Strathy
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Sarah
Thanks for clear detailed email with good questions, however, instead of responding to each of the questions, I am going back to my earlier premise that none of the loans currently on the OFA loan book have any kind of security attached to them. A good example is the current line of credit extended to the IESO for $975 million. Given this I am very reluctant to impose a security requirement the proposed $2 billion facility to the IESO from the Province.
I understand that the security requirement which is part of the OFA lending policy can waived with ministerial approval, I suggest that it be obtained as soon as possible. If there are delays in obtaining this approval, especially since the minister will be on vacation from the end of this week onwards, I also suggest, if possible the previous facility of $975 million continue until the new facility is in place. This will allow IESO to fund any regulatory assets created in the intervening period.
I have discussed my proposed approach with Gadi, who is supportive.
Thanks
Ken k

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,
Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA

needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;

2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;

3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;

4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to

be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
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I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

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<u>General Note re: Timing Impact of Intercept Provision</u>

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made <u>not</u> to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

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- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
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Phone: 416-325-1456

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From:	Ken Kandeepan
To:	Sarah Harris
Cc:	Lisa Stein; Bruno Amara; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; John Kim; Gavin He; Anna Strathy
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Thursday, August 10, 2017 5:11:52 PM

Hi Sarah
Thanks for clear detailed email with good questions, however, instead of responding to each of the questions, I am going back to my earlier premise that none of the loans currently on the OFA loan book have any kind of security attached to them. A good example is the current line of credit extended to the IESO for $975 million. Given this I am very reluctant to impose a security requirement the proposed $2 billion facility to the IESO from the Province.
I understand that the security requirement which is part of the OFA lending policy can waived with ministerial approval, I suggest that it be obtained as soon as possible. If there are delays in obtaining this approval, especially since the minister will be on vacation from the end of this week onwards, I also suggest, if possible the previous facility of $975 million continue until the new facility is in place. This will allow IESO to fund any regulatory assets created in the intervening period.
I have discussed my proposed approach with Gadi, who is supportive.
Thanks
Ken k

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan
Cc: Lisa Stein ; Bruno Amara ; Mike Manning ; Opal Kandelas ; Tobias P. Whitfield (MOF) ; William Tan ; John Kim ; Gavin He
Subject: RE: Policy questions re OFHP Credit Facility Agreement
Hi Ken,
Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.
Security Interest - Background
In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:
1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;
2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;
3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the

asset free and clear of any security interest;

4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

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Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
- *[Include additional questions]*

I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

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General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

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If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

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Sent: Wednesday, August 09, 2017 1:54 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Policy questions re OFHP Credit Facility Agreement

Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.

It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.

Thanks

Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

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Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.
Bruno

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:58 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement
Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.
Lisa

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Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High
Hello Bruno and John,
In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security

interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,

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From: Lisa Stein
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Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM

To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

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Cc:	Lisa Stein; Bruno Amara; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; John Kim; Gavin He
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Thursday, August 10, 2017 11:55:51 AM
Attachments:	OFA Lending Policy Final (April 16 2010).pdf

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The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

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I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying

facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
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    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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OFA LENDING POLICY

Approved:	**April 11, 2008**
Revised and approved:	**April 16, 2010**

SCOPE

The Ontario Financing Authority (OFA) is a crown corporation that has the statutory authority to lend to public bodies under the *Capital Investment Plan Act (CIPA).*

Public bodies are defined in CIPA as Crown agencies, hospitals and any other facilities receiving capital funding from the Minister of Health and Long-Term Care, municipalities, universities that receive operating funds from the Province, colleges of applied arts and technology, school boards, and any other entity named or described as a public body in the regulations which as of this date include the Deposit Insurance Corporation of Ontario, the Ontario Pension Benefits Guarantee Fund and the Law Society of Upper Canada and the Ontario Power Authority.

This policy addresses lending activities to public bodies undertaken where the OFA is acting as an intermediary on behalf of the Province.

AMENDMENTS

This policy replaces the OFA lending policy that was approved by the OFA Board of Directors on April 11, 2008.

Any amendments or exceptions to this policy must be approved by the OFA Board of Directors.

POLICY FRAMEWORK

On June 21, 2007, the government approved a new framework for financing public bodies that are consolidated on the Province's financial statements. Consolidated public bodies include school boards, colleges, hospitals and corporations, boards and commissions.

Generally, the policy framework mandates the OFA to provide long-term financing for capital purposes to school boards, colleges and hospitals, as well as to Provincial corporations, boards and commissions who borrow as agents of the Crown, where the financing is recommended by the responsible ministry.

The policy framework also mandates the OFA to charge a cost recovery rate for all loans to public bodies, and a proxy commercial rate where the project is deemed to be commercial in nature. Determinations as to the nature of the project are to be made by the OFA in consultation with the recommending ministry.

TYPE OF FINANCING

The policy framework mandates the OFA to provide long-term financing to public bodies, which will be undertaken on a fixed rate or variable rate basis. Except where the Minister of Finance, Treasury Board or Cabinet determines there is a significant benefit to the public body or to the Province, the OFA will not provide:

1. Short-term financing for operating or working capital purposes.

2. Construction financing where capital projects require significant project monitoring expertise to keep construction running on time and on budget.

3. Financing to consolidated corporations, boards and commissions that are not Crown agents.

LOAN APPROVALS

1. The OFA will only advance a loan to a public body where the Minister of Finance, Treasury Board or Cabinet expressly directs or approves the OFA to advance a loan to a public body.

2. Where the Minister of Finance, Treasury Board or Cabinet expressly directs or approves the OFA to advance a loan to a public body, no further Board approval is required.

3. The OFA Board shall annually review a borrowing and on-lending plan (the OFA's Annual Borrowing and On-Lending Plan), which shall include the OFA's annual borrowing requirements from the Province and projected on-lending activities to Ontario public bodies for the year. As part of its review, the OFA Board shall approve the OFA's cost recovery spread and proxy commercial interest rate spreads related to the OFA's annual lending activities to public bodies.

4. The OFA Board will be advised at its next regularly scheduled meeting of any deviations from the OFA's Annual Borrowing and On-Lending Plan.

LENDING DIRECTIVE

The OFA will prepare an annual lending directive for the Minister of Finance's consideration based on the proposed loans in the OFA's Annual Borrowing and On-Lending Plan which require consent under Section 28 of the *Financial Administration Act* ("FAA") or which are to be made to School Boards. The lending directive will expressly direct or approve the OFA to advance these loans to public bodies for the fiscal year. The lending directive will include the maximum authorized amount of the loans to individual borrowers or the maximum amount of all the loans to a group of borrowers, such as School Boards or Community Colleges, and where possible, the borrower's name and the specific purpose(s) for which the loans are required, with the other terms and

conditions of the loans being delegated to the CEO of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them for approval.

The OFA will prepare specific lending directives for consideration by Minister of Finance for proposed loans in the the OFA's Annual Borrowing and On-Lending Plan which do not require consent under Section 28 of the FAA, other than loans to School Boards, at the time that the requests for the OFA to enter into such loans are being processed.

CONDITIONS PRECEDENT

Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, and prior to the OFA making any loan to a public body, the OFA will:

1. Receive and review the public body's loan request as submitted and recommended by the responsible ministry.

2. Determine the public body's ability to repay the loan by relying on information submitted by the responsible ministry and public body, which may include information on the capital project, business case, cash flow projections and audited financial statements, and such other information as may be required.

3. Where required, ensure that the responsible ministry or public body has obtained prior written approval for the proposed loan pursuant to Section 28 of the FAA. The CEO of the OFA will not act as the delegate of the Minister of Finance to provide approval under Section 28 of the FAA for a loan when the OFA is the lender.

4. Evaluate the underlying risk of the project in order to determine if the project is commercial in nature, and if so establish an appropriate proxy commercial basis points spread to charge the public body as approved by the OFA Board (see "Proxy Commercial Rate").

5. Enter into a loan agreement with the public body containing terms and conditions consistent with the lending directive and satisfactory to the CEO of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them , including appropriate (i) positive and negative covenants of the public body, (ii) representations and warranties by the public body, (iii) conditions precedent, (iv) remedies upon default provisions, (v) reporting provisions, (vi) event of default provisions, and (vii) intercept provisions.

6. Ensure that it has an appropriate intercept in place for the loan (see "Intercept").

SECURITY

Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision, as provided below) in respect of loans made by the OFA to public bodies.

INTERCEPT

Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet:

1. Pursuant to section 23 of the *Capital investment Plan Act* and prior to any loan agreement entered into between the OFA and a public body, such public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA. In addition, the public body is to agree that any notice from the OFA to the Minister of Finance in relation to its failure to pay under its loan agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

2. Prior to recommending to the Minister of Finance that the intercept be exercised, the OFA will raise the issue with the responsible ministry and seek the ministry's support in getting the public body to pay the amounts owing within a reasonable cure period.

3. Should the public body not cure the default within a reasonable period of time, the OFA will give written notice to the Minister of Finance, with a copy to the responsible ministry, of a public body's failure to pay under its loan agreement and requesting the deduction of amounts equal to the amounts that a public body has failed to pay under its loan agreement.

4. Prior to any loan agreement entered into between the OFA and a public body, the responsible ministry is to covenant and agree that, upon receipt of notice from the OFA that a public body has failed to pay in accordance with the provisions of its loan agreement, the responsible ministry will provide all information requested by the OFA respecting amounts appropriated by the Legislature for payment to the public body including the intended purpose and expected timing of such payments to be made by the responsible ministry. Upon request, the responsible ministry agrees to provide similar information to the Minister of Finance.

5. Prior to any loan agreement entered into between the OFA and a public body, the responsible ministry is to acknowledge and agree that, upon receipt of a direction from the Minister of Finance, that an amount is to be deducted from

money appropriated by the Legislature for payment to the public body, the responsible ministry will take all necessary action required by it in order to effect such deduction in accordance with the Minister of Finance's direction and pay the amount to the OFA at the time specified.

COST RECOVERY

1. The OFA will recover its lending costs by charging public bodies a rate equal to the **Province's total cost of funds**, which will include the Province's direct borrowing costs (including commissions) as well as a spread to cover all costs related to the upfront and ongoing loan monitoring and administration of the OFA's lending activities.

2. The OFA will use a **basis-points-spread (bps) based cost recovery methodology** to recover the costs of its direct borrowing and on-lending activities. The costs relate to both the upfront and ongoing loan monitoring and administration and are expressed in terms of basis points per annum and will be recovered over the term of the loan.

3. The annual basis-point spread charged to public bodies for cost recovery shall be approved by the OFA Board and included in the OFA's Annual Borrowing and On-Lending Plan. The Capital Markets Treasury Division of the OFA, with the assistance of Internal Audit, will conduct an annual review to ensure that the cost recovery methodology is appropriate and that there are no significant under/over- recoveries that may require management's corrective action.

PROXY COMMERCIAL RATE

1. In addition to charging the Province's total cost of funds, the OFA will charge a proxy commercial basis points spread for projects that are commercial in nature in order to better reflect the costs of the underlying risk for financing of such projects. The proxy commercial basis points spread will be added to the Province's total cost of funds and recovered over the term of the loan. Loans are deemed to be commercial in nature where generally less than 50% of the operating revenues generated by the underlying project are attributable to government sources.

2. The methodology for determining proxy commercial basis points spreads (including the amount(s) of these spreads) charged to public bodies for projects deemed commercial in nature shall be approved by the OFA Board and included in the OFA's Annual Borrowing and On-Lending Plan. Proxy commercial basis points spreads will also be re-evaluated (and, if deemed necessary, reset upon approval of the OFA Board) in situations where there are significant changes to fixed income credit spreads. The OFA Corporate Finance Branch is responsible for recommending any changes to the

methodology or spread resets to the OFA Board, while the Capital Markets Division is responsible for informing the Corporate Finance Branch of any significant changes to fixed income credit spreads.

REPORTING REQUIREMENTS

1. A report outlining the status of all outstanding loans will be tabled with the OFA Board annually (the OFA's Annual Borrowing and On-Lending Plan) and at such other times as the OFA Board requests.

2. For each loan outstanding, such report will identify: the borrower, the purpose of the loan, the principal amount outstanding, and such other information as the OFA Board may request.

3. All OFA loans to public bodies will continue to be annually reported in the notes to the OFA's audited financial statements as disclosed in the OFA's Annual Report.

From:	Bruno Amara
To:	Sarah Harris; Lisa Stein
Cc:	Mike Manning; Ken Kandeepan; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; John Kim; Gavin He
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Wednesday, August 09, 2017 1:46:29 PM

Hi Sarah

Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.

But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?

I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.

Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.

Bruno

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:58 AM
To: Sarah Harris ; Bruno Amara ; John Kim
Cc: Mike Manning ; Ken Kandeepan ; Opal Kandelas ; Tobias P. Whitfield (MOF) ; William Tan
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.

Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.
As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,

Sarah

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Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could

happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

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In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
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    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
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Phone: 416-325-1456

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From:	Lisa Stein
To:	Sarah Harris; Bruno Amara; John Kim
Cc:	Mike Manning; Ken Kandeepan; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Wednesday, August 09, 2017 10:57:53 AM

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Sent: Wednesday, August 09, 2017 10:37 AM
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Cc: Mike Manning ; Ken Kandeepan ; Opal Kandelas ; Lisa Stein ; Tobias P. Whitfield (MOF) ; William Tan
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Counsel, Legal Services Branch
Ministry of Finance
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Phone: 416-325-1456

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From:	Lisa Stein
To:	John Kim; Ken Kandeepan; Sarah Harris
Cc:	Bruno Amara; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; Gavin He; Anna Strathy; Kenneth Russell
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Tuesday, August 15, 2017 1:54:17 PM

Hi John,

As I've noted in my e-mail below, in order for the intercept provisions to be excluded from a loan agreement for an unsecured loan provided by the OFA to a public body, the OFA Lending Policy requires direction from the Minister, Treasury Board, or Cabinet. Toby and I have discussed the rationale that you have provided below, and we agree that it supports the business case for this direction.

Happy to discuss further.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From: John Kim
Sent: Tuesday, August 15, 2017 1:16 PM
To: Lisa Stein ; Ken Kandeepan ; Sarah Harris
Cc: Bruno Amara ; Mike Manning ; Opal Kandelas ; Tobias P. Whitfield (MOF) ; William Tan ; Gavin He ; Anna Strathy ; Kenneth Russell
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Lisa,

I was having a discussion with Ken R. on another matter (the equity injection discussion) and had a discussion with him about this issue. Here are some observations:

We know that the IESO is a public body for the purpose of the CIPA. And I understand that in the absence of this designation, the OFA would not be able to make loans to the IESO.

The intercept provision, I understand, is common in OFA loan arrangements or required under the OFA Lending Policy. Given that the intercept provision allows the OFA to access payments from the Province to OFA borrowers in the event of a default and that the IESO receives no such funding from the Province (the IESO is ratepayer-funded), would there still be any relevance in having or requiring the intercept provision? If we agree that there is no relevance, then would you reasonably arrive at the conclusion that seeking the direction from the Minister is not required?

The Minister, I understand, is away until September.

Happy to chat or hear comments.

Thanks,

John

From: Lisa Stein
Sent: Friday, August 11, 2017 9:58 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal

Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>

Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hello all. Just to clarify, the OFA Lending Policy provides that the OFA will generally lend on an unsecured basis in respect of loans made by the OFA to public bodies, unless otherwise directed. As such, no further direction/waiver is required to provide an unsecured loan to the IESO. However, the Policy also requires that, pursuant to s. 23 of CIPA, the intercept provisions (and accompanying MOU, etc.) must be included in unsecured OFA loan agreements except where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, in this case, as it has now been determined that the intercept provisions are not required, I will work with MOF Legal to obtain the required Ministerial direction waiving the Policy requirement to include these provisions.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: Ken Kandeepan

Sent: Friday, August 11, 2017 9:40 AM

To: Sarah Harris <Sarah.Harris@ofina.on.ca>

Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>

Subject: RE: Policy questions re OFHP Credit Facility Agreement

Perfect, thank you very much

Ken k

From: Sarah Harris

Sent: Friday, August 11, 2017 9:35 AM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>

Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>

Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Thanks for clarifying the approach on this matter.

Based on this, we will not be seeking a security interest in the Regulatory Asset and will be seeking a directive ASAP for an exemption from inclusion of the intercept provision in the $2B FHP facility. We will inform IESO that current $975 million facility will be used for funding draws until such time as we

are able execute the new $2B FHP facility.
Thanks,
Sarah

From: Ken Kandeepan
Sent: Thursday, August 10, 2017 5:12 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Sarah
Thanks for clear detailed email with good questions, however, instead of responding to each of the questions, I am going back to my earlier premise that none of the loans currently on the OFA loan book have any kind of security attached to them. A good example is the current line of credit extended to the IESO for $975 million. Given this I am very reluctant to impose a security requirement the proposed $2 billion facility to the IESO from the Province.
I understand that the security requirement which is part of the OFA lending policy can waived with ministerial approval, I suggest that it be obtained as soon as possible. If there are delays in obtaining this approval, especially since the minister will be on vacation from the end of this week onwards, I also suggest, if possible the previous facility of $975 million continue until the new facility is in place. This will allow IESO to fund any regulatory assets created in the intervening period.
I have discussed my proposed approach with Gadi, who is supportive.
Thanks
Ken k

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,
Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.
Security Interest - Background
In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;

2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;

3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;

4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
- *[Include additional questions]*

I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

Thanks

Sarah

From: Ken Kandeepan

Sent: Wednesday, August 09, 2017 1:54 PM

To: Bruno Amara <Bruno.Amara@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>

Subject: Re: Policy questions re OFHP Credit Facility Agreement

Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.

It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well

as issue debt in the capital markets.
Thanks
Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

> Hi Sarah
> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
> But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?
> I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
> Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.
> Bruno
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Wednesday, August 09, 2017 10:58 AM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: Policy questions re OFHP Credit Facility Agreement
> Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.
> Lisa
>
> ---
>
> **From:** Sarah Harris
> **Sent:** Wednesday, August 09, 2017 10:37 AM
> **To:** Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan

<Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,

Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be

minimal.
Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.
Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,
I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.
The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.
I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.
I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.
In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an

intercept, and that other Provincial loans to public bodies or other groups may be secured.

- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	Ken Kandeepan
To:	Carlos Yep
Cc:	John Psinas; John Kim; Bruno Amara; Mike Manning; James Devine
Subject:	RE: Proforma FHP Debt with july 4,2017 rates + spreads
Date:	Sunday, July 09, 2017 12:33:42 PM

Hi Carlos

This is very good and if you and Mike et al, agree I suggest that we have a meeting with Gadi and appraise him of OPG's potential earnings on the 44% equity injection and raise the question of whether an additional Asset Management Fee is in fact required. If he is agreeable we can then pass it on to Scott Nelms who can communicate this message to OPG.

Thanks

Ken k

From: Carlos Yep
Sent: Friday, July 07, 2017 1:54 PM
To: Ken Kandeepan ; John Psinas ; John Kim ; Bruno Amara ; Mike Manning ; James Devine
Subject: Proforma FHP Debt with july 4,2017 rates + spreads

Ken,

I have projected out the FHP debt that grows to $28B before it starts to get reduced using John Kim's estimates

Assumptions used:

Debt is 30yrs

OPG Spread survey @ July 4, 2017: 30y @ GoC+152bp (or 72 over Ont)

Ontario spreads for 30y @72bps

Canada rates stay constant and GoC 30yrs @ 2.20% as of July 4,2017

Spread on tranche1, 2, 3

Tranche 1 = senior debt =GoC+152 ie same os OPG

Tranche 2= sub-debt =GoC+252

Tranche 3= junior sub debt =GoC+352

Here are some of the results over the time horizon:

1/Performance max fee on new marginal debt = **$14M** in total over the next 11 yrs (max $1.7M)

2/Basic fee on total debt outstanding @ 5bps = **$259M** in total over the next 30 yrs (max $14M)

3/OPG's interest income on the 44% equity injection by the Province = **$11.0B** over 30 yrs

Ontario PDI interest = $**6.8B** over 30yrs

Deemed spread retained by OPG after deducting Ontario PDI = **$4.2B** over 30yrs

4/Total Trust **Interest Expense** = $**21.1B** over 30yrs

Regards

Carlos

From:	Nelms, Scott (MOF)
To:	Mike Manning
Subject:	RE: Provincial Guarantees
Date:	Sunday, June 04, 2017 8:12:23 PM

Do you want me to share the invite with Carolyn and Steve?

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: June-02-17 12:13 PM
To: Hanslep, Malle (MOF); Hirani, Anis (OFA); Yep, Carlos (OFA); Kandeepan, Ken (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF); Veinot, Cindy (TBS); Nelms, Scott (MOF); Montgomery, Kaitlin (MOF); Kim, John (OFA); Bruno Amara
Cc: Bell, Martine (OFA); Georgakakos, Angie (OFA)
Subject: RE: Provincial Guarantees
I would think so.
Mike

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, June 02, 2017 11:38 AM
To: Anis Hirani <Anis.Hirani@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Martine Bell <Martine.Bell@ofina.on.ca>; Angie Georgakakos <Angie.Georgakakos@ofina.on.ca>
Subject: RE: Provincial Guarantees
Thanks all. Is this meeting to be with Steve Ashbourne (Blakes) as well as Energy Legal (Tom McKinlay, Carolyn Calwell)?
-----Original Appointment-----
From: Anis Hirani [mailto:Anis.Hirani@ofina.on.ca]
Sent: June 2, 2017 11:36 AM
To: Manning, Mike (OFA); Yep, Carlos (OFA); Kandeepan, Ken (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); Veinot, Cindy (TBS); Nelms, Scott (MOF); Montgomery, Kaitlin (MOF); Kim, John (OFA); Bruno Amara
Cc: Bell, Martine (OFA); Georgakakos, Angie (OFA)
Subject: Provincial Guarantees
When: June 7, 2017 2:00 PM-3:30 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Boardroom Exec - 1 Dundas Street West, Suite 1400
Attendees
Mike Manning
Carlos Yep
Ken Kandeepan
Opal Kandelas
John Kim
Bruno Amara
Ronald Kwan
MOF Legal
Malle Hanslep
Tobias Whitfield
OPCD
Cindy Veinot
Energy
Scott Nelms

Kaitlin Montgomery
Contact: Anis Hirani (416) 325-5890

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From:	Mike Manning
To:	Malle Hanslep (MOF); Anis Hirani; Carlos Yep; Ken Kandeepan; Opal Kandelas; Tobias P. Whitfield (MOF); Veinot, Cindy (TBS); Scott Nelms (ENERGY); Montgomery, Kaitlin (MOF); John Kim; Bruno Amara
Cc:	Martine Bell; Angie Georgakakos
Subject:	RE: Provincial Guarantees
Date:	Friday, June 02, 2017 12:13:28 PM

I would think so.

Mike

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, June 02, 2017 11:38 AM
To: Anis Hirani <Anis.Hirani@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Martine Bell <Martine.Bell@ofina.on.ca>; Angie Georgakakos <Angie.Georgakakos@ofina.on.ca>
Subject: RE: Provincial Guarantees

Thanks all. Is this meeting to be with Steve Ashbourne (Blakes) as well as Energy Legal (Tom McKinlay, Carolyn Calwell)?

-----Original Appointment-----
From: Anis Hirani [mailto:Anis.Hirani@ofina.on.ca]
Sent: June 2, 2017 11:36 AM
To: Manning, Mike (OFA); Yep, Carlos (OFA); Kandeepan, Ken (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); Veinot, Cindy (TBS); Nelms, Scott (MOF); Montgomery, Kaitlin (MOF); Kim, John (OFA); Bruno Amara
Cc: Bell, Martine (OFA); Georgakakos, Angie (OFA)
Subject: Provincial Guarantees
When: June 7, 2017 2:00 PM-3:30 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Boardroom Exec - 1 Dundas Street West, Suite 1400

Attendees

Mike Manning
Carlos Yep
Ken Kandeepan
Opal Kandelas
John Kim
Bruno Amara
Ronald Kwan

MOF Legal

Malle Hanslep

Tobias Whitfield

OPCD

Cindy Veinot

Energy

Scott Nelms
Kaitlin Montgomery

Contact: Anis Hirani (416) 325-5890

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From:	Hanslep, Malle (MOF)
To:	Anis Hirani; Mike Manning; Carlos Yep; Ken Kandeepan; Opal Kandelas; Tobias P. Whitfield (MOF); Veinot, Cindy (TBS); Scott Nelms (ENERGY); Montgomery, Kaitlin (MOF); John Kim; Bruno Amara
Cc:	Martine Bell; Angie Georgakakos
Subject:	RE: Provincial Guarantees
Date:	Friday, June 02, 2017 11:38:11 AM

Thanks all. Is this meeting to be with Steve Ashbourne (Blakes) as well as Energy Legal (Tom McKinlay, Carolyn Calwell)?

-----Original Appointment-----
From: Anis Hirani [mailto:Anis.Hirani@ofina.on.ca]
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From:	Whitfield, Tobias P. (MOF)
To:	Anis Hirani; Mike Manning; Carlos Yep; Ken Kandeepan; Opal Kandelas; Malle Hanslep (MOF); Veinot, Cindy (TBS); Scott Nelms (ENERGY); Montgomery, Kaitlin (MOF); John Kim; Bruno Amara; Tom McKinlay (MAG); stephen.ashbourne@blakes.com
Cc:	Martine Bell; Angie Georgakakos; Carolyn Calwell (MCSS)
Subject:	RE: Provincial Guarantees
Date:	Tuesday, June 06, 2017 3:11:26 PM
Attachments:	FHP - Guarantee term sheet high level issues list - June 2.docx

---

In preparation for tomorrow's meeting please find attached a summary of issues with the draft term sheet, developed in conjunction with Energy Legal and based in part on our conversation with the Province's external counsel, Blakes.

Regards

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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To: Anis Hirani; Manning, Mike (OFA); Yep, Carlos (OFA); Kandeepan, Ken (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); Veinot, Cindy (TBS); Nelms, Scott (MOF); Montgomery, Kaitlin (MOF); Kim, John (OFA); Bruno Amara
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Confidential and Privileged Legal Advice

The below note is a summary of preliminary concerns with the draft term sheet for a Provincial Support Agreement (the "Guarantee") raised by MOF LSB, Ministry of Energy LSB and the Province's outside counsel, Blakes. The concerns are grouped in categories for convenience.

Beneficiaries – The Guarantee's description of proposed beneficiaries is very broad. The Guarantee provides that the legal beneficiary is the Indenture Trustee under the Master Trust Indenture on behalf of itself and all persons that have claims against the Financing Entity secured under the master trust indenture. This would include persons ranging from the Financial Services Manager (OPG) to holders of various types of debt and hedge counterparties. Because we have not seen a term sheet for the Master Trust Indenture, we cannot be sure of the actual extent of beneficiaries.

- Need to clarify which obligations the Province is being requested to guarantee and under what various agreements to determine scope and limit of guarantee.
- Should the subordinated notes (held by OPG) be guaranteed?
- Should the beneficiaries be limited to holders of the notes issued by the financing entity?
- Is there a term sheet for the proposed financing to be issued by the Financing Entity?
- Is there a request for a guarantee of payment on other back-up or ancillary borrowing and obligations other than those issued in the market?
- Is there a draft of the Master Trust Indenture?

Scope of Financial Guarantee – The proposed Guarantee is not restricted to any particular debt offering or related transaction. Rather, it is currently framed as a "program-wide" guarantee that encompasses any and all future transactions undertaken by OPG in connection with this initiative. This is too broad and the Guarantee should be limited to individual transactions and specified creditors, negotiated at the time of each transaction.

Term of Guarantee – Currently the Guarantee continues for one year beyond the last obligation to be repaid. This does not seem necessary and it should end when the last repayment is made.

Performance Guarantee – The province does not typically provide performance guarantees. Blakes noted that performance guarantees are quite typical in structured finance offerings and that they are generally regarded as being less onerous than an

outright payment guarantee (because the guarantor is only guaranteeing the performance of certain specified obligations, as opposed to the payment of the underlying obligation). Ultimately the performance guarantee may result in a payment if the Province cannot compel performance.

Usually a performance guarantee is given by a parent, where some of the obligations rely on the actions of subsidiaries. However, under the current structure of the Term Sheet, Ontario would be guaranteeing the performance obligations of Local Distribution Companies (LDCs) directly and since these are not akin to subsidiaries and the Province has very little authority to compel performance by LDCs, this type of guarantee could expose the Province to some difficulty if an LDC ever failed to perform. Therefore, it would be appropriate that the performance guarantee should be limited to the performance of the Independent Electricity System Operator (IESO). The IESO, on the other hand, may have direct relationships with the LDCs, and it may be more appropriate for some type of commitment for the performance of the LDCs to be made by the IESO.

Payment Guarantee – There are three triggers of this part of the guarantee: (1) changing the legislation or regulations to undermine the future payment stream constituting the regulatory asset; (2) the legislation and/or the fair hydro plan being deemed by a court to be unconstitutional or unenforceable; and (3) a liquidity problem that makes it impossible to continue financing the structure or to refinance maturing debt.

With respect to the changes in law, because the Fair Hydro Plan is modelled on some US transactions, a concern has arisen that there is no legal barrier in Canada to changing the law or passing a law that undermines the value of the regulatory asset and the repayment of the obligations. Therefore, it may be that a payment guarantee triggered by adverse legislative action would go a long way to reassure potential investors and he thought that this kind of assurance (at least in some form) will be necessary to support any transaction. However, the kinds of future legislative actions that would trigger a Payment Guarantee Event are framed in vague terms. This could mean that a Beneficiary of the guarantee would try to trigger the guarantee even where there was no repayment failure, but only upon a theoretical diminution in the value of the regulatory asset or some kind of timing issue that delays payment, but not in a material way that undermines the repayment capacity of the Financing Entity.

The second trigger, arising from a finding that the structure is unconstitutional or otherwise unenforceable at law, should also be narrowed to only apply to a “final, non-appealable decision”, otherwise a lower court ruling that is not upheld and does not

unwind the structure could trigger a claim on the guarantee even where there is no risk of payment default.

Similarly, Blakes suggested that the concept of "market disruption" in the Term Sheet is also too vague and would unreasonably expose the government to risks around future refinancing transactions (*i.e.*, by effectively requiring Ontario to be the "standby purchaser" of any securities in the case of a lack of liquidity in the financial markets). This is the type of risk that is probably best addressed at the time such a risk arises, as it is impossible to predict the context and effect of such an event.

The put option is of particular concern because the current model might allow noteholders to require the province to buy back their investments in response to regulatory amendments affecting the value of their investments in only incidental or immaterial ways. Blakes cautioned that we need to guard against providing a form of assurance that enables U.S. hedge funds to hold the government hostage for the next 30 years.

Further action items and questions:

- **Time Lines and Communication with OPG** – We need to understand where this Guarantee fits into the transaction and find out why it is moving forward at this early stage. The Province needs to communicate to OPG that the Province does not agree with this draft term sheet and is not implied to be something the Province is agreeing to at such a preliminary stage.

- **Market Demands** –What precisely is the market going to demand to support the transaction? The Province's interest would seem to be in providing the most limited guarantee that is both (i) necessary to support the transaction; and (ii) ensures the highest value for both ratepayers and taxpayers.

From:	Gadi Mayman
To:	Mike Manning
Cc:	Ken Kandeepan; Ronald Kwan; Anna Strathy; James Devine; Carlos Yep
Subject:	RE: Provincial Protection and Assurances - Fair Hydro Plan
Date:	Tuesday, August 08, 2017 3:11:53 PM

Thanks, Mike. It'd be great if we could come to ground on this on Thursday and pretty much have it settled coming out of the meeting, but I'm not going to get that optimistic yet.

Gadi

From: Mike Manning
Sent: Tuesday, August 08, 2017 3:11 PM
To: Gadi Mayman
Cc: Ken Kandeepan ; Ronald Kwan ; Anna Strathy ; James Devine ; Carlos Yep
Subject: Provincial Protection and Assurances - Fair Hydro Plan

Hi Gadi:

I talked to John Lee today regarding our upcoming meeting. His assessment is that the dealers will stick to the principles you outlined at the last meeting and provide some options for further consideration. John says the dealers are working on a one page summary that he will be able to send to us in advance of the meeting. He expects it will be more of a business issues meeting rather than a legal meeting. His goal will be to get clarity on the path going forward; understand the options and finalize a plan for moving forward. I expect the one pager may be available over the next day or so.

Mike

From:	Ken Kandeepan
To:	Gadi Mayman
Cc:	Anna Strathy; Hresa Gavaris; Mike Manning; Carlos Yep; Ronald Kwan; Scott Nelms (ENERGY)
Subject:	RE: Provincial Support Agreement
Date:	Thursday, July 27, 2017 9:14:38 AM

Sorry Gadi, I have booked tomorrow off as a vacation day so will not be able to make it.
Ken K

From: Gadi Mayman
Sent: Thursday, July 27, 2017 9:09 AM
To: Mike Manning ; Carlos Yep ; Ken Kandeepan ; Ronald Kwan ; Scott Nelms (ENERGY)
Cc: Anna Strathy ; Hresa Gavaris
Subject: Provincial Support Agreement

OPG wants to meet with us tomorrow to give us the banks' feedback. 1pm works for me if most/many of you are available. I'd like to get the ball rolling on this tomorrow, given that I'm away next week.
Gadi

From:	Mike Manning
To:	Gadi Mayman; Carlos Yep; Ken Kandeepan; Ronald Kwan; Scott Nelms (ENERGY)
Cc:	Anna Strathy; Hresa Gavaris
Subject:	RE: Provincial Support Agreement
Date:	Thursday, July 27, 2017 9:10:48 AM

Will be there, wherever.
Mike

From: Gadi Mayman
Sent: Thursday, July 27, 2017 9:09 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Hresa Gavaris <Hresa.Gavaris@ofina.on.ca>
Subject: Provincial Support Agreement

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Gadi

From:	Nelms, Scott (MOF)
To:	Ken Kandeepan; Gadi Mayman
Cc:	Anna Strathy; Hresa Gavaris; Mike Manning; Carlos Yep; Ronald Kwan
Subject:	RE: Provincial Support Agreement
Date:	Thursday, July 27, 2017 10:10:32 AM

I can't tomorrow, but keep going without me. I will catch up next week. I would suggest including Tom McKinlay from Energy, so they are kept in the loop on progress.

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: July 27, 2017 9:15 AM
To: Mayman, Gadi (OFA)
Cc: Strathy, Anna (OFA); Gavaris, Hresa (OFA); Manning, Mike (OFA); Yep, Carlos (OFA); Kwan, Ronald (OFA); Nelms, Scott (MOF)
Subject: RE: Provincial Support Agreement
Sorry Gadi, I have booked tomorrow off as a vacation day so will not be able to make it.
Ken K

From: Gadi Mayman
Sent: Thursday, July 27, 2017 9:09 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Hresa Gavaris <Hresa.Gavaris@ofina.on.ca>
Subject: Provincial Support Agreement
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From:	Hanslep, Malle (MOF)
To:	Ronald Kwan
Cc:	Mike Manning; James Devine; Carlos Yep; Opal Kandelas; Ken Kandeepan; Tobias P. Whitfield (MOF)
Subject:	RE: Provincial Support Term Sheet
Date:	Thursday, June 01, 2017 9:06:05 AM

Yes, I agree that it would make sense to loop in Scott on this since I understand that he is also involved in this project and it may be that he would also be one of the Provincial attendees to attend the meeting with Blakes. Since I have not been involved in previous calls with Scott in this, it may be best if someone from the OFA contacts him on this.

-----Original Message-----
From: Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
Sent: May 31, 2017 11:13 PM
To: Hanslep, Malle (MOF)
Cc: Manning, Mike (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Provincial Support Term Sheet

Hi Malle,

It might be helpful to loop in Scott Nelms in advance via email, too, as he could provide some insights on Energy and OPG's perspectives, in advance of a meeting.

Ron

From: Hanslep, Malle (MOF)
Sent: Wednesday, May 31, 2017 11:29
To: Manning, Mike (OFA)
Cc: Kwan, Ronald (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Provincial Support Term Sheet

Hi all,

We had a very useful meeting with Blakes (Steven Ashbourne) and Energy Legal this morning. There are quite a few legal issues and concerns to discuss regarding this term sheet as it is overly broad. At this point in the development of the province's role in support, it seems that the development of this type of term sheet is premature given the uncertainties.

At our meeting we discussed, that a useful next step would be to have another meeting with Provincial representatives and Blakes which would include yourselves from the OFA, Energy legal and Energy reps as well as the Provincial Controller and likely TD as well as the Province's financial advisor so that we can all discuss next steps and the best approach.

In the meantime, Toby and I can have an internal call to give you an update on our meeting this morning. Possibly at 3pm today if that works.

Thanks.

Malle

-----Original Message-----
From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]

Sent: May 29, 2017 8:44 PM
To: Hanslep, Malle (MOF)
Cc: Kwan, Ronald (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Whitfield, Tobias P. (MOF)
Subject: Re: Provincial Support Term Sheet

Would be useful to get some follow-up. Sorry for not being able to give you more deal information, but it is still lacking at this time.
Mike

Sent from my iPad

> On May 29, 2017, at 5:33 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:
>
> Hi Ron
>
> We are meeting on Wednesday morning so after that we could have a follow up
>
> Malle
>
> Sent from my BlackBerry 10 smartphone on the Rogers network.
> From: Ronald Kwan
> Sent: Monday, May 29, 2017 17:17
> To: Hanslep, Malle (MOF); Manning, Mike (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA)
> Cc: Whitfield, Tobias P. (MOF)
> Subject: RE: Provincial Support Term Sheet
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>
> Hi Malle,
>
> Thanks for the list.
>
> Would it be helpful if the group met again to discuss?
>
> When are you meeting with Energy Legal and Blakes?
>
> Ron
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> From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
> Sent: May-29-17 12:40
> To: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
> Subject: RE: Provincial Support Term Sheet
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> Hi all,
>
> Here is our issues list.
>
> Malle
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> From: Hanslep, Malle (MOF)
> Sent: May 29, 2017 9:18 AM
> To: Manning, Mike (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)

> Cc: Whitfield, Tobias P. (MOF)
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> Hi all,
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> We are also putting together an issues list for discussion with Energy Legal and Blakes and will share it with you as well.
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> Is there any type of draft term sheet for the proposed financing transaction itself or the master sales and servicing agreement? Any general description of the proposed transaction would be helpful to us.
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> From: Hanslep, Malle (MOF)
> Sent: May 26, 2017 3:16 PM
> To: Manning, Mike (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
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> Hi all,
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> Best,
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>
> Malle Hanslep
> Deputy Director
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> Ministry of Finance Legal Services Branch
> Telephone: 416-325-1457
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From:	Hanslep, Malle (MOF)
To:	Mike Manning
Cc:	Ronald Kwan; James Devine; Carlos Yep; Opal Kandelas; Ken Kandeepan; Tobias P. Whitfield (MOF)
Subject:	RE: Provincial Support Term Sheet
Date:	Wednesday, May 31, 2017 11:30:15 AM

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> Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
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> Deputy Director
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From:	Hanslep, Malle (MOF)
To:	Mike Manning
Cc:	Ronald Kwan; James Devine; Carlos Yep; Opal Kandelas; Ken Kandeepan; Tobias P. Whitfield (MOF)
Subject:	RE: Provincial Support Term Sheet
Date:	Tuesday, May 30, 2017 8:23:24 AM

Thanks Mike. We will be in touch after our meeting.

-----Original Message-----
From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: May 29, 2017 8:44 PM
To: Hanslep, Malle (MOF)
Cc: Kwan, Ronald (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Whitfield, Tobias P. (MOF)
Subject: Re: Provincial Support Term Sheet

Would be useful to get some follow-up. Sorry for not being able to give you more deal information, but it is still lacking at this time.
Mike

Sent from my iPad

> On May 29, 2017, at 5:33 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:
>
> Hi Ron
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> We are meeting on Wednesday morning so after that we could have a follow up
>
> Malle
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> Sent from my BlackBerry 10 smartphone on the Rogers network.
> From: Ronald Kwan
> Sent: Monday, May 29, 2017 17:17
> To: Hanslep, Malle (MOF); Manning, Mike (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA)
> Cc: Whitfield, Tobias P. (MOF)
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> Sent: May-29-17 12:40
> To: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>

> Subject: RE: Provincial Support Term Sheet
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> Sent: May 29, 2017 9:18 AM
> To: Manning, Mike (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
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> Sent: May 26, 2017 3:16 PM
> To: Manning, Mike (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
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> Malle Hanslep
> Deputy Director
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> Telephone: 416-325-1457
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To:	Malle Hanslep (MOF); Mike Manning; James Devine; Carlos Yep; Opal Kandelas; Ken Kandeepan
Cc:	Tobias P. Whitfield (MOF)
Subject:	RE: Provincial Support Term Sheet
Date:	Monday, May 29, 2017 5:17:23 PM

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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: May-29-17 12:40
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To:	Mike Manning; James Devine; Carlos Yep; Opal Kandelas; Ken Kandeepan; Ronald Kwan
Cc:	Tobias P. Whitfield (MOF)
Subject:	RE: Provincial Support Term Sheet
Date:	Monday, May 29, 2017 12:40:31 PM
Attachments:	Prov Support Agt May 12 MOF draft comments.docx

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CONFIDENTIAL AND PRIVILEGED LEGAL ADVICE

ISSUES LIST – PROVINCIAL SUPPORT AGREEMENT DRAFT MAY 12, 2017

1. Guarantor will be the Minister of Energy and the Minister of Finance on behalf of the Province (see. 5(3) of proposed Fair Hydro Act, 2017).

2. Description of proposed beneficiaries of guarantee is very broad. Provides that beneficiary is Indenture trustee under master trust indenture on behalf of itself and all persons that have claims against a Financing Entity secured under the master trust indenture. Persons range from the Financial Services Manager (OPG) to holders of various types of debt and hedge counterparties. Need to clarify which obligations the Province is being requested to guarantee and under what various agreements to determine scope and limit of guarantee. Is there a term sheet for the proposed financing to be issued by the Financing Entity? Is there a request for a guarantee of payment on other back-up or ancillary borrowing and obligations other than those issued in the market? Is there a draft of the Master Trust Indenture?

3. Why does the term of the guarantee continue for one year after the obligations have been repaid?

4. Performance Guarantee – This is also a very broad guarantee of performance of the IESO and all electricity services providers in favour of the same broad group of beneficiaries. How can the Province ensure that these entities perform their obligations practically? Also the Province is to protect beneficiaries from any commingling risk. It is noted that in the event the performance guarantee is unenforceable against the Province, there would be a separate legal obligation in the provincial support agreement to indemnify beneficiaries for any losses. Would there be any trigger events applicable to the obligation to indemnify as there are for the payment guarantee. If not, is this an issue for accounting treatment purposes? Also, is there an overlap between the performance and payment guarantee? So long as the funding obligations are paid on time by the financing entity, is there a need for other guarantees from the Province? Note that the Province does have immunity from specific types of enforcement under the Proceedings against the Crown Act. Is there a sample term sheet for the Master Sale and Servicing Agreement? Which provisions of the proposed bill are being relied on for this – is it section 5(2)? section 33. There doesn't seem to be a mechanism in the Act to replace the IESO as servicer. Should the Guarantee specify that the Province can appoint a replacement servicer?

5. Payment Guarantee Event – Regarding (B) and (C), the interpretation of when the triggering event has occurred will be an issue – is there a way to make it more objective or how can this be handled if there is a dispute? Regarding (D), think that there is going to be more discussion of the need for this provision from a business perspective. However, is this assuming, that the Province is guaranteeing both long term and short

term funding obligations? Need to clarify when and which obligations the province will be guaranteeing?

6. Payment Guarantee – Again it will be necessary to clarify which obligations the province is guaranteeing to understand what the range of payments to be made are. Also, (y) does not seem acceptable to the Province from a business perspective.

7. Limits under Guarantee – The guarantee wording should be clear so that the Province is guaranteeing payment of certain debt or specific obligations only and the Province's liability should be capped. Province should not be exposed to the risk of any other types of damages or losses.

8. Priority of Payments – Until we know who the beneficiaries are and with respect to what obligations, it is difficult to comment on this.

9. Subrogation – Need to ensure that the Province has appropriate recovery rights and not sure that it is appropriate that all beneficiaries are paid in full before Province gets subrogation rights. Also there is no acceleration here and Province really pays on an ongoing basis so how should subrogation work in such a case.

10. Conditions Precedent – Need to know what they are proposed to be.

11. Representations – Need to know what they are proposed to be as Province does not typically provide representations in connection with guarantees it provides.

12. Confidentiality Obligations – Thought the guarantee is part of a public financing so wouldn't the terms all be known?

13. Legal Opinions – Content, who will be providing them and to whom would they be provided.

General Questions on proposed legislation and interaction with guarantee:

14. General review of relevant sections would be appreciated and how the provisions fit with the requirements of the financing. In particular, s. 5, 13, 19, 21, 22, 33, 41 par 7

Ministry of Finance LSB
May 29, 2017

From: Hanslep, Malle (MOF)
To: Mike Manning; James Devine; Carlos Yep; Opal Kandelas; Ken Kandeepan; Ronald Kwan
Cc: Tobias P. Whitfield (MOF)
Subject: RE: Provincial Support Term Sheet
Date: Monday, May 29, 2017 9:18:42 AM

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Sent: May 26, 2017 3:16 PM
To: Manning, Mike (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Cc: Whitfield, Tobias P. (MOF)
Subject: Provincial Support Term Sheet
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From:	Ronald Kwan
To:	Malle Hanslep (MOF)
Cc:	Mike Manning; James Devine; Carlos Yep; Opal Kandelas; Ken Kandeepan; Tobias P. Whitfield (MOF)
Subject:	RE: Provincial Support Term Sheet
Date:	Wednesday, May 31, 2017 11:12:41 PM

Hi Malle,

It might be helpful to loop in Scott Nelms in advance via email, too, as he could provide some insights on Energy and OPG's perspectives, in advance of a meeting.

Ron

From: Hanslep, Malle (MOF)
Sent: Wednesday, May 31, 2017 11:29
To: Manning, Mike (OFA)
Cc: Kwan, Ronald (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Whitfield, Tobias P. (MOF)
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In the meantime, Toby and I can have an internal call to give you an update on our meeting this morning. Possibly at 3pm today if that works.

Thanks.

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Sent: May 29, 2017 8:44 PM
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From:	Ken Kandeepan
To:	Malle Hanslep (MOF); Mike Manning
Cc:	Ronald Kwan; James Devine; Carlos Yep; Opal Kandelas; Tobias P. Whitfield (MOF)
Subject:	RE: Provincial Support Term Sheet
Date:	Wednesday, May 31, 2017 5:18:44 PM

Unless Mike has any major concerns I would strongly advocate for her inclusion.

Thanks

Ken k

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Sent: Wednesday, May 31, 2017 5:16 PM
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Subject: Re: Provincial Support Term Sheet

Just a follow up to our call earlier, does it also make sense to invite Cindy Veinot provincial controller to the proposed meeting since accounting issues are also key.

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To:	Mike Manning; Malle Hanslep (MOF); Ronald Kwan
Cc:	James Devine; Carlos Yep; Opal Kandelas; Ken Kandeepan
Subject:	RE: Provincial Support Term Sheet
Date:	Wednesday, May 31, 2017 2:20:21 PM

If the OFA could set up that would be helpful. Thanks

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Message-----
From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: May 31, 2017 12:45 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Kwan, Ronald (OFA)
Cc: Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA)
Subject: RE: Provincial Support Term Sheet

Does Legal Services have a call-in or would you like the OFA to set up?

Mike

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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, May 31, 2017 12:31 PM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: Provincial Support Term Sheet

Yes 3:30 is fine with me too.

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From: Whitfield, Tobias P. (MOF)
Sent: May 31, 2017 12:30 PM
To: Kwan, Ronald (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF)
Cc: Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA)
Subject: RE: Provincial Support Term Sheet

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Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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Sent: May 31, 2017 12:24 PM

To: Manning, Mike (OFA); Hanslep, Malle (MOF)
Cc: Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Provincial Support Term Sheet

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Subject: RE: Provincial Support Term Sheet

Would 3:30 work?

Mike

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Sent: Wednesday, May 31, 2017 11:30 AM
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> Telephone: 416-325-1457
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Cc: James Devine; Carlos Yep; Opal Kandelas; Ken Kandeepan
Subject: RE: Provincial Support Term Sheet
Date: Wednesday, May 31, 2017 12:44:49 PM

Does Legal Services have a call-in or would you like the OFA to set up?

Mike

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Subject:	RE: Provincial Support Term Sheet
Date:	Wednesday, May 31, 2017 12:30:47 PM

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> Sent: May-29-17 12:40

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Subject: RE: Provincial Support Term Sheet
Date: Wednesday, May 31, 2017 12:24:15 PM

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Cc:	Ronald Kwan; James Devine; Carlos Yep; Opal Kandelas; Ken Kandeepan; Tobias P. Whitfield (MOF)
Subject:	RE: Provincial Support Term Sheet
Date:	Wednesday, May 31, 2017 12:22:58 PM

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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, May 31, 2017 11:30 AM
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To: Mike Manning; Malle Hanslep (MOF); Ronald Kwan
Cc: James Devine; Carlos Yep; Opal Kandelas; Ken Kandeepan
Subject: RE: Provincial Support Term Sheet
Date: Thursday, June 01, 2017 9:13:37 AM
Attachments: Provincial Support Arrnagement - Preliminary Issues (May 31).pdf

---

FYI, attached is a scan of the comments on the term sheet from the lawyer at Blakes. We are working on an issues summary list to combine these comments with our earlier issues list, which we will circulate as soon as it is ready.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Message-----
From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: May 31, 2017 12:45 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Kwan, Ronald (OFA)
Cc: Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA)
Subject: RE: Provincial Support Term Sheet

Does Legal Services have a call-in or would you like the OFA to set up?

Mike

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, May 31, 2017 12:31 PM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
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Yes 3:30 is fine with me too.

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From: Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
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To: Manning, Mike (OFA); Hanslep, Malle (MOF)
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Provincial Support Arrangement

Here are some questions to frame our discussion at 9 a.m. this morning, based on the May 12th version of the Term Sheet:

1. Should the Province's support covenant run in favour of the indenture trustee (for beneficiaries) or only the finance entity and be pledged? This may impact matters such as whether the Province is seen as a 'co-issuer' under US securities laws and perhaps the Province's accounting treatment.

2. Should the support covenant be given in respect of all potential claimants from the financing entit(y/ies), or only specified creditors? For example, should the 'subordinated notes' be given the full benefit of the support covenant?

3. Should the support covenant be given up-front in an open-ended, program-wide fashion, or be given in relation to individual transactions and specified creditors of the financing entity at the relevant time of transacting and only for the duration of the relevant underlying obligations?

4. Should the support covenant purport to extend to more than one financing entity?

5. Extending the arrangement to 1 year beyond the latest obligation (broadly construed) essentially means the support covenant will hang out there indefinitely – is this intended?

6. Is the scope of the "performance guarantee" (i.e., servicing, commingling; EV's and IESO) appropriate? Should we make clear that it would not extend to "seller" obligations arising under the MSSA? Can the Province commit to "perform or cause the performance" as a powers matter?

7. Consider the deletions of the "Performance Guarantee Event" concept. As marked up, the performance guarantee would not require any process to first pursue remedies against IESO.

8. If a "payment guarantee" is to be provided, it will raise issues for the Province, including accounting treatment and scope of the support undertaking. Has this sort of investigation been undertaken by the Province at this point?

9. Consider the overall scope of the "payment guarantee event" provision. Issues include the risk that an amendment of the Act or Regulation has a non-material, incidental impact on the timing of payment (i.e., the receipt of funds from an EV), which triggers an effective put at a premium. Another is that a lower court finding of *ultra vires* could trigger the obligation, rather than a "final, non-appealable decision".

10. Should the support arrangement extend to cover "invalidity" or "unenforceability" (see (C) under "Payment Guarantee Event") that arises for reasons other than the validity of the Act and Regulation (e.g., if the actual funding obligation, which the Province may not even be aware of, is impugned for an unrelated reason, such as entity governance or contracting issues)?

11. The "market disruption" provision (see (D) under "Payment Guarantee Event") needs considerable further thought and refinement (e.g., as proposed, the event is based on the ability to refinance the particular funding obligations, rather than "general market disruption"). Is the Province prepared to be a standby purchaser of any funding obligations in any market-based illiquidity scenario? Note that private market liquidity or "extendable note features" may be available at a cost. In any event, support from the Province of this type should probably only be addressed very specifically and at the time of the specific transaction and narrowly with respect to the obligations for which this sort of protection is specifically required. Note that depending on the maturities incurred under the financing plan, this could cause a major funding requirement for the Province.

12. The "stand-in" payment provisions contemplated in clause (x) under "Payment Guarantee" need to be better understood. Assuming that they result in the rating of any bonds being downgraded to the Province's then rating, should the Province have a redemption option in that scenario?

13. The "put at a premium" provisions contemplated in clause (y) under "Payment Guarantee" would need to be refined so that the entire structure (i.e., all related finding obligations, such as swaps, sub debt and liquidity commitments) would be 'unwound' in total, rather than only certain debt to avoid standing or perpetuating attendant obligations. Is the 101% pay-out always appropriate? If the Province is liable for payments under obligations, will it need certainty as to the underlying terms and conditions?

14. What is the consequence of the market disruption scenario described in (D) under "Payment Guarantee Event" – it doesn't seem to be covered under "Payment Guarantee"?

15. The postponement of subrogation rights is a problem. In effect, a payment to a senior ranking creditor would provide credit enhancement to all junior ranking obligations which may not have been the intended beneficiaries of the support arrangement (including service providers and sub debt). The general approach to subrogation needs to be considered at the time of incurrence of a funding obligation in relation to the particular scenario and circumstances.

16. "Notice", "Closing", "Governing Law" and other mechanics will need to be revised as required to the extent that the provision of support is intended to be transaction-specific, creditor-specific, etc.

17. To the extent that the support is given up-front, the Province will need to have the benefit of its own very specific condition precedents, including to approve each future transaction and finding obligation – would this disrupt the accounting treatment anticipated for OPG based on excessive control over financings?

18. Consider whether accepting or acknowledging "customary representations" and "customary confidentiality obligations" in this context makes sense. Customary for the Province?

19. Has anyone considered the Province's related governance requirements and related due diligence (e.g., the implications of a US offering under US securities laws). In the absence of a structure and contracts, how can the Province be assured that it is not

inadvertently becoming liable for unintended obligations, duties and liabilities (e.g., servicer buy-backs; "servicer advances"; entity-level tax payments; etc.)?

20. Has the Province's own accounting treatment for these been investigated? What limitations should be tabled at this stage?

21. Does the Province have concerns regarding potential for incongruences between the level of actual "independence" from the Province and public perception in relation to the OFHPA generally?

From:	Mike Manning
To:	Sarah Harris
Cc:	Opal Kandelas; Salman Qadir
Subject:	RE: Question - OIC for new IESO Credit Facility
Date:	Tuesday, May 30, 2017 12:55:37 PM

Hi Sarah:
Are you saying the wording in the OIC is general and that we can charge IESO Ontario's cost plus 25 bps separately?

Thanks, Mike

From: Sarah Harris
Sent: Tuesday, May 30, 2017 11:14 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: Question - OIC for new IESO Credit Facility

Hi Mike,

I originally sent this e-mail below to Linda and she thought it looked fine, but she thought I should also run it by you.

As part of putting in place the new credit facility between IESO and the OFA, a new OIC is required for the OFA to borrow from the Province, so the Province may in turn make loans to IESO. As matter of prudence, I am asking is for you to review the rates that the OFA pays to the Province in the OIC are still appropriate. The OIC package must go to the DMO today.

In short, the rates included in the OIC are effectively the same as the existing OIC underpinning the $975 million credit facility between the OFA and IESO. Specifically, section(c)(ii) of the OIC says if the OFA uses the borrowed monies to fund 3rd party loans, then the rate will **be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans.

The OIC also contains a more general borrowing rate. That is, Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to **the 90 day ONT T-Bill yield.** However, for the purposes of this OIC, it is unlikely that this section would ever be used.

Again, both rates above are consistent with existing OICs.

Please let me if these rates look okay.

Thanks,
Sarah

From: Sarah Harris
Sent: Tuesday, May 30, 2017 9:30 AM
To: Linda Smith <Linda.Smith@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Question - OIC for new IESO Credit Facility

Hi Linda,

As a matter of prudence, I just wanted to check with you on one aspect of the draft OIC for OFA to make loans to IESO under the proposed credit facility in relation to the Fair Hydro Plan. The OIC package will be delivered today to the DMO, but I wanted to confirm with you that the rates that under the Section (c) of the attached OIC are still appropriate (perhaps it is I should be asking Mike?, but since this is IESO related, I wanted to check with you first).

Section (c) deals with the rates the OFA pays to the Minister for any funds it borrows, and is essentially the same as the OFA's existing OIC from 1999. Section (c)(i) says if the OFA simply borrows funds from the Minister (which have not been loaned to a third party), the OFA pays the rate equal to **the 90 day ONT T-Bill yield.** Section(c)(ii) says that if the OFA uses the borrowed monies to fund 3rd party loans, then the rate will **be equivalent to rate of interest payable to the OFA under 3rd party loan less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans.

Please let me know your thoughts.

Thanks,
Sarah

From: Sarah Harris
To: Mike Manning
Cc: Opal Kandelas; Salman Qadir
Subject: RE: Question - OIC for new IESO Credit Facility
Date: Tuesday, May 30, 2017 1:29:36 PM

Hi Mike,

The OIC is drafted using wording that is similar to the wording already being used in the existing OICs where the OFA borrows money from the Minister (i.e. underpinning college loans, existing IESO-OFA Credit Facility, etc.).

The OIC permits the OFA a couple of options:

(i) the OFA simply borrows funds from the Minister without lending to 3rd parties. In that case, the OFA would pay to the Minister at a rate equal to **the 90 day ONT T-Bill yield, reset every 90 days.** For **the purpose of this OIC (**that is, for the OFA to lend funds to IESO) **this provision would not be used**.

(ii) the OFA borrows funds from the Minister and then lends those funds to 3rd parties. In this case, the OFA would pay the Minister at the rate **equivalent to the rate of interest payable to the OFA under 3rd party loan, less an amount as may be determined by the Minister of Finance** in respect of such Third Party Loan or a class of such Third Party Loans. This would be the section applicable to for the OFA lending to IESO. In this circumstance, the OFA can charge IESO Ontario's cost plus 25bps; the OFA would then pay the Minister at this rate, less an amount as may be determined by the Minister.

So the short answer is that, under option (ii), the OFA can charge IESO's cost of plus 25 bps, and then the OFA must pay the Minister at the same rate on the funds, less an amount determined by the Minister. The fact that the Minister decides the amount to be deducted gives us flexibility in determining the spread to deduct when paying back the Province.

The only time option (i) comes into play is IF the OFA ever wants to borrow funds from the Minister without lending those funds to third parties.

Sarah

From: Mike Manning
Sent: Tuesday, May 30, 2017 12:56 PM
To: Sarah Harris
Cc: Opal Kandelas ; Salman Qadir
Subject: RE: Question - OIC for new IESO Credit Facility

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Please let me know your thoughts.
Thanks,
Sarah

From:	John Kim
To:	Bonnie Lemcke
Cc:	David Cross; Ken Kandeepan; Mike Manning; Ronald Kwan
Subject:	RE: Question about the province"s equity injection in OPG
Date:	Wednesday, July 12, 2017 1:36:08 PM

I, for one, would be fine with that. Thanks.
John

From: Bonnie Lemcke
Sent: Wednesday, July 12, 2017 11:52 AM
To: John Kim
Cc: David Cross ; Ken Kandeepan ; Mike Manning ; Ronald Kwan
Subject: RE: Question about the province's equity injection in OPG

Can I share this point with him
"The Ontario Fair Hydro Plan Act legislation provides for the recovery, from eligible ratepayers, of financing costs by the financing entity, including financing done through the financing entity, OPG and indirectly by the Province, for the equity injection."
Bonnie

From: John Kim
Sent: Wednesday, July 12, 2017 11:49 AM
To: Bonnie Lemcke <Bonnie.Lemcke@ofina.on.ca>
Cc: David Cross <David.Cross@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Question about the province's equity injection in OPG

Hi Bonnie,
The Ontario Fair Hydro Plan Act legislation provides for the recovery, from eligible ratepayers, of financing costs by the financing entity, including financing done through the financing entity, OPG and indirectly by the Province, for the equity injection. The Province would, therefore, expect a return on equity from OPG which would at least cover its borrowing cost. For prudence, this recovery to match the interest cost is built into the current fiscal plan. [Not public information] In addition, the increased investment in OPG, from the equity injection, would a higher level of asset for the Province's balance sheet to offset the increased borrowing to appear on its balance sheet, thus mitigating the concern expressed in DBRS' question, i.e. no increase in net debt.
Our colleagues in FTD/CMD and GBED likely would have additional insight as well, copying here Ken and Mike in the response.
John

From: Bonnie Lemcke
Sent: Wednesday, July 12, 2017 11:02 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: David Cross <David.Cross@ofina.on.ca>
Subject: Question about the province's equity injection in OPG

DBRS is wondering if we have any details on how the province will recoup its equity investment. Do we have any details on this.
"The Province has indicated that it intends to recoup the equity investment over time but has not clarified its required return on the equity or the timing of the repayment. The Province will borrow to fund this equity investment, and in the absence of further information, DBRS considers this debt to be tax-supported debt, consistent with established practice."

Bonnie Lemcke
Manager, Credit Analysis and Rating Relations
Ontario Financing Authority
416-325-8170 (w)
416-716-4092 (m)

From: John Kim
To: Bonnie Lemcke
Cc: David Cross; Ken Kandeepan; Mike Manning; Ronald Kwan
Subject: RE: Question about the province"s equity injection in OPG
Date: Wednesday, July 12, 2017 11:49:07 AM

Hi Bonnie,

The Ontario Fair Hydro Plan Act legislation provides for the recovery, from eligible ratepayers, of financing costs by the financing entity, including financing done through the financing entity, OPG and indirectly by the Province, for the equity injection. The Province would, therefore, expect a return on equity from OPG which would at least cover its borrowing cost. For prudence, this recovery to match the interest cost is built into the current fiscal plan. [Not public information] In addition, the increased investment in OPG, from the equity injection, would a higher level of asset for the Province's balance sheet to offset the increased borrowing to appear on its balance sheet, thus mitigating the concern expressed in DBRS' question, i.e. no increase in net debt.

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416-325-8170 (w)
416-716-4092 (m)

From:	Ken Kandeepan
To:	John Kim; Bonnie Lemcke
Cc:	David Cross; Mike Manning; Ronald Kwan
Subject:	RE: Question about the province"s equity injection in OPG
Date:	Wednesday, July 12, 2017 3:22:02 PM

Looks good to me too.
Thanks
Ken k

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Sent: Wednesday, July 12, 2017 1:36 PM
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Cc: David Cross ; Ken Kandeepan ; Mike Manning ; Ronald Kwan
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Bonnie Lemcke

Manager, Credit Analysis and Rating Relations

Ontario Financing Authority

416-325-8170 (w)

416-716-4092 (m)

From:	Ronald Kwan
To:	Gadi Mayman
Cc:	Anna Strathy; Gavin He; Mike Manning; Ken Kandeepan
Subject:	RE: Rate Mitigation Implementation Meeting - April 25, 2017
Date:	Monday, May 01, 2017 6:48:11 PM
Attachments:	GA - IESO Role and Financing v4 - extract v10.pptx GA - IESO Role and Financing v4 - extract v9_Markup3.pptx

---

Hi Gadi,
We made a few tweaks to the slides.
Energy's PW.
Ron

From: Ronald Kwan
Sent: April-28-17 15:19
To: Gadi Mayman
Cc: Anna Strathy ; Gavin He ; Mike Manning ; Ken Kandeepan
Subject: RE: Rate Mitigation Implementation Meeting - April 25, 2017

Hi Gadi,
Would you have an idea when Energy will be circulating the draft TB Report Back?
I was talking to Steen on Wednesday on the IESO request for an expanded credit facility from the OFA, and he asked for some input.
Some potential input is attached, modifying the flow chart that Energy had in its March CabSub, to show a potential role for the OFA for financing the IESO (at least on an interim basis).
Steen also asked if we'd be looking for an approval. I'm not sure that is needed (assuming that IESO eventually can still sell the asset to OPG's SPV eventually, as planned), but perhaps a "Note" in the Minute would be helpful, along the lines of "Note that [the Minister of Finance will direct] the OFA [to/will] provide a credit facility to the IESO to facilitate …"
Energy's PW.
Ron

From: Gadi Mayman
Sent: April-25-17 23:28
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Fw: Rate Mitigation Implementation Meeting - April 25, 2017

From: Katona, Keley (ENERGY) <Keley.Katona@ontario.ca>
Sent: Tuesday, April 25, 2017 4:30 PM
To: Steen Hume (CAB); Kaili Sermat-Harding (ENERGY); Michael Reid (ENERGY); Carolyn Calwell (MCSS); Scott Nelms (ENERGY); 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com); HARTWICK Ken - FINANCE (ken.hartwick@opg.com); Rosemaire Leclair; Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca); Campbell, Bruce (bruce.campbell@ieso.ca); Kim Marshall (Kim.Marshall@ieso.ca); Scott Thompson (CAB); Helen Angus (MOHLTC); Steven Davidson (MTCS); 'Martine Band'; 'CROZZOLI Carlo -CBUSDEV&STRT'; Gadi Mayman; LEE John -TREASURY
Cc: Serge Imbrogno (ENERGY); Andrew Teliszewsky (ENERGY); Matt Whittington (ENERGY); Baker, Carys (ENERGY); Kyle MacIntyre (MOF); David McLean (MOF); Robert Foster (MOF);

jordan.penic@ieso.ca; 'sarah.branco@ontarioenergyboard.ca'; Turnevicius, Lorraine; catriona.king@opg.com; Francesca Bungaro-Yemec (ENERGY); Martin Schlaepfer (MOF)

Subject: RE: Rate Mitigation Implementation Meeting - April 25, 2017

Please find attached action items from today's meeting.

From: Katona, Keley (ENERGY)
Sent: April-24-17 5:02 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Reid, Michael (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI); Nelms, Scott (MOF); ''jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Rosemaire Leclair'; 'Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca)'; 'Campbell, Bruce (bruce.campbell@ieso.ca)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); 'Martine Band'; 'CROZZOLI Carlo -CBUSDEV&STRT'; Mayman, Gadi (OFA); 'LEE John -TREASURY'
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); MacIntyre, Kyle (TBS); McLean, David (MOF); Foster, Robert (CAB); 'jordan.penic@ieso.ca'; 'sarah.branco@ontarioenergyboard.ca'; 'Turnevicius, Lorraine'; 'catriona.king@opg.com'; Bungaro-Yemec, Francesca (ENERGY); Schlaepfer, Martin (ENERGY)
Subject: Rate Mitigation Implementation Meeting - April 25, 2017

Good afternoon,

Please find attached the material for discussion tomorrow morning.

Thanks,

Keley

DRAFT

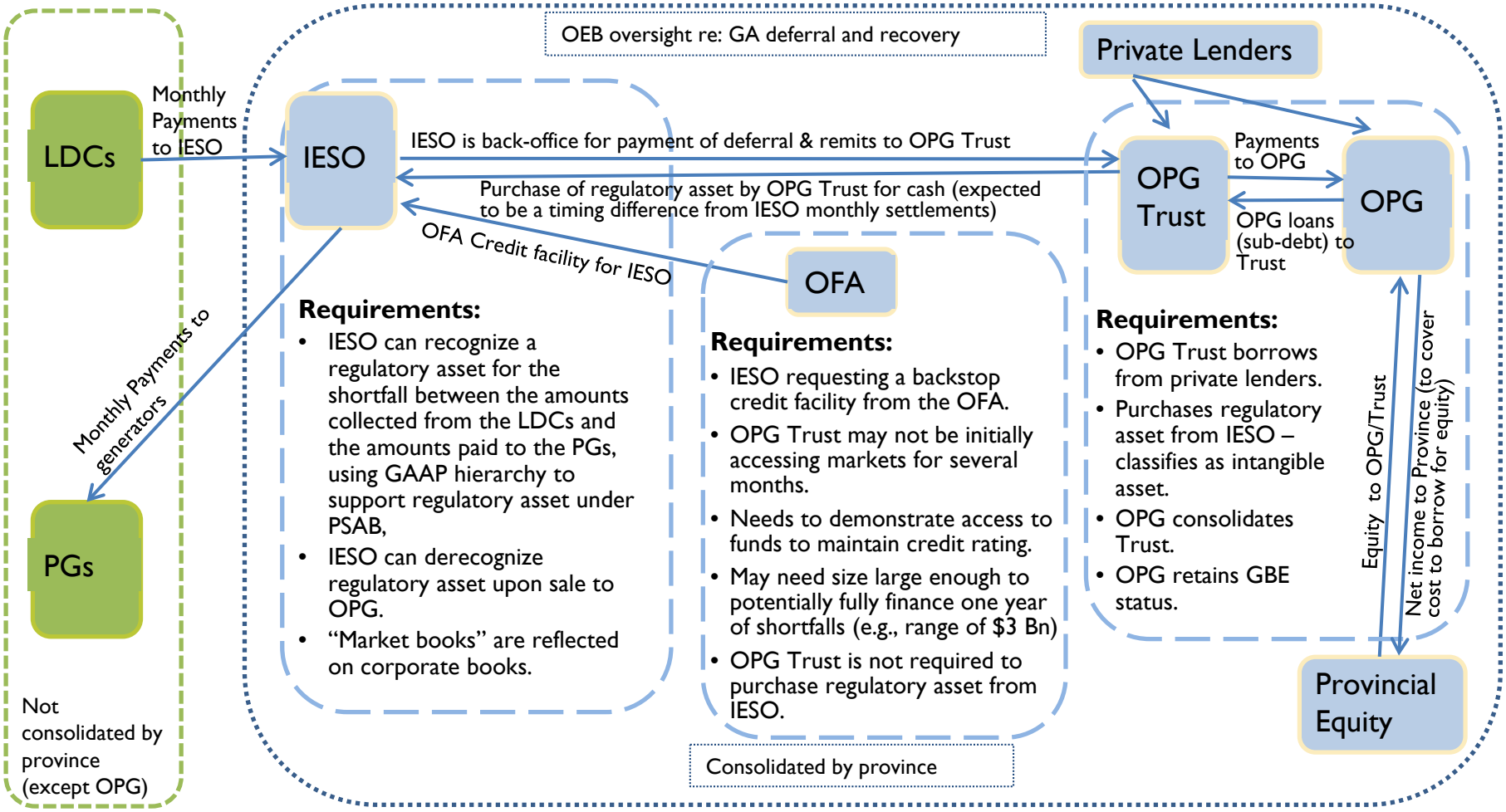
GA Financing Plan: Role of IESO

Corporate and Electricity Finance Division
May 1, 2017

DRAFT

GA Smoothing – Proposed Structure

- The following diagram provides an overview of the proposed GA smoothing structure, as well as interactions between sector entities and elements required to meet accounting objectives.



Note: Proposed structure is subject to legal and accounting confirmation, absent that confirmation, there would be a fiscal impact to the province.

DRAFT

IESO Financing Requirements

- IESO will need to ensure that it continues to have the funds available to provide payments to generators on a monthly basis as part of the IESO settlements process, while recoveries from LDCs for Regulated Price Plan (RPP) / Fair Hydro Plan eligible customers will be lower.
- IESO has an existing credit facility from the OFA; however, a new or expanded facility is being requested.
- IESO would require financing to compensate generators should it be required to hold any portion of the unpurchased Regulatory Asset beyond each monthly settlement period.
  - OPG Trust is not expected to access public capital markets for several months after the start of the FHP, and may be purchasing the asset with a lag vs monthly settlements. Also, OPG Trust is not required to purchase the regulatory asset.
  - IESO will need a credit facility for interim financing.
  - IESO may require longer-term financing to maintain the deferral financing plan, should the OPG Trust not be able to access debt markets on a timely basis for purchase of some or all of the regulatory asset.
- Based on Ministry of Energy's GA deferral plan, it is estimated that approximately $2.5-3.0 billion need to be deferred per year for over first 10 years, equal to approximately $200-250 million per month, on average.[1]
  - The size of the credit facility required to backstop IESO could be $2.5 to $3.0 billion. [TBC]
- The monthly and annual amount being deferred and the resulting monthly amounts can be substantially different than forecast based on various factors, such as seasonality or electricity usage, as well as potential changes to electricity costs from OEB rate decisions, with IESO estimating deferral amounts as high as $400 million per month.
- Other factors that may increase IESO's financing requirements:
  - IESO will also incur financing charges that will need to be refinanced.
  - The financing and administration costs that OPG Trust incurs will need to be paid.
- There is an accounting risk on how OFA financing of the IESO requirements would be treated.
  - Even if IESO is allowed to recognized the Regulatory Asset, there is a risk as to whether this recognition will be permitted under the accounting standards (PSAS) upon consolidation with the Province.

[1] Based on Ministry of Energy's annual GA deferral amounts, assuming the monthly deferral is equally-weighted.

DRAFT

GA Financing Plan: Role of IESO

Corporate and Electricity Finance Division
April 28, 2017

DRAFT

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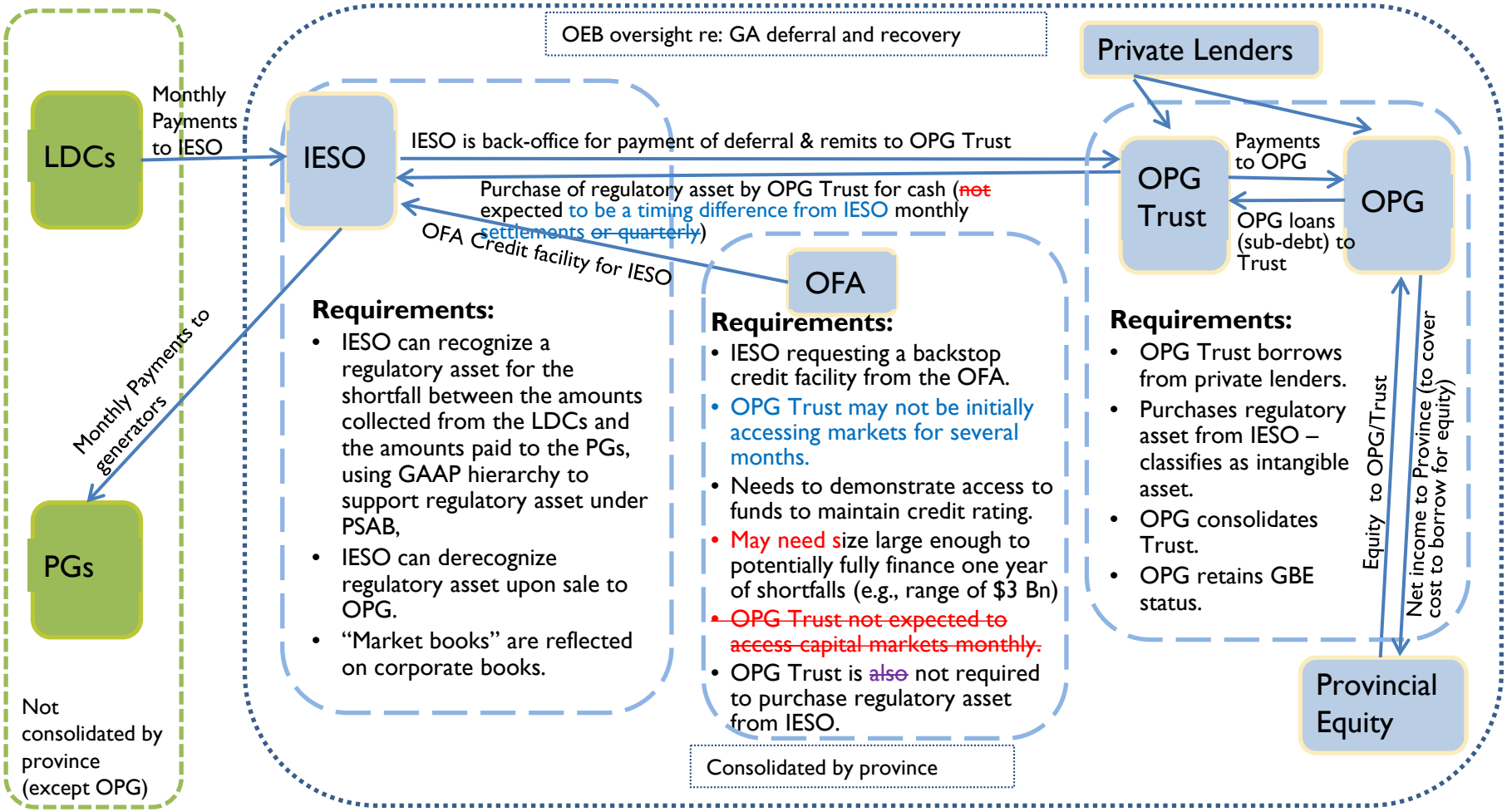

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DRAFT

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From: Ronald Kwan
To: Gadi Mayman
Cc: Anna Strathy; Gavin He; Mike Manning; Ken Kandeepan
Subject: RE: Rate Mitigation Implementation Meeting - April 25, 2017
Date: Friday, April 28, 2017 3:18:31 PM
Attachments: GA - IESO Role and Financing v4 - extract v9.pptx

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Energy's PW.
Ron

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Sent: April-25-17 23:28
To: Ronald Kwan ; Ken Kandeepan ; Mike Manning
Cc: Anna Strathy ; Gavin He
Subject: Fw: Rate Mitigation Implementation Meeting - April 25, 2017

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Sent: Tuesday, April 25, 2017 4:30 PM
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Subject: RE: Rate Mitigation Implementation Meeting - April 25, 2017

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Keley

DRAFT

GA Financing Plan: Role of IESO

Corporate and Electricity Finance Division
April 28, 2017

DRAFT

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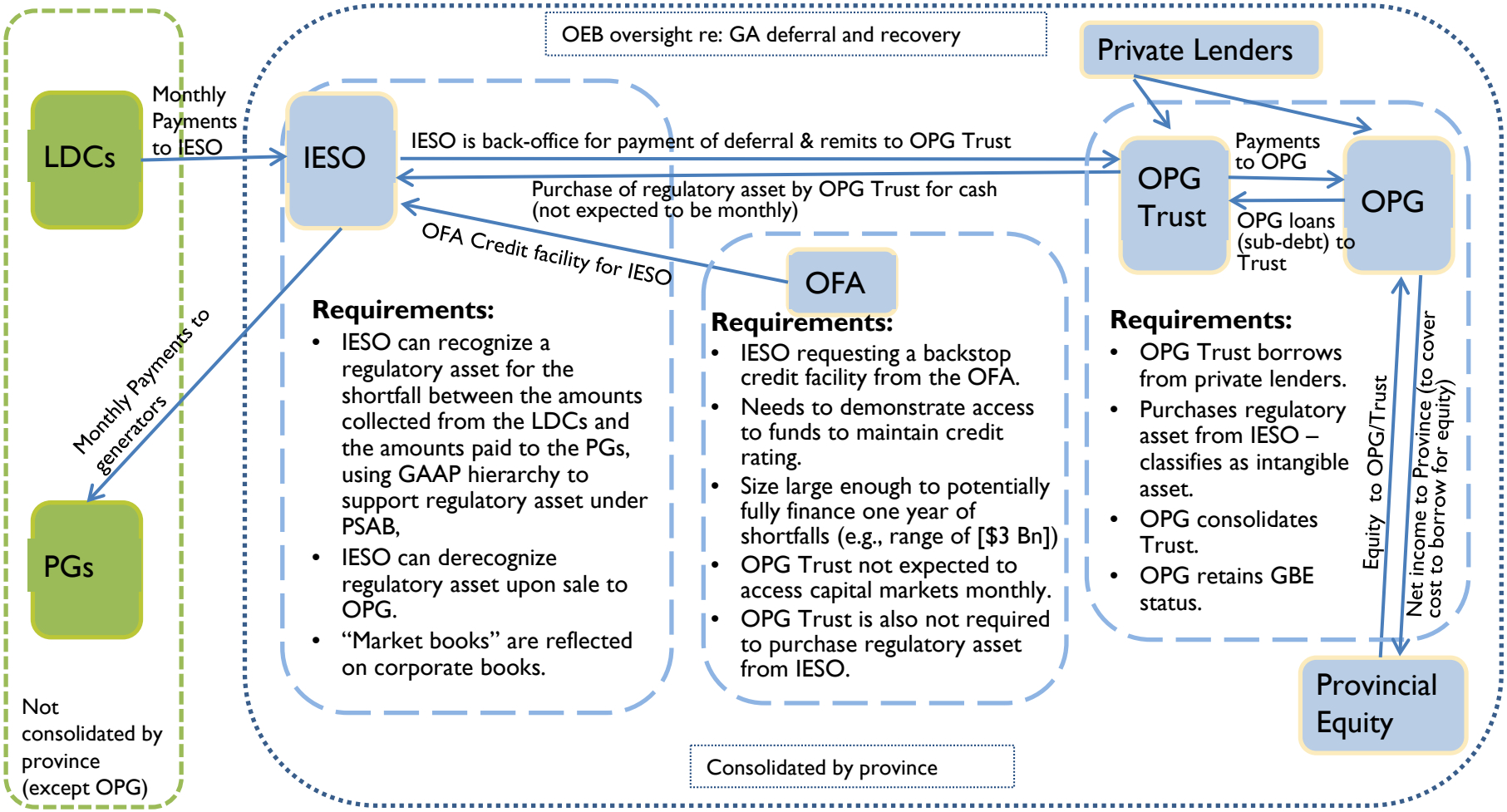

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DRAFT

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Energy's PW.
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GA Financing Plan: Role of IESO

Corporate and Electricity Finance Division
April 28, 2017

DRAFT

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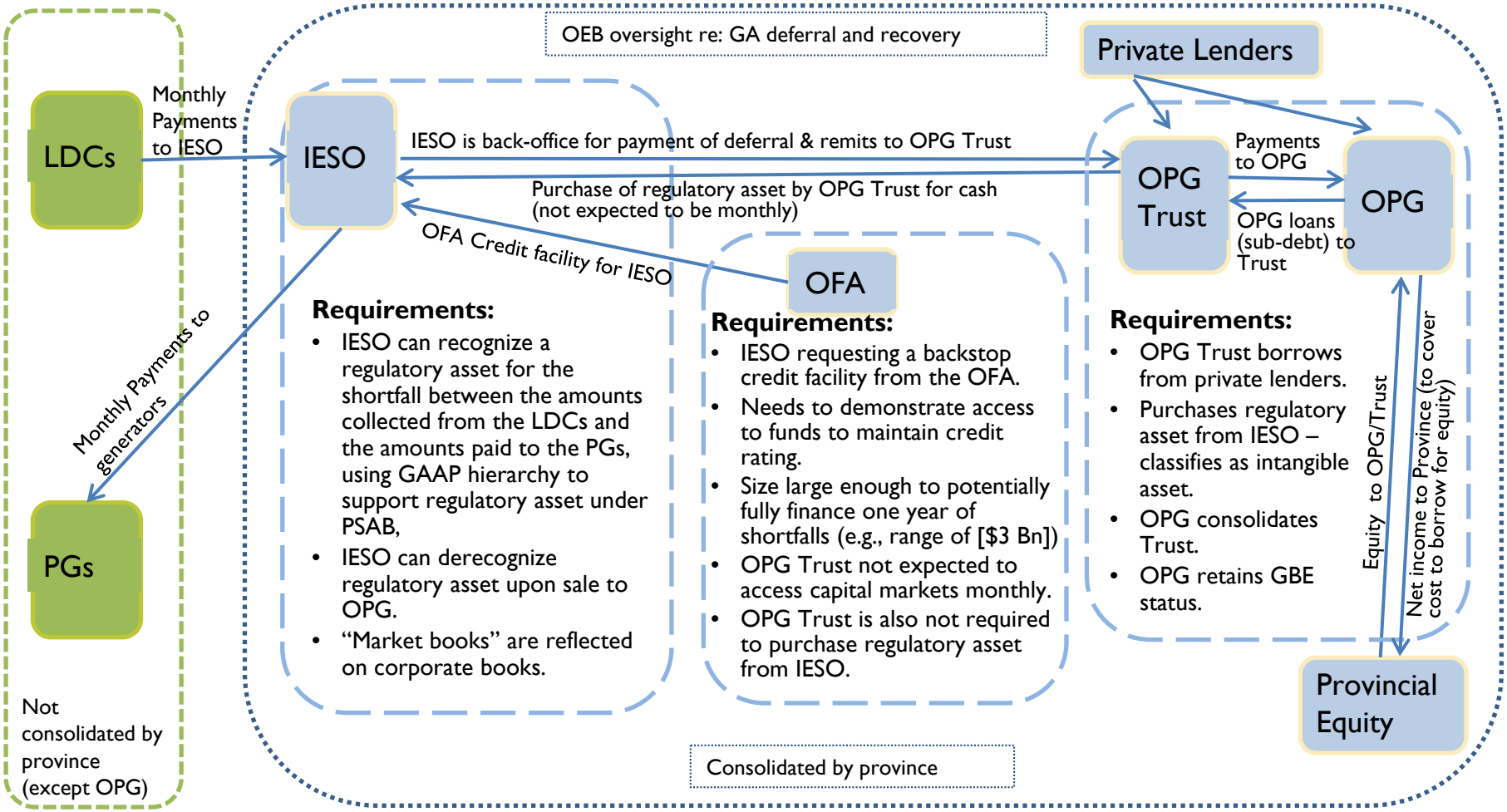

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From:	Ronald Kwan
To:	Gadi Mayman
Cc:	Anna Strathy; Gavin He; Mike Manning; Ken Kandeepan
Subject:	RE: Rate Mitigation Implementation Meeting - April 25, 2017
Date:	Monday, May 01, 2017 6:48:11 PM
Attachments:	GA - IESO Role and Financing v4 - extract v10.pptx GA - IESO Role and Financing v4 - extract v9_Markup3.pptx

---

Hi Gadi,
We made a few tweaks to the slides.
Energy's PW.
Ron

From: Ronald Kwan
Sent: April-28-17 15:19
To: Gadi Mayman
Cc: Anna Strathy ; Gavin He ; Mike Manning ; Ken Kandeepan
Subject: RE: Rate Mitigation Implementation Meeting - April 25, 2017

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Corporate and Electricity Finance Division
May 1, 2017

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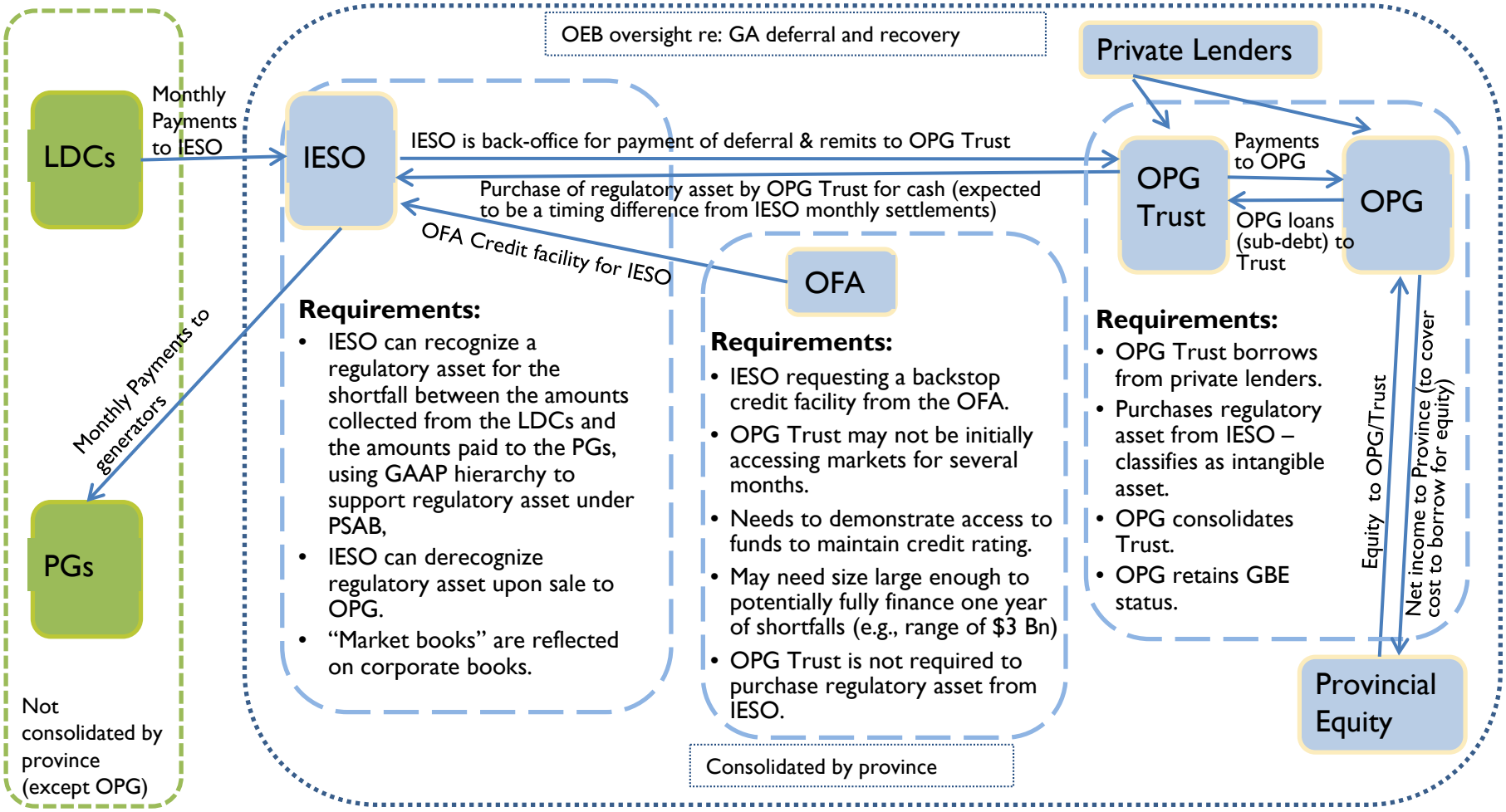

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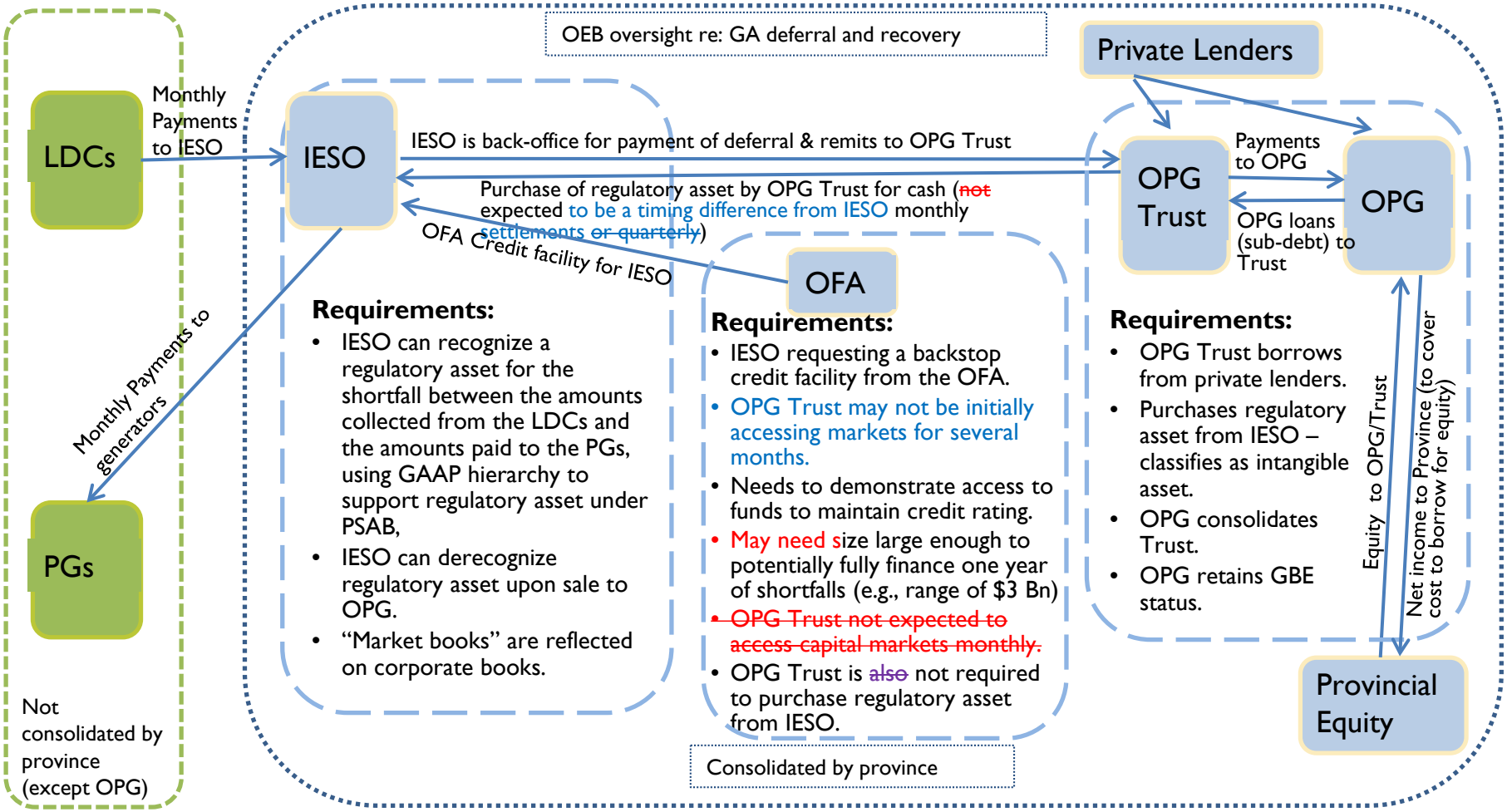

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From: Ken Kandeepan
To: Anna Strathy
Cc: Gavin He; Ronald Kwan; Carlos Yep; Mike Manning
Subject: RE: Rate Mitigation Implementation Meeting - August 10, 2017
Date: Sunday, August 13, 2017 11:51:32 AM

Hi Anna
I understand that we will be receiving a revised term sheet for the guarantee this Monday, will forward same to you.
Thanks
Ken k

From: Anna Strathy
Sent: Friday, August 11, 2017 10:16 AM
To: Ronald Kwan ; Ken Kandeepan ; Carlos Yep ; Mike Manning
Cc: Gavin He
Subject: FW: Rate Mitigation Implementation Meeting - August 10, 2017
Good morning,
As you may know, coming out of the Rate Mitigation meeting yesterday with Energy, it was decided that TB/MBC will need to decide on the Provincial Guarantee. OFA has been tasked with preparing a Treasury Board submission that will track to TB/Cabinet on September 12th/13th (see attached Action Items).
I'm going to develop a first draft of the submission and circulate it to this group next week for comment. After the first round of comments, I'll recirculate to a wider group, including Scott Nelms' team and OPCD. To assist in my preparation of the submission, could I ask you to **send me any materials you have on the Provincial Guarantee** – latest term sheet, briefing notes, decks, etc.?
Mike, I know you're away next week, so if there's anything in particular that you think TB/MBC should be made aware of with respect to the decision on the guarantee, please let me know and I'll make sure it's incorporated into the submission.
Many thanks and happy to discuss.
Anna

From: Gadi Mayman
Sent: Thursday, August 10, 2017 7:05 PM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Fw: Rate Mitigation Implementation Meeting - August 10, 2017

From: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Sent: Thursday, August 10, 2017 6:49 PM
To: Steen Hume (CAB); Kaili Sermat-Harding (ENERGY); Carolyn Calwell (MCSS); Scott Nelms (ENERGY); ''jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Scott Thompson (CAB); Helen Angus (MOHLTC); Steven Davidson (MTCS); 'CROZZOLI Carlo -CBUSDEV&STRT'; Gadi Mayman; 'LEE John -TREASURY'; Karen Hughes (MGS); Veinot, Cindy (TBS); Keley Katona (ENERGY)
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Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: August 9, 2017 8:19 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Nakahara, Ken (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI); Nelms, Scott (MOF); ''jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); 'CROZZOLI Carlo -CBUSDEV&STRT'; Mayman, Gadi (OFA); 'LEE John -TREASURY'; Hughes, Karen (TBS); Veinot, Cindy (TBS)
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); MacIntyre, Kyle (TBS); McLean, David (MOF); Foster, Robert (CAB); 'jordan.penic@ieso.ca'; 'Turnevicius, Lorraine'; 'catriona.king@opg.com'; Bungaro-Yemec, Francesca (ENERGY); Feather, Adam (ENERGY); Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Laughton, Patrick (TBS); 'David Barrett'
Subject: Rate Mitigation Implementation Meeting - August 10, 2017
Hi everyone,
Please find attached the material for discussion tomorrow morning.
Thanks,
Martin

From:	Anna Strathy
To:	Ken Kandeepan
Cc:	Gavin He; Ronald Kwan; Carlos Yep; Mike Manning
Subject:	RE: Rate Mitigation Implementation Meeting - August 10, 2017
Date:	Monday, August 14, 2017 8:30:21 AM

Thanks Ken.

From: Ken Kandeepan
Sent: Sunday, August 13, 2017 11:52 AM
To: Anna Strathy
Cc: Gavin He ; Ronald Kwan ; Carlos Yep ; Mike Manning
Subject: RE: Rate Mitigation Implementation Meeting - August 10, 2017

Hi Anna
I understand that we will be receiving a revised term sheet for the guarantee this Monday, will forward same to you.
Thanks
Ken k

From: Anna Strathy
Sent: Friday, August 11, 2017 10:16 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: Rate Mitigation Implementation Meeting - August 10, 2017

Good morning,
As you may know, coming out of the Rate Mitigation meeting yesterday with Energy, it was decided that TB/MBC will need to decide on the Provincial Guarantee. OFA has been tasked with preparing a Treasury Board submission that will track to TB/Cabinet on September 12th/13th (see attached Action Items).
I'm going to develop a first draft of the submission and circulate it to this group next week for comment. After the first round of comments, I'll recirculate to a wider group, including Scott Nelms' team and OPCD. To assist in my preparation of the submission, could I ask you to **send me any materials you have on the Provincial Guarantee** – latest term sheet, briefing notes, decks, etc.?
Mike, I know you're away next week, so if there's anything in particular that you think TB/MBC should be made aware of with respect to the decision on the guarantee, please let me know and I'll make sure it's incorporated into the submission.
Many thanks and happy to discuss.
Anna

From: Gadi Mayman
Sent: Thursday, August 10, 2017 7:05 PM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Fw: Rate Mitigation Implementation Meeting - August 10, 2017

From: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Sent: Thursday, August 10, 2017 6:49 PM
To: Steen Hume (CAB); Kaili Sermat-Harding (ENERGY); Carolyn Calwell (MCSS); Scott Nelms (ENERGY); ''jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)';

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To:	John Psinas; Darren Scanlan; David Cross
Cc:	Usman Zahid; Ken Kandeepan; Mike Manning
Subject:	RE: Review Required: Public Accounts - Media Qs&As (comprehensive)
Date:	Thursday, August 31, 2017 4:11:15 PM

Hi all,
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Thanks,
Matt

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Sent: Thursday, August 31, 2017 10:00 AM
To: John Psinas ; Darren Scanlan ; David Cross
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Cc: Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>
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Best,

Alisha
Alisha Tharani | Corporate Issues Management Analyst
Communications Branch | Treasury Board Secretariat
Ferguson Block, 8th Floor, 77 Wellesley Street West
Toronto, Ontario M7A 1N3
T 416-327-3803 | M 647-262-3176 | E Alisha.Tharani@ontario.ca

From: John Psinas
To: Ken Kandeepan
Cc: Anna Strathy; Mike Manning
Subject: RE: Review Required: Public Accounts - Media Qs&As (comprehensive)
Date: Thursday, August 31, 2017 10:16:27 AM

Ken,

They added a number of questions since the ADM sign off two days ago, some that touch upon IOD, Credit Ratings, etc. Overall, a lot of the questions in the revised Media Q&As are centered around the AG and best reviewed by OPCD and TBS in general, such as the pension question.

They also added some Fair Hydro Plan questions even though not really related to this year's Public Accounts. I don't know who wrote them, likely OPCD, but they seem to be fairly worded, general and in a neutral tone. However, I believe you and Gadi did meet with the AG herself post April (I think in July), so it may not be true that the AG "declined" to discuss the Fair Hydro issue at the meeting, as the Fair Hydro meeting question # 1 below states.

- Fair Hydro Accounting (Other Matters)

1. **The Auditor General alleges the government withheld information from her on the accounting treatment for the Fair Hydro Plan. Why would she say that?**

   First, I would note that the accounting for the Fair Hydro Plan is separate and distinct from the Public Accounts we're here to talk about today.

   Having said that, we respectfully disagree with the Auditor General's claim that the government withheld information from her or her office.

   In March, the Ministry of Energy provided the Auditor General's Office with Cabinet documents from February and March related to the Fair Hydro Plan. These documents together provided a comprehensive overview of all elements of the plan that were known at that time, including accounting memos from both the Independent Electricity System Operator (IESO) and Ontario Power Generation (OPG).

   On April 19, 2017, senior ministry officials from Treasury Board Secretariat, Finance and Energy met with the Auditor General and her staff to provide a briefing on the accounting for the Fair Hydro Plan.

   Since that April 19 briefing, ministry officials from Treasury Board Secretariat have met with the Auditor General several times. At each meeting, officials included the Fair Hydro Plan and IESO accounting on the agenda. However, in each case the Auditor declined those requests to discuss this issue with her.

2. **The Auditor General has some serious concerns about how you're accounting for the Fair Hydro Plan. What do you say to this?**

   (Has been approved by TBS & MOF ADMs on August 29, 2017)

   The accounting for the Fair Hydro Plan is a separate and distinct issue to the Public Accounts for 2016-17 that we're here to talk about today.

   However, under the Fair Hydro Plan accounting structure, the Province's net debt and annual surplus/deficit won't be negatively impacted since all costs are expected to be recovered through future rates.

   The Ministry of Finance continues to work closely with Treasury Board Secretariat, the Ministry of Energy, Ontario Power Generation (OPG), the Independent Electricity System Operator (IESO) and external advisors to address the outstanding accounting related considerations which will be key to managing the fiscal impact of the Global Adjustment refinancing.

The Auditor General has also been briefed on the government's refinancing structure.

For further questions, I direct you to contact my colleague at the Ministry of Energy.

3. **Why did you set up the Fair Hydro Plan accounting in this way?**

Again, I would note that the accounting for the Fair Hydro Plan is separate and distinct from the Public Accounts we're here to talk about today.

However, in order to meet the needs of users, including the legislature and the public, for accountability in government reporting and decision making, it is essential that public sector financial statements reflect the economic substance of the government's activities.

All of the agreements necessary for the Global Adjustment (GA) Refinancing are not yet complete. The final accounting for the GA Refinancing will be completed once all of the elements are complete.

In analyzing the appropriate accounting treatment for the GA refinancing component of the Fair Hydro Plan on the province's consolidated financial statements in 2017-18 and forward, the province considered authoritative guidance issued by the Public Sector Accounting Board, as well as the accounting assessments of the Independent Electricity System Operator (IESO) and Ontario Power Generation (OPG) management, including the accounting opinions of their external auditors.

The complexity and unique structure of the GA Refinancing structure requires the use of professional judgment to ensure that key financial reporting objectives of transparency and accountability are best served.

Any further questions about the Fair Hydro Plan should be directed to my colleague the Minister of Energy.

From: John Psinas

Sent: Thursday, August 31, 2017 10:03 AM

To: Anna Strathy ; Darren Scanlan ; David Cross

Cc: Usman Zahid ; Ken Kandeepan ; Mike Manning

Subject: RE: Review Required: Public Accounts - Media Qs&As (comprehensive)

They changed the password to Ontario150

From: Anna Strathy

Sent: Thursday, August 31, 2017 10:00 AM

To: John Psinas <John.Psinas@ofina.on.ca>; Darren Scanlan <Darren.Scanlan@ofina.on.ca>; David Cross <David.Cross@ofina.on.ca>

Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>

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Importance: High

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T 416-327-3803 | M 647-262-3176 | E Alisha.Tharani@ontario.ca

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To:	Anna Strathy; Darren Scanlan; David Cross
Cc:	Usman Zahid; Ken Kandeepan; Mike Manning
Subject:	RE: Review Required: Public Accounts - Media Qs&As (comprehensive)
Date:	Thursday, August 31, 2017 10:02:43 AM

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Cc:	Usman Zahid; Ken Kandeepan; Mike Manning; George Sakura
Subject:	RE: Review Required: Public Accounts - Media Qs&As (comprehensive)
Date:	Friday, September 01, 2017 10:29:54 AM
Attachments:	DRAFT_Public Accounts 2016-17 QA_August 31 OFA JP.docx

Matt,

Please find attached my edits. To summarize:

Question 10 (page 8) and question 39 (page 30) . Added a sentence about BC and Quebec qualified opinions not affecting their Credit Rating. However, David Cross may have further edits for question 39.

Question 29 (page 25), added "lower than forecast deficit" and deleted the phrase about IOD staying low to 2019-20 (It actually slightly rises).

Question 30 (page 26) added the phrase from the Budget that for every $1 spent on infrastructure, GDP rises by $6. (This is $6 reference is mentioned in question 27 already)

Thanks.

John

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CONFIDENTIAL

PUBLIC ACCOUNTS 2016-17
Media Qs & As

August 30, 2017

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Key Messages

- [Placeholder]

DRAFT

Top Media Qs&As

Top media Qs&As have been approved by TBS & MOF ADMs on August 29, 2017

1. **The Auditor General has issued a qualified opinion for the second year in a row. Is this a sign of fiscal mismanagement?**

   We continue to move forward and present the Province's finances fairly and accurately and in accordance with Canadian Public Sector Accounting Board standards. Ontario has a strong track record of producing high-quality financial reports on a timely basis. The Auditor General's qualified opinion is based on a different interpretation of Public Sector Accounting Board standards for net pension assets and recognition of market accounts.

   Last year there was a disagreement among the Province's professional accounting staff and the Auditor General's Office on the appropriate application of Public Sector Accounting Board standards regarding pension accounting.

   As a result, the Pension Asset Expert Advisory Panel was established to deliver independent advice and recommendations on the issue to the Province.

   The independent panel members concluded the Province's share of the net pension assets of both the Ontario Teachers' Pension Plan and the Ontario Public Service Employees' Union Pension Plan should be recognized in Ontario's financial statements.

   After significant deliberation, including consideration of the recommendations of the panel, Ontario confirmed that the accounting for these plans prior to 2015-16 was appropriate, and are prepared in accordance with public sector accounting standards for pension asset accounting. Further, Ernst & Young LLP provided additional analysis and concluded that no valuation analysis was required for either plan. The 2016-17 financial statements include these pension assets, and we continue to apply the accounting treatment of pension assets that the Province has used consistently since 2001.

   This year the Independent Electricity System Operator (IESO) began recognizing its market accounts' assets (amounts due from power distributors) and liabilities (amounts due to power producers) in their financial results. IESO has chosen to recognize these markets accounts on its books for transparency reasons, as it better reflects its net financial position on behalf of the IESO-administered markets at year-end. This change was supported by the IESO's audit committee, an independent external auditor, and finally by the Office of the Provincial Controller. This change also has no impact to the province's annual deficit, net debt or accumulated deficit.

   This accounting is consistent with the presentation used previously by the Ontario Power Authority (which was merged with the IESO on January 1, 2015)

in its financial statements, which was not subject to qualification from the Office of the Auditor General at that time.

2. The Auditor General is critical of the IESO accounting changes. Is this another example of Ontario's 'funny math'?

No. The Independent Electricity System Operator (IESO) began recognizing its market accounts' assets (amounts due from power distributors) and liabilities (amounts due to power producers) in their financial results. IESO has chosen to recognize these markets accounts on its books for transparency reasons, as it better reflects its net financial position on behalf of the IESO-administered markets at year-end.

Public Sector Accounting Board standards encourage preparers and auditors to consider guidance in other accounting frameworks to address transparency and accountability:

- This accounting change was accepted by the IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in the IESO's annual report which was published online in March 2017.
- Further, this accounting is consistent with the presentation used previously by the Ontario Power Authority (which was merged with the IESO on January 1, 2015) in its financial statements, which was not subject to qualification from the Office of the Auditor General at that time.

This change has no impact to the province's annual deficit, net debt or accumulated deficit.

As such, this accounting change has been supported by the professional accounting staff of the Office of the Provincial Controller.

We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

If pressed on rate-regulated accounting:

The IESO made the decision to adopt rate-regulated accounting because it better reflects the economic substance of certain types of expenses that may not be directly recovered through the normal revenue requirement model.

The IESO, like Hydro One and Ontario Power Generation (OPG), is regulated by the Ontario Energy Board. The IESO adopted rate-regulated accounting for its year ended December 31, 2016. The impact on the financial statements of the

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Province is a decrease of $82 million in the 2016-17 opening accumulated deficit and an increase in the 2016-17 annual deficit by $24 million.

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3. Why are you still fighting with the Auditor General over pension accounting?

In preparing last year's Public Accounts, the Province's professional accounting staff and the Auditor General's Office engaged in discussions about the appropriate application of Public Sector Accounting Board standards regarding pension accounting for the Province's jointly sponsored pension plans.

As a result, the Pension Asset Expert Advisory Panel was established to deliver independent advice and recommendations to the Province on the issue. The independent panel members concluded the Province's share of the net pension assets of both the Ontario Teachers' Pension Plan and the Ontario Public Service Employees' Union Pension Plan should be recognized in Ontario's financial statements.

After significant deliberation, including consideration of the recommendations of the panel, Ontario confirmed that the accounting for these plans prior to 2015-16 was appropriate. Further, Ernst & Young LLP provided additional analysis and concluded that no valuation analysis was required for either plan. The 2016-17 financial statements include these pension assets, and we continue to apply the accounting treatment of pension assets that the Province has used consistently since 2001.

We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

4. How were you able to beat your deficit target in 2016-17?

In 2016-17 we maintained our focus on responsible fiscal management and investing in the right priorities. We are making progress on our economic plan by making investments to spur growth, transforming government and responsibly managing spending.

Average annual growth of total government spending has been held to 2.3 per cent for the past five years. As a result of growth in revenue that exceeded growth in program expense, as well as lower than forecast interest on debt, the

deficit is $3.3 billion lower than projected in the 2016 Budget. It is also $0.5 billion lower than the interim projection in the 2017 Budget.

This is the eighth year in a row the government has beaten its deficit target.

5. The government is claiming the deficit has been reduced to $1B deficit for 2016-17 and that the budget will be balanced over the next three years. However, the AG is saying that the deficit for 2016-17 was more than $2B due to the treatment of pension assets, and the FAO has stated that the government's revenue forecast is more than $1B too "optimistic". Isn't the government really hiding a $3-4B deficit instead of a balanced budget?

Commented [AT1]: From MOF; updated Aug 29

There is no hidden deficit. In the *2010 Budget*, the government committed to eliminating the deficit and returning to a balanced budget by 2017-18. Through targeted, measured and fiscally responsible decisions, Ontario has restored its fiscal and economic strength.

Today we are confirming that the 2016-17 deficit of $1 billion is $3.3 billion lower than projected in the 2016 Budget and $0.5 billion lower than the interim projection in the 2017 Ontario Budget. This marks the eighth year in a row that Ontario has beaten its deficit target.

The success in eliminating the deficit is supported by a strong track record in managing spending -- having held average growth in spending to 2.3 per cent over the past five years.

In addition, over the last several years, the government's investments to strengthen economic growth have paid off. Ontario is a leader in economic growth, with our real GDP having outpaced that of all the G7 countries for the last three years. The strengthened economy has resulted in increased revenue for the Province – in fact, over the past two fiscal years, revenue has come in higher than projected, supporting Ontario's return to a balanced budget.

It is also important to point out that private sector forecasters have revised upward their expectations for the Ontario economy since the 2017 Budget, reflecting the growing strength of the Ontario economy. The government is also taking steps to improve tax fairness and address the underground economy in order to ensure the integrity of the Province's revenues.

Finally, Ontario's fiscal plan incorporates prudence in the form of a reserve to protect the fiscal outlook against unforeseen adverse changes in the Province's revenue and expense. The reserve has been set at $0.6 billion in 2017-18, $0.6 billion in 2018-19, and $0.9 billion in 2019-20.

Balancing the budget means that the government can invest more in the programs and services that people rely on.

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6. **Interest on debt is still massive and the Bank of Canada is expected to raise interest rates again this fall. How is the government preparing for this and will this affect your ability to maintain a balanced budget?**

   The increase in the Bank of Canada's policy rate reflects the growing strength of the Canadian and Ontario economy. Ontario's economy remains strong and has continued to grow and create jobs in an uncertain global environment.

   A quarter-point increase in the policy rate is not likely to have a material impact on the Ontario economic outlook. The 2017 Ontario Budget anticipated that the interest rates would rise modestly.

   As noted in the 2017 Budget, the Province's average cost of 10 year borrowing in 2017-18 is forecast to be 3 per cent. The impact of a 100 basis point increase in borrowing rates is forecast to be approximately $300 million. The interest rate forecast used in the Budget was prudent, and anticipated that long-term interest rates would rise as we progressed through the fiscal year.

7. **You claim to have balanced the budget yet you keep piling on more debt. How do you plan to pay down the debt?**

   Commented [AT2]: From MOF/OFA; updated Aug 30

   We maintain a target of reducing the net debt-to-GDP ratio to its pre-recession level of 27 per cent, with current projections showing that this will be achieved by 2029-30. In the balanced 2017 Budget, the government is setting an interim target to reduce the net debt-to-GDP ratio to 35 per cent by 2023–24.

   In a balanced budget environment, debt would be incurred primarily to invest in capital assets. We are making progress on our economic plan by making investments to spur growth, transforming government and responsibly managing spending – including addressing the underground economy and maintaining tax fairness. Our strategic investments in infrastructure provide economic benefits: a recent study by the Centre for Spatial Economics (C4SE) finds that, over the long term, real GDP in Ontario will rise up to $6 on average per one dollar of public infrastructure spending.

   These strategic investments are creating jobs and contributing to economic growth. Ontario's GDP grew one per cent in the first quarter of 2017, outperforming that of Canada, the U.S. and all other G7 countries.

8. **Spending for hospitals, school boards and colleges seems to be much higher in Public Accounts than in the 2017 Budget. Why is this?**

   To increase transparency, this year we have made a simple change to how we are reporting third party revenues for broader public sector organizations.

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For the first time, Public Accounts are presenting third party revenues for hospitals, school boards and colleges with provincial revenue. Third party revenues earned by these organizations, such as tuition fees, patient fees, research grants and donations, are no longer netted against the respective sectors' expenses, as they were in prior years for Public Accounts and the 2017 Budget.

This is simply a presentation change for Public Accounts. It is fiscally neutral, i.e. there is no change to the annual deficit, net debt or accumulated deficit. To ensure consistency in year-to-year and to Budget comparisons, we are reclassifying all previous years and the 2016 Budget. The 2017 Fall Economic Statement and 2018 Budget will also reflect this presentation change.

The Auditor General supports the Province's decision to adopt this presentation change. It is consistent with the accounting principles for governments issued by the Public Sector Accounting Board, and the reporting practices of other senior Canadian governments.

9. The Public Accounts show a drawdown of $260 million from the Trillium Trust. What did you spend the money on?

The government began allocating proceeds from the Trillium Trust in 2016-17 to help support infrastructure initiatives such as GO Regional Express Rail (GO RER), the Hurontario Light Rail Transit (LRT) and the Ontario Community Infrastructure Fund (OCIF).

We expect the Trillium Trust to be drawn down by about an additional $400 million in 2017–18.

Our strategic investments in infrastructure provide economic benefits: a recent study by the Centre for Spatial Economics (C4SE) finds that, over the long term, real GDP in Ontario will rise up to $6 on average per one dollar of public infrastructure spending.

10. Does a qualified opinion impact the Province's credit rating?

The Province's financial results show that the government has once again beaten its annual deficit targets. In April 2017, we delivered our first balanced budget since the global recession and we are on track to do so again next year and the year after.

The rating agencies will assess whether the underlying factors that lead to a qualified opinion directly affect the creditworthiness of the Province. However, there were no credit rating implications in 2016 when the Province received a qualified audit opinion on its 2015-16 Public Accounts. Qualified opinions by the Auditor Generals of British

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Columbia and Quebec have been made in their respective provinces in the past, with no negative impacts on their province's credit ratings.

In 2017 the C.D. Howe Institute, an independent research organization that assesses the fiscal planning and reporting of governments in Canada, also commented positively on the financial reporting practices of Ontario relating to its fiscal reporting activities that include Public Accounts, the annual Budget and Estimates.

11. The Auditor General has some serious concerns about how you're accounting for the Fair Hydro Plan. What do you say to this?

The accounting for the Fair Hydro Plan is a separate and distinct issue to the Public Accounts for 2016-17 that we're here to talk about today.

However, under the Fair Hydro Plan accounting structure, the Province's net debt and annual surplus/deficit won't be negatively impacted since all costs are expected to be recovered through future rates.

The Ministry of Finance continues to work closely with Treasury Board Secretariat, the Ministry of Energy, Ontario Power Generation (OPG), the Independent Electricity System Operator (IESO) and external advisors to address the outstanding accounting related considerations which will be key to managing the fiscal impact of the Global Adjustment refinancing.

The Auditor General has also been briefed on the government's refinancing structure.

For further questions, I direct you to contact my colleague at the Ministry of Energy.

12. Program spending increased again this year. Why?

Program spending in 2016-17 was $141.7 billion, down $0.1 billion from the 2016 Budget. Average annual growth of total government spending has been held to 2.3 per cent for the past five years.

Healthcare represents the largest share of government program spending at $56 billion. Transformation efforts continue to make the sector more effective and sustainable while continuing to improve access for patients, especially the increased demands from an aging and growing population. The government has invested in new drugs, technologies, community and home care, long term care homes, mental health, physicians' services and specialized cancer treatments.

Other increases include:

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- $26.6 billion in education, mainly due to the introduction of full-day kindergarten;
- $16 billion in children's and social services, due to increased annual social assistance rates as well as investments in developmental services, autism and complex special needs programs, as well as the Ontario Child Benefit;
- $10.1 billion in post-secondary and training, due to enrolment growth in colleges and universities along with increased student financial assistance programs and increases in capital funding for post-secondary institutions;
- $4.6 billion in justice sector expenses due mainly to the upload of court security costs from municipalities, compensation for the Ontario Provincial Police and correctional services programs, as well as improved access to legal aid.

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Media Qs&As – Comprehensive List

General Public Accounts Information

1. **What is Public Accounts?**

   The Public Accounts of Ontario is a key accountability and transparency document in the government's financial cycle. It's a look back that compares Ontario's actual performance to what was planned in the Budget.

   The Public Accounts present the financial statements of the Province, provide financial highlights of the past fiscal year, and report on performance in priority areas.

   Public Accounts is audited by the Auditor General and is typically released in the fall of the following fiscal year.

2. **Why can't I find some organizations' financial statements in the Public Accounts?**

   Volume 2 contains the individual financial statements of government organizations, business enterprises and other financial statements. At the time of print, some organizations may not have had time to provide their financial statements. When this happens, we post them to Ontario.ca/publicaccounts as soon as they're available. The omission has no impact on the financial results reported in Public Accounts.

Accounting Changes

3. **Why have you restated prior year's financial statements?**

   When preparing the 2016-17 Public Accounts, Ontario's professional accounting staff adopted accounting changes to further enhance accountability and transparency.

   These changes include:
   a. **Accounting for hospitals, school boards and colleges** - third-party revenues (i.e. tuition fees, patient fees, research grants and donations) are now reported together with provincial revenue. This change increases transparency and is supported by the Auditor General.
   b. **Accounting for energy sector government business enterprises** - the financial results of investments in Hydro One and Ontario Power Generation (OPG) now reflect International Financial Reporting Standards. Previously, these results were reported using U.S. Generally Accepted Accounting Principles. This change was made to meet Public Sector Accounting Board standards and is supported by the Auditor General.

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c. **Accounting for the Independent Electricity System Operator (IESO)** - the IESO has adopted rate-regulated accounting, and is now recognizing its market accounts assets and liabilities in its financial results.
d. **Accounting for net pension assets of jointly sponsored pension plans** - the Province is reporting net pension assets for jointly sponsored pension plans. This is in line with Public Sector Accounting Board standards and the recommendations of the independent Pension Asset Expert Advisory Panel.

- **Broader Public Sector Accounting Presentation Change**

4. Spending for hospitals, school boards and colleges seems to be much higher in Public Accounts than in the 2017 Budget. Why is this?
(Has been approved by TBS & MOF ADMs on August 29, 2017)

Commented [AT3]: Top Ten; updated Aug 29

To increase transparency, this year we have made a simple change to how we are reporting third party revenues for broader public sector organizations.

For the first time, Public Accounts are presenting third party revenues for hospitals, school boards and colleges with provincial revenue. Third party revenues earned by these organizations, such as tuition fees, patient fees, research grants and donations, are no longer netted against the respective sectors' expenses, as they were in prior years for Public Accounts and the 2017 Budget.

This is simply a presentation change for Public Accounts. It is fiscally neutral, i.e. there is no change to the annual deficit, net debt or accumulated deficit. To ensure consistency in year-to-year and to Budget comparisons, we are reclassifying all previous years and the 2016 Budget. The 2017 Fall Economic Statement and 2018 Budget will also reflect this presentation change.

The Auditor General supports the Province's decision to adopt this presentation change. It is consistent with the accounting principles for governments issued by the Public Sector Accounting Board, and the reporting practices of other senior Canadian governments.

5. What is consolidated reporting?

This presentation change may also be referred to as line-by-line consolidated reporting. This type of reporting is a more transparent way of presenting the details in the Broader Public Sector (BPS).

This change means that both expenses and revenues will be shown as separate items (on a gross basis), as opposed to being reported together (on a net basis).This affects what you see in the reporting breakdown of figures for hospitals, school boards, colleges and universities. However this has no impact to the annual deficit, net debt or accumulated deficit.

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Line-by-line consolidated reporting is in keeping with Public Sector Accounting Board standards and will mean that our presentation for Public Accounts is consistent with other governments across Canada. The Auditor General is supportive of this change.

- **Ontario Power Generation and Hydro One Accounting Change**

6. **Why is there a change to the accounting for Ontario Power Generation (OPG) and Hydro One?**

   In the 2016-17 Public Accounts, the financial results of Ontario's investments in Hydro One and Ontario Power Generation (OPG) now reflect International Financial Reporting Standards. Previously, these results were reported using U.S. Generally Accepted Accounting Principles. This change was made to meet Public Sector Accounting Board requirements and is supported by the Auditor General.

7. **What is the impact of this change to their bottom line?**

   Energy and OPCD to provide details

- **Pension Asset Accounting**

   See section: Auditor General – Qualified Opinion for more information.

- **Independent Electricity System Operator (IESO) Accounting Changes**

8. **What accounting changes were made by the Independent Electricity System Operator (IESO)? Why?**

   The Independent Electricity System Operator (IESO) began recognizing its market accounts' assets (amounts due from power distributors) and liabilities (amounts due to power producers) in their financial results. IESO has chosen to recognize these markets accounts on its books for transparency reasons, as it better reflects its net financial position on behalf of the IESO-administered markets at year-end.

   The IESO also made the decision to adopt rate-regulated accounting because it better reflects the economic substance of certain types of expenses that may not be directly recovered through the normal revenue requirement model.

   This accounting change was accepted by the IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in the IESO's 2016 annual report which was published online in March 2017.

Commented [AT4]: Updated Aug 29 using content approved byTBS/MOF ADMs

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See section: Auditor General – Qualified Opinion for more information.

Auditor General – Qualified Opinion

9. The Auditor General has issued a qualified opinion for the second year in a row. Is this a sign of fiscal mismanagement?
(Has been approved by TBS & MOF ADMs on August 29, 2017)

Commented [AT5]: Top Question; updated Aug 29

We continue to move forward and present the Province's finances fairly and accurately and in accordance with Canadian Public Sector Accounting Board standards. Ontario has a strong track record of producing high-quality financial reports on a timely basis. The Auditor General's qualified opinion is based on a different interpretation of Public Sector Accounting Board standards for net pension assets and recognition of market accounts.

Last year there was a disagreement among the Province's professional accounting staff and the Auditor General's Office on the appropriate application of Public Sector Accounting Board standards regarding pension accounting. As a result, the Pension Asset Expert Advisory Panel was established to deliver independent advice and recommendations on the issue to the Province.

The independent panel members concluded the Province's share of the net pension assets of both the Ontario Teachers' Pension Plan and the Ontario Public Service Employees' Union Pension Plan should be recognized in Ontario's financial statements.

After significant deliberation, including consideration of the recommendations of the panel, Ontario confirmed that the accounting for these plans prior to 2015-16 was appropriate, and are prepared in accordance with public sector accounting standards for pension asset accounting. Further, Ernst & Young LLP provided additional analysis and concluded that no valuation analysis was required for either plan. The 2016-17 financial statements include these pension assets, and we continue to apply the accounting treatment of pension assets that the Province has used consistently since 2001.

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This accounting is consistent with the presentation used previously by the Ontario Power Authority (which was merged with the IESO on January 1, 2015) in its financial statements, which was not subject to qualification from the Office of the Auditor General at that time.

10. **This year it's IESO accounting. Last year it was pension assets. Before that it was government advertising. Why are you still fighting with the Auditor General? This seems to be a pattern of behavior where you try and undermine her authority.**

    Our government has the utmost respect for all independent officers of the legislature, and we value the important perspective they bring.

- **Pension Asset Accounting**

11. **Why are you still fighting with the Auditor General over pension accounting?**
    (Has been approved by TBS & MOF ADMs on August 29, 2017)

    In preparing last year's Public Accounts, the Province's professional accounting staff and the Auditor General's Office engaged in discussions about the appropriate application of Public Sector Accounting Board standards regarding pension accounting for the Province's jointly sponsored pension plans.

    As a result, the Pension Asset Expert Advisory Panel was established to deliver independent advice and recommendations to the Province on the issue. The independent panel members concluded the Province's share of the net pension assets of both the Ontario Teachers' Pension Plan and the Ontario Public Service Employees' Union Pension Plan should be recognized in Ontario's financial statements.

    After significant deliberation, including consideration of the recommendations of the panel, Ontario confirmed that the accounting for these plans prior to 2015-16 was appropriate. Further, Ernst & Young LLP provided additional analysis and concluded that no valuation analysis was required for either plan. The 2016-17 financial statements include these pension assets, and we continue to apply the accounting treatment of pension assets that the Province has used consistently since 2001.

    We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

12. **What was the panel's rationale for its decision?**

Commented [AT6]: Top Question; updated Aug 29

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The Pension Asset Expert Advisory Panel recommended that the Province's share of the net pension assets of both the Ontario Teachers' Pension Plan (OTPP) and the Ontario Public Service Employees Union Pension Plan (OPSEUPP) should be recognized as an asset in Ontario's financial statements.

The panel said that:

- Recognizing the asset will provide a faithful representation of the Province's financial position.
- The accounting surplus in the plan has a future economic benefit.
- The government controls access to that accounting surplus.
- The accounting surplus exists as the result of past transactions and events.
- It would be misleading not to recognize the Province's share of the assets in Public Accounts.

In addition, the panel concluded that the government will be able to benefit from the full amount of each net pension asset, and as a result, no reduction in the value is necessary.

Ernst & Young LLP provided additional analysis and concluded that no valuation analysis was required for either plan, confirming the independent panel's recommendation.

13. The Auditor General was critical of the panel's authority and credibility. What's your response to this?

The panel members are all highly-qualified experts in their field. They were carefully chosen for their expertise in the areas of jointly sponsored pension plans, actuarial modelling for pension plans and public sector accounting standards:

- **Patricia O'Malley (panel chair)** is a Chartered Professional Accountant. She has been a member of the Canadian Accounting Standards Oversight Council since 2013, was Chair of the Canadian Accounting Standards Board and was a member of the International Accounting Standards Board from 2001 to 2007.
- **Murray Gold** is a leading legal practitioner and senior pension and benefits partner at Koskie Minsky LLP.
- **Uros Karadzic** is a senior actuary at Ernst and Young's People Advisory Services Reward practice, which includes pension, benefit and compensation consulting.

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- **Paul Martin** is a Chartered Professional Accountant, Comptroller with the Government of New Brunswick and previously a partner with the national accounting firm of Grant Thornton LLP.

The panel was completely independent from government, and arrived at its advice based on its own analysis of this complex issue.

14. How much did you pay the panel members? Do you think that money was justified?

The total cost of the panel was $221,113. This included compensation and travel expenses for the four panelists, as well as procurement. These rates are consistent with the Agencies and Appointments Directive, which specified up to $2,000 per day for appointees with unique and specialized expertise, or urgent issues affecting government priorities and requiring intense time commitments over a short period of time.

Commented [AT7]: Need to confirm with OPCD

The panel members have expertise in the areas of jointly sponsored pension plan governance, actuarial modelling for pension plans and public sector accounting standards, and provided independent advice on how to move forward with how Public Sector Accounting Board standards should be applied to current and potential future net pension assets.

• IESO Accounting

15. The Auditor General is critical of the IESO accounting changes. Is this another example of Ontario's 'funny math'?
(Has been approved by TBS & MOF ADMs on August 29, 2017)

Commented [AT8]: Top Question; updated Aug 29

No. The Independent Electricity System Operator (IESO) began recognizing its market accounts' assets (amounts due from power distributors) and liabilities (amounts due to power producers) in their financial results. IESO has chosen to recognize these markets accounts on its books for transparency reasons, as it better reflects its net financial position on behalf of the IESO-administered markets at year-end.

Public Sector Accounting Board standards encourage preparers and auditors to consider guidance in other accounting frameworks to address transparency and accountability:

- This accounting change was accepted by the IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These

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- Further, this accounting is consistent with the presentation used previously by the Ontario Power Authority (which was merged with the IESO on January 1, 2015) in its financial statements, which was not subject to qualification from the Office of the Auditor General at that time.

This change has no impact to the province's annual deficit, net debt or accumulated deficit.

As such, this accounting change has been supported by the professional accounting staff of the Office of the Provincial Controller.

We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

If pressed on rate-regulated accounting:

The IESO made the decision to adopt rate-regulated accounting because it better reflects the economic substance of certain types of expenses that may not be directly recovered through the normal revenue requirement model.

The IESO, like Hydro One and Ontario Power Generation (OPG), is regulated by the Ontario Energy Board. The IESO adopted rate-regulated accounting for its year ended December 31, 2016. The impact on the financial statements of the Province is a decrease of $82 million in the 2016-17 opening accumulated deficit and an increase in the 2016-17 annual deficit by $24 million.

This accounting change was accepted by the IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in the IESO's annual report which was published online in March 2017.

16. What is the Auditor General's argument with these changes?

Commented [AT9]: Updated Aug 29 using content approved byTBS/MOF ADMs

The Auditor General claims that the change to the IESO's accounting policy to recognize market account assets and liabilities is inappropriate, as these market accounts are not assets and liabilities of the Province.

However, the IESO has chosen to recognize these markets accounts on its books for transparency reasons, as it better reflects its net financial position on behalf of the IESO-administered markets at year-end.

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This change has no impact to the province's annual deficit, net debt or accumulated deficit.

As such, this accounting change has been supported by the professional accounting staff of the Office of the Provincial Controller.

We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

17. Between IESO and the pension issue from last year it seems like you just make up new rules when you don't like what you hear from the Auditor General. How do you respond to that?

We continue to move forward and present the Province's finances fairly and accurately and in accordance with Canadian Public Sector Accounting Board standards. Ontario has a strong track record of producing high-quality financial reports on a timely basis. The Auditor General's qualified opinion is based on a different interpretation of Public Sector Accounting Board standards for net pension assets and recognition of market accounts.

In many cases the application of accounting standards requires professional judgment. The Province's professionally accredited accounting staff are highly qualified practitioners, with a high degree of expertise in their field. A difference of opinion on the interpretation of accounting standards is not unique to this situation. Other jurisdictions have also experienced differences of opinion between preparers and auditors on complex accounting matters.

Commented [AT10]: Need OPCD to provide examples of jurisdictions.

18. Will you strike an expert panel to study to IESO issue, like you did last year for pension accounting?

We have no plans to establish a panel at this time.

The changes made to the IESO accounting were accepted by the IESO's audit committee, board of directors, and their independent external auditor. These changes were outlined in the IESO's 2016 annual report, which was published in March 2017. The Office of the Provincial Controller supports these changes.

19. Your reasons for change are yet again at odds with the Auditor General. Why should we believe you, when she is an independent officer of the legislature?

The Auditor General's responsibility is to conduct an independent audit and provide her audit opinion based on her own professional judgment. A difference of opinion on the interpretation of accounting standards is not unique to this situation. Other jurisdictions have also experienced differences of opinion between preparers and auditors on complex accounting matters.

Commented [AT11]: Need OPCD to provide examples of jurisdictions.

- **Fair Hydro Accounting (Other Matters)**

20. The Auditor General alleges the government withheld information from her on the accounting treatment for the Fair Hydro Plan. Why would she say that?

First, I would note that the accounting for the Fair Hydro Plan is separate and distinct from the Public Accounts we're here to talk about today.

Having said that, we respectfully disagree with the Auditor General's claim that the government withheld information from her or her office.

In March, the Ministry of Energy provided the Auditor General's Office with Cabinet documents from February and March related to the Fair Hydro Plan. These documents together provided a comprehensive overview of all elements of the plan that were known at that time, including accounting memos from both the Independent Electricity System Operator (IESO) and Ontario Power Generation (OPG).

On April 19, 2017, senior ministry officials from Treasury Board Secretariat, Finance and Energy met with the Auditor General and her staff to provide a briefing on the accounting for the Fair Hydro Plan.

Since that April 19 briefing, ministry officials from Treasury Board Secretariat have met with the Auditor General several times. At each meeting, officials included the Fair Hydro Plan and IESO accounting on the agenda. However, in each case the Auditor declined those requests to discuss this issue with her.

21. The Auditor General has some serious concerns about how you're accounting for the Fair Hydro Plan. What do you say to this?
(Has been approved by TBS & MOF ADMs on August 29, 2017)

Commented [AT12]: Top Question; updated Aug 29

The accounting for the Fair Hydro Plan is a separate and distinct issue to the Public Accounts for 2016-17 that we're here to talk about today.

However, under the Fair Hydro Plan accounting structure, the Province's net debt and annual surplus/deficit won't be negatively impacted since all costs are expected to be recovered through future rates.

The Ministry of Finance continues to work closely with Treasury Board Secretariat, the Ministry of Energy, Ontario Power Generation (OPG), the Independent Electricity System Operator (IESO) and external advisors to address the outstanding accounting related considerations which will be key to managing the fiscal impact of the Global Adjustment refinancing.

The Auditor General has also been briefed on the government's refinancing structure.

For further questions, I direct you to contact my colleague at the Ministry of Energy.

22. Why did you set up the Fair Hydro Plan accounting in this way?

Again, I would note that the accounting for the Fair Hydro Plan is separate and distinct from the Public Accounts we're here to talk about today.

However, in order to meet the needs of users, including the legislature and the public, for accountability in government reporting and decision making, it is essential that public sector financial statements reflect the economic substance of the government's activities.

All of the agreements necessary for the Global Adjustment (GA) Refinancing are not yet complete. The final accounting for the GA Refinancing will be completed once all of the elements are complete.

In analyzing the appropriate accounting treatment for the GA refinancing component of the Fair Hydro Plan on the province's consolidated financial statements in 2017-18 and forward, the province considered authoritative guidance issued by the Public Sector Accounting Board, as well as the accounting assessments of the Independent Electricity System Operator (IESO) and Ontario Power Generation (OPG) management, including the accounting opinions of their external auditors.

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The complexity and unique structure of the GA Refinancing structure requires the use of professional judgment to ensure that key financial reporting objectives of transparency and accountability are best served.

Any further questions about the Fair Hydro Plan should be directed to my colleague the Minister of Energy.

Ontario's Fiscal Position

- **Balanced Budget**

23. The government is claiming the deficit has been reduced to $1B deficit for 2016-17 and that the budget will be balanced over the next three years. However, the AG is saying that the deficit for 2016-17 was more than $2B due to the treatment of pension assets, and the FAO has stated that the government's revenue forecast is more than $1B too "optimistic". Isn't the government really hiding a $3-4B deficit instead of a balanced budget? *(Information provided by MOF on August 29, 2017)*

Commented [AT13]: Top Question; updated Aug 29

There is no hidden deficit. In the *2010 Budget*, the government committed to eliminating the deficit and returning to a balanced budget by 2017-18. Through targeted, measured and fiscally responsible decisions, Ontario has restored its fiscal and economic strength.

Today we are confirming that the 2016-17 deficit of $1 billion is $3.3 billion lower than projected in the 2016 Budget and $0.5 billion lower than the interim projection in the 2017 Ontario Budget. This marks the eighth year in a row that Ontario has beaten its deficit target.

The success in eliminating the deficit is supported by a strong track record in managing spending -- having held average growth in spending to 2.3 per cent over the past five years.

In addition, over the last several years, the government's investments to strengthen economic growth have paid off. Ontario is a leader in economic growth, with our real GDP having outpaced that of all the G7 countries for the last three years. The strengthened economy has resulted in increased revenue for the Province – in fact, over the past two fiscal years, revenue has come in higher than projected, supporting Ontario's return to a balanced budget.

It is also important to point out that private sector forecasters have revised upward their expectations for the Ontario economy since the 2017 Budget, reflecting the growing strength of the Ontario economy. The government is also

taking steps to improve tax fairness and address the underground economy in order to ensure the integrity of the Province's revenues.

Finally, Ontario's fiscal plan incorporates prudence in the form of a reserve to protect the fiscal outlook against unforeseen adverse changes in the Province's revenue and expense. The reserve has been set at $0.6 billion in 2017-18, $0.6 billion in 2018-19, and $0.9 billion in 2019-20.

Balancing the budget means that the government can invest more in the programs and services that people rely on.

24. The Financial Accountability Office (FAO) just released a commentary saying your balanced budget is in question because it's based on optimistic revenue forecasts. Will you decrease spending or increase taxes to make up for this potential shortfall?

The government stands by the revenue forecast presented in the 2017 Budget. As recently presented in the 2017-18 First Quarter Finances, revenues are on track and the government is continuing to project a balanced budget in 2017-18.

Taxation revenue growth projected in the 2017 Budget aligns with growth actually experienced in recent years.

The government builds prudence into its economic forecast. Since the time of the 2017 Budget, private sector forecasters have revised up their economic growth projections for Ontario over the 2017-20 period, reflecting the strength in the Ontario economy.

25. How were you able to beat your deficit target in 2016-17?
(Has been approved by TBS & MOF ADMs on August 29, 2017)

Commented [AT14]: Top Question; updated Aug 29

In 2016-17 we maintained our focus on responsible fiscal management and investing in the right priorities. We are making progress on our economic plan by making investments to spur growth, transforming government and responsibly managing spending.

Average annual growth of total government spending has been held to 2.3 per cent for the past five years. As a result of growth in revenue that exceeded growth in program expense, as well as lower than forecast interest on debt, the deficit is $3.3 billion lower than projected in the 2016 Budget. It is also $0.5 billion lower than the interim projection in the 2017 Budget.

This is the eighth year in a row the government has beaten its deficit target.

26. You beat your deficit targets again. Aren't you just padding your estimates so you can beat them at the end of the day?

No. The government's fiscal projections are based on the best economic and fiscal information available at the time. They reflect a realistic and responsible plan to manage the Province's resources, while still protecting the vital services that Ontarians rely on.

Beating our deficit targets helps to keep interest on debt at a manageable level and protects future generations from rising interest costs, which could otherwise crowd out spending on government priorities.

The government recognizes that a fiscally sound approach to managing the Province's finances will provide the foundation for the long-term well-being and prosperity of Ontarians, and protect the public services that Ontarians rely on.

- **Debt**

27. You claim to have balanced the budget yet you keep piling on more debt. How do you plan to pay down the debt?
(Provided by MOF/OFA on August 30, 2017)

Commented [AT15]: Top Question; Updated by MOF/OFA Aug 30

We maintain a target of reducing the net debt-to-GDP ratio to its pre-recession level of 27 per cent, with current projections showing that this will be achieved by 2029-30. In the balanced 2017 Budget, the government is setting an interim target to reduce the net debt-to-GDP ratio to 35 per cent by 2023–24.

In a balanced budget environment, debt would be incurred primarily to invest in capital assets. We are making progress on our economic plan by making investments to spur growth, transforming government and responsibly managing spending – including addressing the underground economy and maintaining tax fairness. Our strategic investments in infrastructure provide economic benefits: a recent study by the Centre for Spatial Economics (C4SE) finds that, over the long term, real GDP in Ontario will rise up to $6 on average per one dollar of public infrastructure spending.

These strategic investments are creating jobs and contributing to economic growth. Ontario's GDP grew one per cent in the first quarter of 2017, outperforming that of Canada, the U.S. and all other G7 countries.Interest on Debt

28. Interest on debt is still massive and the Bank of Canada is expected to raise interest rates again this fall. How is the government preparing for this and will this affect your ability to maintain a balanced budget?

Commented [AT16]: Top Question; updated Aug 29

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(Has been approved by TBS & MOF ADMs on August 29, 2017)

The increase in the Bank of Canada's policy rate reflects the growing strength of the Canadian and Ontario economy. Ontario's economy remains strong and has continued to grow and create jobs in an uncertain global environment.

A quarter-point increase in the policy rate is not likely to have a material impact on the Ontario economic outlook. The 2017 Ontario Budget anticipated that the interest rates would rise modestly,

As noted in the 2017 Budget, the Province's average cost of 10 year borrowing in 2017-18 is forecast to be 3 per cent. The impact of a 100 basis point increase in borrowing rates is forecast to be approximately $300 million. The interest rate forecast used in the Budget was prudent, and anticipated that long-term interest rates would rise as we progressed through the fiscal year.

29. The government is paying an enormous amount of money just paying the interest on its debt. How are you addressing this?

Interest on debt expense was $11.7 billion, which was $0.7 billion below the plan of $12.4 billion, due mainly to lower-than-forecast interest rates, lower-than-forecast deficit and cost-effective borrowing and debt management.

While interest costs have grown in absolute terms, they have steadily fallen as a percentage of Ontario's revenues since 2013-14. The interest on debt-to-revenue ratio is now at its lowest level from the peak of 15.5 per cent in 1999-2000.

Interest on debt-to-revenue is forecast to have been 8.4 per cent for 2016–17. This ratio is the lowest it has been in 25 years. It is forecast to decline to 8.2 per cent in 2017-18~~ and remain low throughout the outlook period to 2019–20~~.

We incurred increases to Ontario's debt during the recession for two reasons: to finance deficits and invest in capital assets. However we are making progress on our economic plan by making investments to spur growth, and are managing spending responsibly.

These strategic investments are creating jobs and contributing to economic growth. Ontario's GDP grew one per cent in the first quarter of 2017, outperforming that of Canada, the U.S. and all other G7 countries.

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Our fiscal plan is working. Ontario is on track to balance the budget this year while making investments in the programs and services people and families rely on most.

30. You are spending more on interest payments for the debt than what you spend on post-secondary education. In fact, the payments equal more than 20 per cent of the health budget. How can you justify this?

Our priority following the 2008-09 recession was to achieve balance. In the first few years after the recession, the increase in net debt was primarily due to the deficit.

Approximately 61 per cent of the increase in net debt from 2008–09 to 2016–17 was due to the deficit, with net investments in capital assets responsible for the balance.

With balanced budgets, from 2017-18 onwards, the increase in net debt will be exclusively from investments in capital assets. In addition, the government is investing in public infrastructure which is vital to growing the economy and ensuring a high quality of life, whether people live in large, small, urban, northern or rural Ontario communities. Every $1 spent on public infrastructure can increase GDP by up to $6 in the long term. The balanced budget is giving the government the fiscal flexibility to do more to help people and spur economic growth.

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- **Most Indebted Subsovereign, Future Generations**

31. This government has a spending problem and Ontario is now the most indebted sub-sovereign borrower in the world. Why should we trust your plan?

With a growing economy and a balanced budget, this is the time to make investments in key services that matter most to people, like health care and education, while at the same time lowering costs for necessities like electricity and child care.

Ontario is on track to balance the budget this year while making investments in the programs and services people and families rely on most. This year and last, Ontario's debt-to-GDP ratio has improved from 39.6 per cent in the 2016 budget, to a forecasted 37.8 per cent in 2016-17, and it continues to track downward.

Our plan is also helping to grow the economy, with the largest investment in public infrastructure in the Province's history — more than $190 billion over 13 years starting in 2014-15. New schools, hospitals and transit projects are

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improving quality of life and creating jobs in communities across Ontario.

Supporting ongoing economic growth is a top priority and we are encouraged by the influx of many innovative and dynamic businesses that are investing across the Province, bringing good jobs, higher wages and greater prosperity to our communities. We will continue to implement our balanced plan to build a healthy and sustainable economy for all of Ontario.

32. Some say you are unfairly placing the burden of debt on future generations through things like your Hydro rebate plan and your failure to address the Province's growing debt. How do you respond?

With a growing economy and a balanced budget, this is the time to make investments in key services that matter most to people, like health care and education, while at the same time lowering costs for necessities like electricity and child care.

We have heard from people across the Province that investing in greener generation, transmission and distribution have increased electricity bills too quickly, which is why our plan will ensure costs are distributed more fairly over time. The plan significantly reduces rates today and ensures fairness and predictability for tomorrow.

Most of Ontario's electricity generators are under 20-year contracts, but many of these facilities are expected to generate power after their contracts end. These are long-term assets for our electricity system. We are bringing forward some of the net value of these assets by spreading a portion of the costs of these contracts over a longer period.

With respect to debt, we remain committed to reducing the net debt-to-GDP ratio to its pre-recession level of 27 per cent, with current projections showing that this will be achieved by 2029-30. In the balanced 2017 Budget, the government is setting an interim target to reduce the net debt-to-GDP ratio to 35 per cent by 2023–24

- **Revenue**

33. How much money did you bring in in 2016-17?

Provincial revenues increased by $4.6 billion, or 3.4 per cent over the previous year. This increase was due in part to nominal GDP growth of 4.6 per cent in 2016, which contributed to higher taxation revenues. There were also higher

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transfers from the federal government – including the Canada Health Transfer, Canada Social Transfer and funding for infrastructure projects.

Taxation revenues were $2.5 billion, or 2.8 per cent higher-than-projected in the 2016 budget. Corporate tax revenues were $2.8 billion higher. This was due to stronger-than-expected revenues from tax returns. Sales tax revenues were $0.8 billion higher, due to Ontario's larger share of the HST, and the strong housing market contributed $0.7 billion more in land transfer tax revenues.

Transfers from the Government of Canada were $0.6 billion lower than the 2016 Budget forecast. This was mainly due to lower-than-expected funding for infrastructure projects and other payments for government agencies, hospitals, school boards and colleges.

Fees, donations and other revenues from broader public sector organizations were $0.6 billion higher than the budget forecast, mainly due to higher-than-expected revenues from non-provincial sources for hospitals, and higher international tuition fees.

- **Asset Sales**

34. One-time asset sales are a way to bring in money, but isn't this burning the furniture to heat the house when it comes to a long-term revenue strategy?

We are committing money made from any asset sales to the Trillium Trust, which is helping to fund transit, transportation and other key infrastructure projects across Ontario.

The government made more than $200 million from the sale of the LCBO head office lands, along with $2 billion in gross proceeds from the second offering of Hydro One common shares in April 2016. In addition, the sale of the government's interest in Hydro One Brampton Networks resulted in a gain of $109 million.

These proceeds have also been committed to the Trillium Trust for infrastructure projects that help the economy grow, and create jobs for Ontarians.

See section: Trillium Trust for more information.

- **Transfers from the Federal Government**

35. Transfers from the federal government were lower than expected. Aren't you banking on another entity to get your fiscal house in order?

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The Government of Ontario, like all Provinces in Canada, receives funding from the federal government. These transfers are done on an ongoing basis to help provide programs and services.

Transfers from the Government of Canada were lower than the 2016 Budget forecast by $0.6 billion. This was mainly due to lower-than-expected funding for infrastructure projects and other federal payments including transfers to government agencies, hospitals, school boards and colleges. This decline was partially offset by new transfers under the strategic investment fund for affordable housing and post-secondary education and training.

- **Revenue from International Tuition Fees**

36. International tuition fees helped the Province's bottom line but isn't this on the backs of young people who want to learn here?

MAESD to provide response

- **Program Spending**

37. Program spending increased again this year. Why?
(Has been approved by TBS & MOF ADMs on August 29, 2017)

Commented [AT17]: Top Question; updated Aug 29

Program spending in 2016-17 was $141.7 billion, down $0.1 billion from the 2016 Budget. Average annual growth of total government spending has been held to 2.3 per cent for the past five years.

Healthcare represents the largest share of government program spending at $56 billion. Transformation efforts continue to make the sector more effective and sustainable while continuing to improve access for patients, especially the increased demands from an aging and growing population. The government has invested in new drugs, technologies, community and home care, long term care homes, mental health, physicians' services and specialized cancer treatments.

Other increases include:

- $26.6 billion in education, mainly due to the introduction of full-day kindergarten;
- $16 billion in children's and social services, due to increased annual social assistance rates as well as investments in developmental services, autism and complex special needs programs, as well as the Ontario Child Benefit;

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- $10.1 billion in post-secondary and training, due to enrolment growth in colleges and universities along with increased student financial assistance programs and increases in capital funding for post-secondary institutions;
- $4.6 billion in justice sector expenses due mainly to the upload of court security costs from municipalities, compensation for the Ontario Provincial Police and correctional services programs, as well as improved access to legal aid.

38. You finally balanced the budget and now you're spending more on expensive election promises like free pharmacare. Why aren't you paying down debt instead?

With a growing economy and a balanced budget, this is the time to make investments in key services that matter most to people, like health care and education, while at the same time lowering costs for necessities like electricity and child care.

Providing more access to vital services isn't just an investment in our future. It's the right thing to do.

- **Credit Rating**

39. Does a qualified opinion impact the Province's credit rating?
(Has been approved by TBS & MOF ADMs on August 29, 2017)

Commented [AT18]: Top Question; updated Aug 29

The Province's financial results show that the government has once again beaten its annual deficit targets. In April 2017, we delivered our first balanced budget since the global recession and we are on track to do so again next year and the year after.

The rating agencies will assess whether the underlying factors that lead to a qualified opinion directly affect the creditworthiness of the Province. However, there were no credit rating implications in 2016 when the Province received a qualified audit opinion on its 2015-16 Public Accounts. Qualified opinions by the Auditor Generals of British Columbia and Quebec have been made in their respective provinces in the past, with no negative impacts on their province's credit ratings.

In 2017 the C.D. Howe Institute, an independent research organization that assesses the fiscal planning and reporting of governments in Canada, also commented positively on the financial reporting practices of Ontario relating to its fiscal reporting activities that include Public Accounts, the annual Budget and Estimates.

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40. What do you say to the credit rating agencies that have highlighted provincial debt as an area of credit weakness?

According to our first quarter finances released last month, we continue to project a balanced budget in 2017-18, unchanged from the 2017 Budget.

With stronger-than-expected first quarter economic growth and the government's responsible approach to fiscal management, we can continue to invest in programs and services that help people across the Province.

Ontario's economy continues to grow at a steady pace despite an uncertain global environment. Most key economic indicators show that growth continues in the second quarter. Our plan is working.

We remain committed to reducing the net debt-to-GDP ratio to its pre-recession level of 27 per cent, with current projections showing that this will be achieved by 2029-30. In the balanced 2017 Budget, the government is setting an interim target to reduce the net debt-to-GDP ratio to 35 per cent by 2023–24.

41. What is your credit rating as it stands today?

Following the release of the 2017 Budget, all four rating agencies have confirmed Ontario's long-term credit ratings. This reflects rating agencies' confidence in our government's plan to grow Ontario's economy and create jobs for Ontarians.

If pressed:
Ontario's ratings are:

	Long-Term	Short-Term
Moody's:	Aa2	P-1
DBRS:	AA (low)	R-1 (mid)
Fitch:	AA-	F1+
Standard and Poor's:	A+	A-1

- **C.D. Howe Institute**

42. Why does the C.D. Howe Institute weigh in on the government's fiscal situation?

The C.D. Howe Institute is an independent not-for-profit research institute that supports economically sound public policies. It is widely considered to be Canada's most influential think tank and is a trusted source of essential policy

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intelligence, distinguished by research that is nonpartisan, evidence-based and subject to definitive expert review.

Each year the C.D. Howe Institute produces a report on its assessment of the fiscal planning and reporting practices of senior Canadian governments. The institute observes that financial reports are a vital tool for understanding governments' plans and activities.

43. Why does this matter?

We consider reports like the C.D. Howe's Fiscal Accountability of Canada's Senior Governments important because they are written by independent experts. Studies such as this are essential for governments to continuously assess and improve their financial planning and reporting.

Ontario has received high marks for prominently presenting revenue and expense projections in the Budget that are on the same Public Sector Accounting Basis as the Public Accounts and Estimates.

The C.D. Howe Institute has recognized Ontario as one of the leading jurisdictions in Canada when it comes to fiscal accountability

Trillium Trust

44. What is the Trillium Trust?

The Trillium Trust was introduced in the 2014 Budget and provides for the dedication of prescribed net proceeds from the sale of designated assets to support key infrastructure priorities, such as roads, bridges and public transit.

The Trillium Trust is appearing for the first time in Public Accounts because the first drawdowns were made in 2016-17. The Trillium Trust Act, 2014 requires that all expenditures made under the act to support infrastructure investments are to be reflected in the Public Accounts.

Designated assets include the Province's shares of Hydro One and Hydro One Brampton, as well as the LCBO head office lands, the OPG head office building and the Lakeview lands.

We expect the Trillium Trust to be drawn down by about an additional $400 million in 2017–18.

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The Ministry of Finance shows spending out of the Trillium Trust, and ministries that are benefitting from projects that are funded from the trust are reflected in this year's Public Accounts. These figures are included in Volume 1 of Public Accounts.

The funding will help support initiatives, such as GO Regional Express Rail (GO RER), the Hurontario Light Rail Transit (LRT) and the Ontario Community Infrastructure Fund (OCIF).

45. The Public Accounts show a drawdown of $260 million from the Trillium Trust. What did you spend the money on?
(Has been approved by TBS & MOF ADMs on August 29, 2017)

Commented [AT19]: Top Question; updated Aug 29

The government began allocating proceeds from the Trillium Trust in 2016-17 to help support infrastructure initiatives such as GO Regional Express Rail (GO RER), the Hurontario Light Rail Transit (LRT) and the Ontario Community Infrastructure Fund (OCIF).

We expect the Trillium Trust to be drawn down by about an additional $400 million in 2017–18.

Our strategic investments in infrastructure provide economic benefits: a recent study by the Centre for Spatial Economics (C4SE) finds that, over the long term, real GDP in Ontario will rise up to $6 on average per one dollar of public infrastructure spending.

46. How much is currently in the trust?

Commented [AT20]: To confirm figures

In March 2017, the government credited the Trillium Trust with an additional $538 million in net revenue gains from the sale of Hydro One shares in 2016, bringing the total amount in the Trust to $5.3 billion.

The Trillium Trust was also credited with $246 million from the sale of the LCBO head office lands, and $1.35 billion in net proceeds from the sale of Ontario's shares in General Motors.

Like most large infrastructure investments, initial spending on projects is focused on planning, design, property acquisition and other activities to get projects construction-ready.

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As this preliminary work is completed and construction activity gets underway, further project requirements will be identified that will be funded from the Trillium Trust in subsequent years.

The government is committed to investing the full amount from the Trillium Trust to support transit, transportation and other priority infrastructure.

47. If the Province raised about $2 billion in the secondary offering of Hydro One shares in 2016, why was only $538 million credited to the Trillium Trust?

Commented [AT21]: Updated Aug 30

The *Trillium Trust Act, 2014*, provides for the dedication of net revenue gains to the Trillium Trust associated with the sale of designated assets to support investments in transit, transportation and priority infrastructure across the Province.

The net revenue gains credited to the Trillium Trust from the secondary offering of Hydro One shares are derived from the gross proceeds, less fees/expenses incurred and less the book value of the shares sold, not including the shares purchased by OPG.

The government will move forward with regulations to credit the Trillium Trust with the net revenue gains from the shares purchased by OPG in the future.

The Province also used the $1.3 billion in proceeds related to the book value of the Hydro One shares sold to pay down the Province's debt and other payables with the Ontario Electricity Financial Corporation (OEFC).

Through the broadening of Hydro One ownership, the Province is meeting its target to generate $4 billion in net revenue gains that, through the Trillium Trust, will be reinvested in infrastructure under Moving Ontario Forward, and $5 billion to reduce debt.

Digital Tools/Open Government

Commented [AT22]: Updated Aug 30

48. What is the government doing to be transparent in regards to Public Accounts?

As part of our commitment to openness and transparency, we are using data visualization tools to help Ontarians better understand the Province's finances.

This year's tools are available at Ontario.ca/publicaccounts and include:

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- Interactive data visualization tools that graphically present details on asset and expense information contained in Volume 1;
- Fully sortable data tables that summarize the financial statements from Volume 2, and the detailed scheduled payments from Volume 3; and
- Downloadable open data sets that provide the five-year trend for government revenue by source, revenue by sector, and statement of operations. This year's total number of open data downloads is 11, up from five last year.

These tools help make the Province's finances easier to understand, access and use, and are part of Ontario's commitment to creating a more open and transparent government.

49. How does this help the average Ontarian?

The more information we can provide to Ontarians about where their tax money is going, the better. That is why the government is providing new digital tools online to help Ontarians better understand their government's finances. Presenting the Public Accounts data in innovative, visual formats is part of Ontario's commitment to Open Government.

50. What are Open Data sets?

The Ontario government is committed to leading the most open, transparent, and accountable government in the country. Public access to information and opening up government data supports this commitment. Ontario is the first province in Canada to adopt the International Open Data Charter.

The International Open Data Charter contains a set of six principles that will build on Ontario's open by default data policy to increase civic participation, openness and accountability.

To date, we have released more than 585 open data sets and the Open Data sets for Public Accounts are being added to the catalogue. It can be found at www.ontario.ca/opendata

DRAFT

From:	Ken Kandeepan
To:	Tobias P. Whitfield (MOF); Carlos Yep; John Kim; James Devine; Ronald Kwan; Salman Qadir
Cc:	Malle Hanslep (MOF); Mike Manning; "Veinot, Cindy (TBS)"
Subject:	RE: Revised Version of Provincial Support Arrangements
Date:	Tuesday, June 20, 2017 11:40:52 AM

Hi all

I don't have any comments on the revised version, however, I do have a proposal that may address a number of the practical issues that were discussed yesterday, assuming the occurrence of an indemnification event.

OPG provides a guarantee to the Trust, somewhat similar to their initial draft, the Province provides OPG an indemnity against the aforementioned guarantee. Given that the current language refers to "each financing entity" perhaps that what we are doing right now, however, I am not very clear on that.

Feel free to shoot this down, I am also cc'ing Cindy since this approach may address some of the accounting concerns that may arise from the need for the Trust to be independent from the Prince yet be backstopped by a Provincial Protection and Assurance.

Thanks

Ken k

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, June 20, 2017 9:38 AM
To: Ken Kandeepan ; Carlos Yep ; John Kim ; James Devine ; Ronald Kwan ; Salman Qadir
Cc: Malle Hanslep (MOF) ; Mike Manning
Subject: FW: Revised Version of Provincial Support Arrangements

Please see attached, for your review and comment, a revised draft that Stephen prepared based on our conversation yesterday. MOF Legal has no further comments on this draft.

I think that the two significant changes to note are:

1. The addition of the concept of "third party claims" as the driver of the indemnity section, meaning that the Indemnitee (which is a Financing Entity) can only bring a claim after a claim has been brought against them by a creditor.
2. The addition of the concept of conditions that would be required to step in in the event of funding mismatches, such as a market disruption event. As discussed yesterday, this provision is soft, so it is not clear what exactly this commits the Province to, but does give some comfort based on the language in this section.

Since there is a large group on this email, I think the best approach is to wait until noon for comments. If there are none by then, I will let Stephen and Energy know that we are ok with the draft, and Scott Nelms and whoever else needs to be involved with opening the discussions with OPG can use this version.

Toby

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: June 19, 2017 8:32 PM
To: Hanslep, Malle (MOF); McKinlay, Tom (ENERGY); Whitfield, Tobias P. (MOF); Calwell, Carolyn (ENERGY/MEDEI/MRI); Nelms, Scott (MOF)

Subject: Revised Version of Provincial Support Arrangements

Hi. As a follow-up to our meeting earlier today, here is a revised version of the draft term sheet. The blackline shows changes from the June 14th version. Please let me know if you have any questions or concerns with the comments – including the deletion of the 'privilege' reference. Scott has the OFA's green light to share the draft term sheet with OPG. Please send along any final thoughts as soon as you can. The plan will be for Scott to send it out tomorrow morning. Thanks, Steve

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From:	Hanslep, Malle (MOF)
To:	Mike Manning; Ken Kandeepan; Ronald Kwan; Gadi Mayman; Anna Strathy; Tobias P. Whitfield (MOF)
Subject:	RE: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Date:	Tuesday, April 25, 2017 10:01:02 AM

Hi Mike,
Would you like to have a call a bit later this morning, i.e. 11 or so to discuss the Support Agreement and any further information you may have obtained about it. After that we can follow up further with Energy Legal on it and maybe Blakes who is the province's outside counsel.
The range of beneficiaries as outlined in the draft term sheet is very broad. I would think that if the Province were to provide a financial guarantee it would be with respect to obligations arising under specific agreements, i.e. payment of principal interest on bonds, notes, credit facility and the guarantee would be specifically written in favour of the lenders, or the swap counterparties under a specific swap agreement or transaction. For example "credit enhancers" seems to be a pretty general term to be using as a "beneficiary" of a provincial guarantee. It's a bit difficult to provide comments on the guarantee scope when we are not familiar with the proposed transaction. Also, as noted we don't have experience with the Performance Guarantee aspect and how that would work.
Also, footnote 2 references a requirement that would be in regulations. We did note an unusual provision in the draft legislation which references the Province not taking any action that might impair the investment asset. I think this sort of provision is found in the U.S. state legislation authorizing the Duke Power and Long Island Power Authority transactions that are examples of similar transactions according to Energy.
Malle

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: April 24, 2017 4:06 PM
To: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Mayman, Gadi (OFA); Strathy, Anna (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: FW: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Just got this from John Lee today. Will talk to him shortly to get more colour.
Regards, Mike

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Monday, April 24, 2017 2:13 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: PRESTON Stuart -TREASURY <stuart.preston@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
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John

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Cc: PRESTON Stuart -TREASURY <stuart.preston@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
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From:	Ronald Kwan
To:	Tobias P. Whitfield (MOF); Ken Kandeepan; Mike Manning; Carlos Yep; James Devine; Opal Kandelas; John Kim
Cc:	Malle Hanslep (MOF); Elcombe, James (MOF)
Subject:	RE: Updated Draft Provincial Support Discussion Document
Date:	Thursday, June 15, 2017 4:54:02 PM

I'd be free after 11:30.

Ron

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: June-15-17 16:53

To: Ronald Kwan ; Ken Kandeepan ; Mike Manning ; Carlos Yep ; James Devine ; Opal Kandelas ; John Kim

Cc: Malle Hanslep (MOF) ; Elcombe, James (MOF)

Subject: RE: Updated Draft Provincial Support Discussion Document

We have conflicts tomorrow afternoon. Can we schedule something for Monday morning?

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
Sent: June 15, 2017 4:45 PM
To: Kandeepan, Ken (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Yep, Carlos (OFA); Devine, James (OFA); Kandelas, Opal (OFA); Kim, John (OFA)
Cc: Hanslep, Malle (MOF); Elcombe, James (MOF)
Subject: RE: Updated Draft Provincial Support Discussion Document

Agreed it would be good to meet to discuss, and 2:30 works for me.

Ron

From: Ken Kandeepan

Sent: June-15-17 16:44

To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>

Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Elcombe, James (MOF) <James.Elcombe@ontario.ca>

Subject: RE: Updated Draft Provincial Support Discussion Document

That makes sense, Mike and I have the OFA Board tomorrow till 2 PM, if everyone is free after that we can perhaps meet at the OFA at 2.30 or teleconference at the same time.

Thanks

Ken k

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: Thursday, June 15, 2017 4:41 PM

To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>

Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Elcombe, James (MOF) <James.Elcombe@ontario.ca>

Subject: RE: Updated Draft Provincial Support Discussion Document

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Counsel, Legal Services Branch
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tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: June 14, 2017 12:47 PM
To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Yep, Carlos (OFA); Devine, James (OFA); Kandelas, Opal (OFA); Kim, John (OFA)
Cc: Hanslep, Malle (MOF); Elcombe, James (MOF)
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Please let us know when you have had a chance to review and are available to discuss.

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Toby

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Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	Whitfield, Tobias P. (MOF)
To:	Ronald Kwan; Ken Kandeepan; Mike Manning; Carlos Yep; James Devine; Opal Kandelas; John Kim
Cc:	Malle Hanslep (MOF); Elcombe, James (MOF)
Subject:	RE: Updated Draft Provincial Support Discussion Document
Date:	Thursday, June 15, 2017 4:53:03 PM

We have conflicts tomorrow afternoon. Can we schedule something for Monday morning?
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
Sent: June 15, 2017 4:45 PM
To: Kandeepan, Ken (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Yep, Carlos (OFA); Devine, James (OFA); Kandelas, Opal (OFA); Kim, John (OFA)
Cc: Hanslep, Malle (MOF); Elcombe, James (MOF)
Subject: RE: Updated Draft Provincial Support Discussion Document
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Sent: June-15-17 16:44
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Elcombe, James (MOF) <James.Elcombe@ontario.ca>
Subject: RE: Updated Draft Provincial Support Discussion Document
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Thanks
Ken k

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Sent: Thursday, June 15, 2017 4:41 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
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To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Yep, Carlos (OFA); Devine, James (OFA); Kandelas, Opal (OFA); Kim, John (OFA)
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From:	Ronald Kwan
To:	Ken Kandeepan; Tobias P. Whitfield (MOF); Mike Manning; Carlos Yep; James Devine; Opal Kandelas; John Kim
Cc:	Malle Hanslep (MOF); Elcombe, James (MOF)
Subject:	RE: Updated Draft Provincial Support Discussion Document
Date:	Thursday, June 15, 2017 4:45:28 PM

Agreed it would be good to meet to discuss, and 2:30 works for me.
Ron

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Sent: June-15-17 16:44
To: Tobias P. Whitfield (MOF) ; Mike Manning ; Ronald Kwan ; Carlos Yep ; James Devine ; Opal Kandelas ; John Kim
Cc: Malle Hanslep (MOF) ; Elcombe, James (MOF)
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To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
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Cc: Malle Hanslep (MOF); Elcombe, James (MOF)
Subject: RE: Updated Draft Provincial Support Discussion Document
Date: Thursday, June 15, 2017 4:41:23 PM

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To:	Malle Hanslep (MOF); Ronald Kwan; Ken Kandeepan; Mike Manning; Carlos Yep; James Devine; Opal Kandelas; John Kim
Cc:	Elcombe, James (MOF)
Subject:	RE: Updated Draft Provincial Support Discussion Document
Date:	Thursday, June 15, 2017 6:37:13 PM

How about a call at 11:30?

Tobias Whitfield
Counsel, Legal Services Branch
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777 Bay Street, 11th Floor
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tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From: Hanslep, Malle (MOF)
Sent: Thursday, June 15, 2017 4:57 PM
To: Kwan, Ronald (OFA); Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Yep, Carlos (OFA); Devine, James (OFA); Kandelas, Opal (OFA); Kim, John (OFA)
Cc: Elcombe, James (MOF)
Subject: RE: Updated Draft Provincial Support Discussion Document

My only restriction on Monday is that I'm not free between 1 and 2.

From: Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
Sent: June 15, 2017 4:54 PM
To: Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Yep, Carlos (OFA); Devine, James (OFA); Kandelas, Opal (OFA); Kim, John (OFA)
Cc: Hanslep, Malle (MOF); Elcombe, James (MOF)
Subject: RE: Updated Draft Provincial Support Discussion Document

I'd be free after 11:30.

Ron

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: June-15-17 16:53
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Carlos Yep <Carlos.Yep@ofina.on.ca<mailto:Carlos.Yep@ofina.on.ca>>; James Devine <James.Devine@ofina.on.ca<mailto:James.Devine@ofina.on.ca>>; Opal Kandelas <Opal.Kandelas@ofina.on.ca<mailto:Opal.Kandelas@ofina.on.ca>>; John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Elcombe, James (MOF) <James.Elcombe@ontario.ca<mailto:James.Elcombe@ontario.ca>>

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Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Elcombe, James (MOF) <James.Elcombe@ontario.ca<mailto:James.Elcombe@ontario.ca>>
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Ken k

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Thursday, June 15, 2017 4:41 PM
To: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Carlos Yep <Carlos.Yep@ofina.on.ca<mailto:Carlos.Yep@ofina.on.ca>>; James Devine <James.Devine@ofina.on.ca<mailto:James.Devine@ofina.on.ca>>; Opal Kandelas <Opal.Kandelas@ofina.on.ca<mailto:Opal.Kandelas@ofina.on.ca>>; John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Elcombe, James (MOF) <James.Elcombe@ontario.ca<mailto:James.Elcombe@ontario.ca>>
Subject: RE: Updated Draft Provincial Support Discussion Document

Hi,

I just wanted to follow up on this and see if there is an appetite to discuss this amongst our smaller group at this point. Energy is briefing up on this draft and we probably should meet with them and our outside counsel at Blakes soon to come to a decision about how this draft will be communicated to the other parties to this transaction.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: June 14, 2017 12:47 PM
To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Yep, Carlos (OFA); Devine, James (OFA); Kandelas, Opal (OFA); Kim, John (OFA)
Cc: Hanslep, Malle (MOF); Elcombe, James (MOF)
Subject: Updated Draft Provincial Support Discussion Document

Please find attached a markup of the proposal from OPG regarding the Provincial Support Agreeement.

This markup is the result of discussions between us at MOF Legal, lawyers from Energy Legal and the Province's external counsel at Blakes.

The changes are significant and we would like to get your feedback on our proposed approach. Perhaps we can have a discussion first with this group, and then a broader discussion with the Energy team and Stephen Ashbourne from Blakes.

Please let us know when you have had a chance to review and are available to discuss.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>
Phone: 416-325-1456

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From:	Nelms, Scott (MOF)
To:	Mike Manning; Gadi Mayman; Steen Hume (CAB)
Subject:	RE: financing bullets
Date:	Thursday, May 04, 2017 8:51:57 AM

Thanks Mike. Much appreciated.

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: May 4, 2017 8:51 AM
To: Nelms, Scott (MOF); Mayman, Gadi (OFA); Hume, Steen (ENERGY)
Subject: FW: financing bullets

TD is fine with the language, but want to be identified as TD Securities.
Regards, Mike

From: Thom, Trevor [mailto:Trevor.Thom@tdsecurities.com]
Sent: Thursday, May 04, 2017 8:44 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: financing bullets

Very slight tweak – see below. Susan & I are comfortable with this.

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: Thursday, May 04, 2017 8:27 AM
To: Thom, Trevor
Cc: James Devine; Carlos Yep
Subject: FW: financing bullets

Hi Trevor:
As discussed.
Mike

From: Nelms, Scott (MOF) [mailto:Scott.Nelms@ontario.ca]
Sent: Wednesday, May 03, 2017 6:49 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: financing bullets

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Draft Language

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)PG issuances of subordinated debt to the SPV representing up to 49% of total borrowing; and

Conditional (springing) guarantees by the Province to provide a backstop in the event of specific

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Please note that the ability to finance and the cost of financing will only be known with certainty once OPG takes this structure to market.

Happy to discuss further as needed.

Thanks,

Scott

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From: Thom, Trevor
To: Mike Manning
Cc: James Devine; Carlos Yep
Subject: RE: financing bullets
Date: Thursday, May 04, 2017 8:44:09 AM

Very slight tweak – see below. Susan & I are comfortable with this.

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: Thursday, May 04, 2017 8:27 AM
To: Thom, Trevor
Cc: James Devine; Carlos Yep
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From:	Nelms, Scott (MOF)
To:	Gadi Mayman
Cc:	Mike Manning; Steen Hume (CAB)
Subject:	RE: financing bullets
Date:	Wednesday, May 03, 2017 7:02:31 PM

Absolutely, no problem. I think we assume TD would want to take a look.

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: May 3, 2017 7:00 PM
To: Nelms, Scott (MOF)
Cc: Manning, Mike (OFA); Hume, Steen (ENERGY)
Subject: Re: financing bullets

Looks fine to me, subject to any comments that Mike might have. Is it OK if we run this past TD, given that we've got their name in it?

On May 3, 2017, at 6:49 PM, Nelms, Scott (MOF) <Scott.Nelms@ontario.ca> wrote:

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From: Ronald Kwan
To: Ken Kandeepan
Cc: Mike Manning; John Psinas; John Kim
Subject: Re: DRAFT IESO FH credit letter
Date: Thursday, May 11, 2017 5:03:59 PM

Hi Ken.

Leaving out IESO for now.

I think that there would be different challenges for this to be done through OEFC.

One is having this associated with OEFC's legacy mandate.

Another is the 50 bps DGF charged to OEFC. That may not come into play for any given period, but if it does, OEFC would either have to charge that to IESO to stay whole, or carve this out from the DGF requirement, which would be an additional approval, and could raise the whole issue of why OEFC pays a DGF in the first place, or the appropriate size.

It would be in many ways simpler to have this facility provided by the OFA.

Ron

On May 11, 2017, at 4:55 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

> Hi Anthony
> As discussed, while I have no comments in addition to what was already provided by both Mike and Ron, I would like to make the following clarifications:
>
> - A separate facility for the Fair Hydro Plan is preferable given that my understanding is all interest incurred in setting up the regulatory asset should be capitalized. As such, from a practical and operational perspective it will be much easier for IESO to draw upon a separate facility to fund the regulatory from the point it is set up to the eventual purchase by the Trust.
> - This will ensure that any interest incurred will be accurately capitalized and not be part of IESO's interest expenses, thus allowing the Province, upon consolidation with IESO, to offset its own interest expense relating to the provision of the credit facility.
> - Since a separate facility will be set up it may make sense to reduce the limit of the current facility with the OFA and increase the limit of the new one from the proposed $1.5 billion in IESO's draft memo. From a structural perspective it may also be appropriate for this new facility to be granted by OEFC as opposed to the OFA.
> - As stated in the comments to the memo the existing facility can be used on an interim basis until the new one is set up.
>
> Thanks
> Ken k

From: Ronald Kwan
Sent: Thursday, May 11, 2017 1:06 PM
To: Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: DRAFT IESO FH credit letter

Hi Anthony,

Staff had a few suggestions/comments.

As discussed on the last call, we had talked about it being cleaner to have a separate facility for the FHP. The draft letter seems to have a potential for IESO drawing both on the new facility and the existing one. While drawing on the existing facility might be needed on an interim basis, it would seem cleaner and more transparent to have that possibility only until a new, separate facility is in place.

Ron

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: May-09-17 10:26
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: DRAFT IESO FH credit letter

See attached draft letter we hope to issue this week – for your comments (will appreciate by Thursday this week if any).

I did speak with Moody's on April 28 to obtain their feedback.

Call me @ 905.403.6944 to discuss (…Ken can we discuss the interest exp/income flows when you have a moment).

As mentioned the current $975M supports the RPP today which will be transitioned to the new FH going forward – for this draft as discussed with my CFO I have left the $975M as is but will seek to use for FH too.

Regards.

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From: Mike Manning
To: John Kim
Cc: Carlos Yep; Bruno Amara; Ken Kandeepan
Subject: Re: Draft GA Sub debt term sheet - Performance Fee Recommendations
Date: Friday, June 02, 2017 5:06:13 PM

Hi John:
We didn't get a chance to meet today, but would be happy to meet to discuss Monday or Tuesday. We are having a meeting on Monday from 11:00 to 12:30 at OPG to discuss some of these issues and would be happy to have you & any colleagues you see fit attending. I think in the hurry to set up a meeting you were accidentally not invited. Anyway, let's talk on Monday morning.
Regards, Mike

Sent from my iPad

On Jun 2, 2017, at 2:27 PM, John Kim <John.Kim@ofina.on.ca> wrote:

> Hi Carlos, Mike,
>
> I would appreciate a bit of a debrief on the meeting and may organize a short meeting Tuesday or so next week for a small group to that end.
>
> I don't have an interest in terms of the benchmark, etc. per se but do have an interest looking it from the electricity sector perspective.
>
> John
>
> ---
>
> **From:** Ken Kandeepan
> **Sent:** Friday, June 02, 2017 1:29 PM
> **To:** Carlos Yep <Carlos.Yep@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
> **Cc:** Graham Monroe <Graham.Monroe@ofina.on.ca>; Connie Chen <Connie.Chen@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca>
> **Subject:** RE: Draft GA Sub debt term sheet - Performance Fee Recommendations
>
> Carlos, Mike and Jim
>
> Since I will not be available for the meeting this afternoon here is my single comment.
>
> I have concerns with the weighted average calculation of both the benchmark and actual issuance including the debt issued to the Trust by OPG funded by the 44% equity injection given that there are no market forces in play with regard both issuance and

funding of this tranche, at least from an OPG perspective.

The only way in which this tranche is acceptable for performance inclusion is by OPG linking the yield on this debt to what was issued to the markets by the Trust. For example the debt from the equity injection is X bps above or below what was issued in the markets for equal tenors. Even so a linked component in the benchmark, in my opinion, adds limited value.

Thanks

Ken k

From: Carlos Yep
Sent: Wednesday, May 31, 2017 9:06 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca>
Subject: FW: Draft GA Sub debt term sheet - Performance Fee Recommendations

fyi

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, May 31, 2017 9:03 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: RE: Draft GA Sub debt term sheet

Carlos,

Attached for your review please also find the recommended structure of variable performance fee and benchmark relating to GA financing. We can discuss it at our meeting with OFA as well.

Sheen

From: LIU Sheen -TREASURY
Sent: Tuesday, May 30, 2017 4:26 PM
To: 'Carlos Yep'
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY; HAHN

PARKER Janet -TREASURY
Subject: Draft GA Sub debt term sheet

Carlos,

Further to our discussions re establishing GA financing benchmark. Attached please find the draft term sheet of the subordinated debt (from Province equity injection). Could you please review and circulate it to the appropriate contacts/group on your side. We'd also like to set up a meeting with OFA, at your earliest convenience, to go over the document and get your feedback. Please let us know your availability.

Thanks

Sheen

<< File: Draft Subordianted Debt Term Sheet.doc >>

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From: John Kim
To: Mike Manning
Cc: Carlos Yep; Bruno Amara; Ken Kandeepan
Subject: Re: Draft GA Sub debt term sheet - Performance Fee Recommendations
Date: Friday, June 02, 2017 5:59:23 PM

Thanks Mike. It might make sense to chat after OPG between OFA afterwards as well.

On Jun 2, 2017, at 5:06 PM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:

> Hi John:
> We didn't get a chance to meet today, but would be happy to meet to discuss Monday or Tuesday. We are having a meeting on Monday from 11:00 to 12:30 at OPG to discuss some of these issues and would be happy to have you & any colleagues you see fit attending. I think in the hurry to set up a meeting you were accidentally not invited. Anyway, let's talk on Monday morning.
> Regards, Mike
>
> Sent from my iPad
>
> On Jun 2, 2017, at 2:27 PM, John Kim <John.Kim@ofina.on.ca> wrote:
>
> > Hi Carlos, Mike,
> > I would appreciate a bit of a debrief on the meeting and may organize a short meeting Tuesday or so next week for a small group to that end.
> > I don’t have an interest in terms of the benchmark, etc. per se but do have an interest looking it from the electricity sector perspective.
> > John
> >
> > **From:** Ken Kandeepan
> > **Sent:** Friday, June 02, 2017 1:29 PM
> > **To:** Carlos Yep <Carlos.Yep@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
> > **Cc:** Graham Monroe <Graham.Monroe@ofina.on.ca>; Connie Chen <Connie.Chen@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca>
> > **Subject:** RE: Draft GA Sub debt term sheet - Performance Fee Recommendations
> > Carlos, Mike and Jim
> > Since I will not be available for the meeting this afternoon here is my single comment.
> > I have concerns with the weighted average calculation of both the benchmark and actual issuance including the debt issued to the Trust by OPG funded by the 44% equity injection given that there are no market forces in play with regard both issuance and funding of this tranche, at least from an OPG perspective.
> > The only way in which this tranche is acceptable for performance

inclusion is by OPG linking the yield on this debt to what was issued to the markets by the Trust. For example the debt from the equity injection is X bps above or below what was issued in the markets for equal tenors. Even so a linked component in the benchmark, in my opinion, adds limited value.
Thanks
Ken k

From: Carlos Yep
Sent: Wednesday, May 31, 2017 9:06 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca>
Subject: FW: Draft GA Sub debt term sheet - Performance Fee Recommendations
fyi

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, May 31, 2017 9:03 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: RE: Draft GA Sub debt term sheet
Carlos,
Attached for your review please also find the recommended structure of variable performance fee and benchmark relating to GA financing. We can discuss it at our meeting with OFA as well.
Sheen

From: LIU Sheen -TREASURY
Sent: Tuesday, May 30, 2017 4:26 PM
To: 'Carlos Yep'
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From: Mike Manning
To: James Devine
Cc: John Psinas; Carlos Yep
Subject: Re: Draft Provincial Guarantee Deck
Date: Wednesday, August 23, 2017 1:32:53 PM

Will be back next week so can help out if needed.
Regards, Mike

Sent from my iPad

On Aug 23, 2017, at 11:59 AM, James Devine <James.Devine@ofina.on.ca> wrote:

> Carlos and I took a look at it and tried to bring in some of the concerns that were brought up at yesterday s meeting.
>
> Page 3
>
> <!--[if !supportLists]-->• <!--[endif]-->A court decision that declares any funding obligations of the Financing Entity to be invalid or unenforceable
>
> I think that Steve believed this language to be too lose
> We might want to mention the court challenge on the constitutionality.
>
> <!--[if !supportLists]-->• <!--[endif]-->In the event the guarantee is triggered, the Province would take over the obligations of the Financing Entity including principal and interest payments on debt issued to date and any outstanding payments to service providers
>
> The Province is still working to figure out if we are going to indemnify or guarantee which will impact how we will support the funding entity in the event of a trigger.
>
> <!--[if !supportLists]-->• <!--[endif]-->The guarantee would continue until all guaranteed obligations of the Financing Entity are fully discharged

Replace discharged with “for as long as the entity has outstanding debt or other contractual obligations”

Page 5

Add a comment that the structure of the warehousing may be subject to change.

From: John Psinas
Sent: Wednesday, August 23, 2017 11:14 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: RE: Draft Provincial Guarantee Deck

Matt,

My suggested edits in red font, on slide 4.

Thanks.

John

From: Anna Strathy
Sent: Wednesday, August 23, 2017 10:59 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: FW: Draft Provincial Guarantee Deck

Hi All,

Attached is a briefing deck for the Minister of Energy on the FHP Provincial Guarantee. The OFA has been asked to provide review and comments by EOD today.

They're also looking for an OFA attendee for the Minister of Energy's briefing next week, so please let me know if any of you would be willing to attend.

Thanks,
Matt Breadner on behalf of Anna Strathy

From: Katona, Keley (MOF) [mailto:Keley.Katona@ontario.ca]
Sent: Wednesday, August 23, 2017 10:38 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Draft Provincial Guarantee Deck

Hi Matt,

ENERGY has asked us to prepare a product for a Minister's briefing next week on the OFHP. They wanted a specific product on the Provincial Guarantee. Given the main OFA folks working on this file are on vacation, I've prepared the attached draft deck. I was hoping you could circulate this to folks internally for review and comment. We've been asked to provide a draft deck to the DMO tomorrow. Could you please aim to provide any OFA comments by end of day today.

Also, is there someone from the OFA who could attend next week's briefing to answer questions as required? Please let me know who that might be.

Thanks in advance,
Keley

Keley Katona
Director | Investment Governance Branch
Government Business Enterprise Division | Ministry of Finance
Work: 416-325-1539 | Cell: 416-727-5696
E-mail: keley.katona@ontario.ca
7th Floor, 375 University Ave, Toronto, ON

From: Ken Kandeepan
To: Gadi Mayman
Cc: Mike Manning; Ronald Kwan; Anna Strathy
Subject: Re: Drafts of accounting memos
Date: Sunday, May 07, 2017 10:29:29 PM

Sure Gadi.

Thanks

Ken k

On May 7, 2017, at 4:47 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> Thanks, Ken. I read through it, and not sure I completely understand everything they're suggesting, so maybe we could get together tomorrow and you can explain some of it to me.
>
> I'm having breakfast with Ken Hartwick on Thursday, so it'd be good if I'm up-to-speed by then.
>
> Regards,
> Gadi
>
> ---
>
> **From:** Ken Kandeepan
> **Sent:** Sunday, May 7, 2017 11:31 AM
> **To:** Gadi Mayman; Mike Manning
> **Cc:** Ronald Kwan; Anna Strathy
> **Subject:** RE: Drafts of accounting memos
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> As requested, pls see attached, the E&Y draft opinion is also included but I wouldn't spend too much time on it since it simply affirms that the Trust can indeed be consolidated with OPG and points out potential IFRS issues.
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>
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As for your comments on the ministry having approval rights, or a veto, on the financing plan, while that entirely makes sense in the world that I live in, I don't think, and I'll defer to you and Cindy on this, it works on the accounting/consolidation side.
Thanks again,
Gadi

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Sent: Sunday, May 7, 2017 10:54:18 AM
To: Gadi Mayman; Mike Manning
Cc: Ronald Kwan; Anna Strathy
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Hi Gadi and Mike
As mentioned on Friday, pls see my comments on the OPG paper on Accounting Considerations. You may find my comments on the performance fee structure proposed by OPG of particular interest.
Thanks
Ken K

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Sent: Sunday, May 07, 2017 10:51 AM
To: 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>
Subject: RE: Drafts of accounting memos

Hi Cindy
Thanks for forwarding these, I have a few comments as follows.
Happy to discuss.
Thanks
Ken K
General Comments - OPG Accounting Considerations
The paper is very OPG centric with little or no acknowledgement of the role of the other participants in the Fair Hydro Plan. It appears that OPG intends to change a performance fee and management fee as the Financial Service manager. While the latter is reasonable since the Trust will most likely leverage existing OPG resources for front and back office functions, a performance fee will only add to the value of the regulatory asset to be repaid by future ratepayers.
The performance fee appears to be based on OPG beating a pre-set benchmark cost of borrowing for the Trust. I am not sure that ratepayers should be on the hook for this, if OPG beats the benchmark the benefits should be passed on to the ratepayers not retained by the company. The reward for performance exceeding the benchmark should be limited to the compensation of OPG/Trust trading floor staff and be part of the overall management fee OPG charges for managing the Trust. The role of the Financial Services Manager should not be conflated by OPG with managing a mutual or hedge fund where gains from beating a benchmark accrue to the managing entity. Plus

this also raises the question of who sets the benchmark.
The overall concept should be of fiscal neutrality, where the Trust capitalizes the actual interest incurred annually plus a reasonable administration fee paid to OPG. This will ensure that future ratepayers are not overly burdened.
Specific Comments

- Page 1 second bullet; as mentioned above rewards for performance should be limited to compensation for trading floor staff, not a performance fee for OPG, adopting the former will result in a substantially lower impact to ratepayers when compared to the latter.
- Page 2 last bullet: If the role of Financial Service Manager is taken away from OPG and given to another entity wouldn't it make sense for that entity to take on the debt incurred to date as long as that is practically feasible. It's not particularly efficient for two separate entities to be managing debt incurred for the same purpose and the ratepayers to be saddled with two sets of management fees.
- Last item on page 2, Purpose and Design of the Trust: the purpose of the Trust is not to allow OPG to earn a fee, rather to exist as a vehicle to smooth the GA costs between current and future ratepayers. OPG's fees should be limited a to a reasonable management fee and the interest fee accruing from the debt issued to the Trust funded by the 44% equity injection.
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entirely borne by the ratepayers.

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- Page 10, item 8 (b) and (c): benchmark vs. actual previously discussed.

-----Original Message-----
From: Veinot, Cindy (TBS) [mailto:Cindy.Veinot@ontario.ca]
Sent: Thursday, May 04, 2017 3:02 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: Fw: Drafts of accounting memos
Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: MAUTI John -FIN & C CTRL <john.mauti@opg.com>
Sent: Tuesday, May 2, 2017 6:38 PM
To: Veinot, Cindy (TBS)
Subject: FW: Drafts of accounting memos
Hi Cindy,
Attached is OPG's accounting memo and a draft of the EY letter.
FYI
Thanks
John G. Mauti
Chief Controller & Accounting Officer
OPG Inc.
(416) 592-4046

_____

From: MAUTI John -FIN & C CTRL
Sent: Tuesday, May 02, 2017 5:00 PM
To: 'steen.hume@ontario.ca'
Cc: HARTWICK Ken -FINANCE; MAUTI John -FIN & C CTRL; JORDA Jenny -FIN & C CTRL
Subject: Drafts of accounting memos
Attached is a current draft of the OPG accounting memo and then EYs letter (again in draft) Minor changes may be made in the interim.
Draft OPG accounting memo
Draft of EY opinion letter
Thanks
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From: Gadi Mayman
To: Ken Kandeepan; Mike Manning
Cc: Ronald Kwan; Anna Strathy
Subject: Re: Drafts of accounting memos
Date: Sunday, May 07, 2017 4:47:31 PM

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Draft OPG accounting memo

Draft of EY opinion letter

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Thanks

Ken K

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Sent: Sunday, May 07, 2017 10:51 AM
To: 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>
Subject: RE: Drafts of accounting memos

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Happy to discuss.

Thanks

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Draft OPG accounting memo

Draft of EY opinion letter

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To: Ken Kandeepan; Mike Manning
Cc: Ronald Kwan; Anna Strathy
Subject: Re: Drafts of accounting memos
Date: Sunday, May 07, 2017 11:24:59 AM

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Sure Gadi.

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Ken k

On May 7, 2017, at 4:47 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> Thanks, Ken. I read through it, and not sure I completely understand everything they're suggesting, so maybe we could get together tomorrow and you can explain some of it to me.
>
> I'm having breakfast with Ken Hartwick on Thursday, so it'd be good if I'm up-to-speed by then.
>
> Regards,
> Gadi
>
> ---
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> **From:** Ken Kandeepan
> **Sent:** Sunday, May 7, 2017 11:31 AM
> **To:** Gadi Mayman; Mike Manning
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> **Subject:** RE: Drafts of accounting memos
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Cc:	Mike Manning; Tobias P. Whitfield (MOF); Anna Strathy; Ronald Kwan; John Kim; John Psinas; Carlos Yep; James Devine
Subject:	Re: EXTERNAL – Revised Term Sheet & summary slides
Date:	Thursday, August 17, 2017 11:06:21 AM

Thanks Malle, as usual a clear and detailed analysis, since I am on vacation from today onwards may I pls request John Kim and Ron Kwan to follow up with you.

Thanks

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Sent from my iPhone

On Aug 17, 2017, at 9:23 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

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> Thanks for the additional information. I have already sent the draft to Energy Legal and will send it to Steve Ashbourne this morning.
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Thanks.

Malle

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: August 16, 2017 12:01 PM
To: Hanslep, Malle (MOF)
Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Kwan, Ronald (OFA); Kim, John (OFA); John Psinas; Yep, Carlos (OFA); Devine, James (OFA)
Subject: RE: EXTERNAL – Revised Term Sheet & summary slides

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IESO is not comfortable with this requirement and is regrouping internally to respond, OPG has also agreed to examine other potential solutions for this issue. I am attaching a summary sheet that you may find useful, that outlines the issues in the Term Sheet and our responses.
Pls note that I have expanded the cc's to this email since I will on vacation starting tomorrow to Labour Day.
Thanks
Ken k

From: Ronald Kwan
Sent: Tuesday, August 15, 2017 10:12 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
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To: Ken Kandeepan
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Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457
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From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: August 15, 2017 6:50 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
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Sent from my iPhone

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> **From:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Date:** August 14, 2017 at 7:45:58 PM EDT
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>, Gadi Mayman <Gadi.Mayman@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>
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Subject: RE: EXTERNAL – Revised Term Sheet
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Sent: Friday, August 11, 2017 11:24 AM
To: LEE John -TREASURY
Cc: James Devine; Mike Manning; Carlos Yep; Anna Strathy
Subject: EXTERNAL – Revised Term Sheet
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From:	Ronald Kwan
To:	Malle Hanslep (MOF); Ken Kandeepan
Cc:	Gadi Mayman; Mike Manning; Tobias P. Whitfield (MOF); Anna Strathy
Subject:	Re: EXTERNAL – Revised Term Sheet & summary slides
Date:	Tuesday, August 15, 2017 10:11:46 AM

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From:	Hanslep, Malle (MOF)
To:	John Kim; Ken Kandeepan; Ronald Kwan
Cc:	Mike Manning; Tobias P. Whitfield (MOF); Anna Strathy; Ronald Kwan; John Psinas; Carlos Yep; James Devine
Subject:	Re: EXTERNAL – Revised Term Sheet & summary slides
Date:	Friday, August 18, 2017 4:42:27 PM

Hi all

I got comments back from Steve on the term sheet today. I haven't reviewed them yet and will send them to you on Monday. There seem to be a lot of significant issues and as noted previously we don't have copies of any of the draft documents so it makes it very difficult to provide, comments on the term sheet and TB submission.
Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: John Kim
Sent: Thursday, August 17, 2017 12:03
To: Kandeepan, Ken (OFA); Hanslep, Malle (MOF); Kwan, Ronald (OFA)
Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Kwan, Ronald (OFA); John Psinas; Yep, Carlos (OFA); Devine, James (OFA)
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John

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To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: Re: EXTERNAL – Revised Term Sheet & summary slides

Thanks Malle, as usual a clear and detailed analysis, since I am on vacation from today onwards may I pls request John Kim and Ron Kwan to follow up with you.

Thanks

Ken k

Sent from my iPhone

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With regard to business decisions from the last version: OPG and their advisors have removed any obligation on the part of the Province to either accelerate payments on the outstanding debt or pay a 1% premium in case the guarantee is invoked. The debt guarantee is now palatable from the Province's perspective and subject to Legal review of not only the Term Sheet but the draft guarantee document once we receive same from OPG, we are recommending provincial approval.

The servicing guarantee has now been restated as an IESO obligation requiring the Operator to either provide an Letter of Credit or assume responsibility for any shortfalls in the CEA arising from lower than investment grade/Non rated LDCs failing to remit their collections, for whatever reason, once the CEA kicks in

IESO is not comfortable with this requirement and is regrouping internally to respond, OPG has also agreed to examine other potential solutions for this issue. I am attaching a summary sheet that you may find useful, that outlines the issues in the Term Sheet and our responses.

Pls note that I have expanded the cc's to this email since I will on vacation starting tomorrow to Labour Day.

Thanks

Ken k

From: Ronald Kwan
Sent: Tuesday, August 15, 2017 10:12 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>
Subject: Re: EXTERNAL – Revised Term Sheet & summary slides

Hi Malle,

I would not know f this has been passed on to Energy Legal; by OPG yet. Ken, would you know?

As you stated, last week's meeting was a business meeting, without Legal representatives from various sides, including not having Steve Ashbourne attend, so I wouldn't think he'd have reviewed this new version either -- Ken, your sense on that?

Ron

From: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>
Sent: August 15, 2017 9:26 AM
To: Ken Kandeepan
Cc: Gadi Mayman; Ronald Kwan; Mike Manning; Tobias P. Whitfield (MOF); Anna Strathy
Subject: RE: EXTERNAL – Revised Term Sheet & summary slides

Hi Ken,

Thank you for passing on the draft. I should send this on to Energy Legal as well in case they have not received it yet. Do you know if Steve Ashbourne of Blakes has been reviewing the term sheet recently and been involved in discussions on this?

This is the first version of the term sheet that we have received since it was sent over to OPG on late June. After that there was a response from Torys dated June 30th with some high level comments on the revised term sheet and an internal Provincial call to discuss the Province's response. Subsequently there was a meeting of representatives of the Province and OPG on July 13th which Toby and also Tom McKinlay of Energy legal attended to discuss considerations regarding the guarantee. It looks like there have been some further discussions regarding the term sheet and understand that there may have been a meeting on the business side last week but MOF LSB was not asked to participate. In order to provide comments on this term sheet, it will be helpful for us to find out more about what the business discussions have been and what approach the Province wishes to take and also consult with Energy Legal and Blakes.

Is there a track changes version of this term sheet from June? Also, as I recall back in early July, we were going to ask OPG to provide to us some of the more detailed documents and drafts that would be associated with this guarantee such as the Master Trust Indenture, etc. Do you know if OPG has shared any of that with the Province?

Thanks.

Malle

Malle Hanslep

Deputy Director

Ministry of the Attorney General

Ministry of Finance Legal Services Branch

Telephone: 416-325-1457

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From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: August 15, 2017 6:50 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: Fwd: EXTERNAL – Revised Term Sheet & summary slides

Pls note latest version, comments are appreciated.

Thanks

Ken k

Sent from my iPhone

Begin forwarded message:

From: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
Date: August 14, 2017 at 7:45:58 PM EDT
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>, Gadi Mayman

<Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>, John Kim
<John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>
Subject: FW: EXTERNAL – Revised Term Sheet & summary slides

Gadi, Ron and John

Pls see the attached revised guarantee and a short presentation on the salient points. It seems to include all of the revisions we requested, however, I will take another more detailed look. Ron and John one section particularly for your review, the Takeout Risk at the end of the Term Sheet indicates the link between the clean energy adjustment and the fair allocation amount as they impact the Takeout risk. I am not very clear about this so you may want to review this closely.

The request for the Letter of Credit still stands however, there is an alternative also provided we have to see tomorrow how comfortable IESO is with the latter.

Thanks

Ken K

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Monday, August 14, 2017 6:37 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
Cc: James Devine <James.Devine@ofina.on.ca<mailto:James.Devine@ofina.on.ca>>; Mike Manning
<Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Carlos Yep
<Carlos.Yep@ofina.on.ca<mailto:Carlos.Yep@ofina.on.ca>>; Anna Strathy
<Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; RYFA Ken -TREASURY
<ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; WONG Leslie -LAWDIV
<leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LAURETA LAPIRA May -TREASURY
<may.lapira@opg.com<mailto:may.lapira@opg.com>>; LIU Sheen -TREASURY
<sheen.liu@opg.com<mailto:sheen.liu@opg.com>>; HAHN PARKER Janet -TREASURY
<j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; Scott Nelms (ENERGY)
<Scott.Nelms@ontario.ca<mailto:Scott.Nelms@ontario.ca>>; Keley Katona (ENERGY)
<Keley.Katona@ontario.ca<mailto:Keley.Katona@ontario.ca>>; 'Kim Marshall'
<Kim.Marshall@ieso.ca<mailto:Kim.Marshall@ieso.ca>>
Subject: RE: EXTERNAL – Revised Term Sheet & summary slides

Ken:

As requested attached are the summary slides and the revised term sheet from the dealer group for your consideration.

John

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Friday, August 11, 2017 11:29 AM
To: LEE John -TREASURY
Cc: James Devine; Mike Manning; Carlos Yep; Anna Strathy
Subject: RE: EXTERNAL – Revised Term Sheet

Thanks John

Ken k

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Friday, August 11, 2017 11:28 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
Cc: James Devine <James.Devine@ofina.on.ca<mailto:James.Devine@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Carlos Yep <Carlos.Yep@ofina.on.ca<mailto:Carlos.Yep@ofina.on.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>
Subject: RE: EXTERNAL – Revised Term Sheet

Yes, they are working to that timeline.

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Friday, August 11, 2017 11:24 AM
To: LEE John -TREASURY
Cc: James Devine; Mike Manning; Carlos Yep; Anna Strathy
Subject: EXTERNAL – Revised Term Sheet

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Hi John

Just to follow up on Andrew Maciel's commitment to provide us with a revised term sheet for the guarantee reflecting yesterday's discussion, I was wondering if that can be done EOD Monday. I had a chat with Gadi and

given some upcoming internal meetings at senior levels it would be helpful to provide the revised guarantee in front of decision makers.

Thanks

Ken k

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From:	Mike Manning
To:	Gadi Mayman
Cc:	Ronald Kwan; Ken Kandeepan; Anna Strathy; "james.devine@ofina.on.ca"; Carlos Yep
Subject:	Re: FHP Debt guarantee
Date:	Monday, June 19, 2017 11:33:17 AM

Jim and Carlos, although we've been looking to Steve Ashbourne and MOF Legal to provide input for a more general guarantee which would be consistent with your and my view. Meeting taking place today. Steve Ashbourne doesn't like OPG's term sheet approach as it likely takes away our future flexibility which is likely right. So I guess we get back to OPG soon with our thoughts which should reduce the importance of the OPG term sheet. Nevertheless they will need some basic assumptions, especially on the performance component. So make wholes and puts should not be on the table.mike
Sent from my iPhone

> On Jun 19, 2017, at 2:45 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:
>
> Hi Mike, who's working on the OPG guarantee while you're away? I'm at a meeting with Energy and Steen came up to me quite concerned to say that the latest version they saw from OPG and Tories was for quite a broad guarantee, including a make whole provision. If that's the case, it doesn't sound like they've taken on our comments and our unwillingness to provide a make whole, or a put, or any structure that could expose to the Province to having to make a multi-billion dollar payment rather than just stepping having to step in to replace OPG's coupon and principal payment obligations when they come due.
>
> Thanks,
> Gadi

From:	Gadi Mayman
To:	Scott Nelms (ENERGY); Mike Manning; Ronald Kwan; Ken Kandeepan; James Devine
Cc:	Anna Strathy
Subject:	Re: Fair Hydro Business Issues
Date:	Sunday, June 25, 2017 5:38:44 PM

I'm adding Ken and Jim to this conversation, as Mike is away this week and Jim is filling in for him. I'm away Thursday and Friday, but would be happy to find some time Tuesday or Wednesday for the internal meeting you're suggesting, Scott.

Gadi

From: Nelms, Scott (MOF)
Sent: Sunday, June 25, 2017 5:23 PM
To: Gadi Mayman; Mike Manning; Ronald Kwan
Subject: Fair Hydro Business Issues

Hi Gadi, Mike, Ron,

I had a chat with Ken Hartwick on Friday afternoon about our position on fees as well as progress on what we have been calling “business issues” (equity injection process, sub-debt agreement, guarantees). He agreed that we could push out the fees conversation from this round of regulation drafting, but wanted to make sure we set up time in early July to talk through these issues and land them asap. Here is where I think we are on each point:

- Fees: OPG wants a very light touch from OEB and, formulaic approach that mimics fee structures for portfolio managers (base fee tied to AUM + variable fee tied to performance). ENE agrees with the variable fee component (limited to $1M floor / ceiling), but has concerns about a base fee that does not tie to costs and wants a more substantive role for OEB.

- Guarantees: as you know the Province’s position was shared on Friday

- Equity Injections: I believe OPG has provided a draft structure. Unless OFA has concerns, I think this is largely procedural.

- Sub-debt: I don’t have much visibility in to this one. I heard folks from OFA were in discussions. This should link in with the fees conversation given the relationship with performance.

I would suggest we try and have an internal conversation later this week to discuss where we are on each of these in order to be ready to meet with OPG the following week.

Let me know if this makes sense or if I am missing anything.

Thanks,

Scott

From:	Gadi Mayman
To:	David McLean (MOF); Nancy Kennedy (MOHLTC)
Cc:	Vivienne Skoberne (MOHLTC); Anna Strathy; Gwendolynne Young (ENE); Jonathan Tekle (CAB); Mike Manning; Ronald Kwan; Anna Strathy
Subject:	Re: Fair Hydro Plan Consultant Costs
Date:	Monday, August 28, 2017 3:16:55 PM

I'm copying Mike, Ken and Ron, because they'd know if we paid for anyone, but the only firms we've engaged are TD, but this is part of the services they provide to us under our underwriting agreement, so there's no extra cost, and Blakes for legal advice on the guarantee, but I believe that is being covered under their engagement with Energy, so I don't believe we've been charged separately.

Gadi

From: McLean, David (MOF)
Sent: Monday, August 28, 2017 12:52 PM
To: Nancy Kennedy (MOHLTC); Gadi Mayman
Cc: Vivienne Skoberne (MOHLTC); Anna Strathy; Gwendolynne Young (ENE); Jonathan Tekle (CAB)
Subject: FW: Fair Hydro Plan Consultant Costs

Hi Nancy and Gadi – FYI below.

From: Hosick, Sarah (TBS)
Sent: August-28-17 9:46 AM
To: Nelson, Dane (TBS); Laughton, Patrick (TBS)
Subject: FW: Fair Hydro Plan Consultant Costs

Heads up on below --- new AG request for all FHP consulting and legal costs. I've reached out to legal and will touch base with you both on approach for how to respond to this one.

From: Hosick, Sarah (TBS)
Sent: August 28, 2017 9:45 AM
To: Kaufman, Paul (TBS); Smook, Nick (TBS)
Subject: FW: Fair Hydro Plan Consultant Costs

Hi Nick and Paul,

We received the request below from the AG's office for all consulting and legal costs (and related contracts) associated with the Fair Hydro Plan across the government.

Wanted to check in with your thoughts as the AG's office doesn't provide a definition of what is included in FHP, and we want to ensure that ministries interpret the request the same way. We are not in a position to provide this information from the other organizations listed (e.g., IESO, OPG, OEB, etc.) and would instead provide a contact for AG's office to reach out directly to those organizations.

Any other considerations from your perspectives before we share this with the affected ministries?

Thanks

Sarah

Sarah Hosick
Executive Assistant & Special Policy Advisor (A)
Assistant Deputy Minister's Office | Office of the Provincial Controller
Office of the Treasury Board | Treasury Board Secretariat

7 Queen's Park Cres E, 2nd Floor, Toronto, ON, M7A 1Y7
416-212-8512

From: Donaldson, Mark (TBS)
Sent: August 25, 2017 4:28 PM
To: Hosick, Sarah (TBS)
Subject: FW: Fair Hydro Plan Consultant Costs

Hi Sarah,

Per our discussion, I received this request from the OAGO yesterday, and had a brief follow-up call with Audelyn Budihardjo today. Note that the requested due date is September 5.

Cheers,

Mark

From: Bill Pelow [mailto:Bill.Pelow@auditor.on.ca]
Sent: August 24, 2017 3:03 PM
To: Donaldson, Mark (TBS)
Cc: Audelyn Budihardjo; Georgegiana Tanudjaja
Subject: Fair Hydro Plan Consultant Costs

Mark:

We would like to obtain all consulting and legal costs (and related contracts) associated with the Fair Hydro Plan across the government. This would include ministries (e.g., Ministry of Energy, Ministry of Finance, Ministry of Attorney General and all others), OPG, IESO, OEB, OFA, and all other agencies that have used consulting or legal services in relation to the Fair Hydro Plan. Please provide us all costs from December 1, 2016 to present. If you can provide this to us by September 5 that would be great. Please call me or Audelyn if you have any questions or need to discuss.

Thank-you Mark.

Bill

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From:	Gadi Mayman
To:	Anna Strathy
Cc:	Ronald Kwan; Mike Manning; Matthew Breadner; Ken Kandeepan; John Psinas
Subject:	Re: For Review and Comment: TB/MBC Submission on Provincial Guarantee
Date:	Wednesday, August 30, 2017 6:48:28 PM

You're right in your assumption, Matt, and the Deputy and Associate Deputy of TB are aware, and supportive, of our need to be on the 26th for exactly that reason, so I'm not sure why CQSD thinks our Minister would have to reach out to theirs. I'd be shocked if TB didn't make this a priority item for the 26th meeting, and didn't bump something else if the agenda is too packed..

We were actually originally intending to go to the first TB meeting in September, but Energy decided that we could wait until this meeting to line up with when they are going to TB for their FHP report back. It is absolutely essential that we make this meeting, or OPG may not be able to complete their initial financing for the Trust by calendar year-end (it's already tight) which, I understand, creates a potential accounting issue for the IESO if they still have the entire asset on their books at their year-end.

Thanks,
Gadi

On Aug 30, 2017, at 5:04 PM, Anna Strathy <Anna.Strathy@ofina.on.ca> wrote:

> Hi Gadi,
> CQSD is asking for a justification as to why we're pressuring to proceed with the Sept, 26 TB/MBC meeting.
> Apparently a Minister to Minister reach out is required and as there are multiple submissions scheduled for that date Anthony says he'll need a rational to make sure it stays on the agenda. If it doesn't make the Sept 26 meeting it would be bumped to October 17th, which is the next board meeting.
> I'm not entirely sure what rational to give him. Could we make the case that the financing entity will need to go to market this calendar year, which essentially means November, making an October 17th meeting fairly late?
> Thanks,
> Matt
>
> ---
>
> **From:** Reiss, Anthony (MOF) [mailto:Anthony.Reiss@ontario.ca]
> **Sent:** Wednesday, August 30, 2017 3:08 PM
> **To:** Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Subject:** RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee
> Hi Matt,
> Who is the legal lead on it ? Need that info as well.
> Also what is the rush to proceed to the Sept. 26 TB/MBC meeting ?
> A MO to MO reach out is required and I need to support that with a rational.
> Thanks,
> Anthony
>
> ---

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: August 30, 2017 1:49 PM
To: Reiss, Anthony (MOF) <Anthony.Reiss@ontario.ca>
Cc: Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Thanks for the review Anthony,

In response to your questions:

TB/MBC should "Authorize", maybe it's not "Approve"

- Good point I will make the change.

Are we taking out the term guarantee throughout the document?

- No not everywhere. I'm trying to be consistent with a deck recently presented to the energy Minister on this topic (see attached). Essentially, We're referring to the agreement as a "support agreement" which *guarantees* the debt under certain conditions. However, I did update it ina few locations compared to the version I'd sent you earlier, so pelase refer to the file attached.

How does this request relate to MOE's previous submission(s) on Fair Hydro Plan ? Is it consistent ? What is MOE saying ?

- Hoping energy can follow up on this, maybe in the next round.

Where is the contingent liability going to reside ? Which Ministry ? Interest on debt… MOF ? What process will be used to report it ? How often ?

- Ultimately a question for OPCD, again still waiting on feedback.

Has it been determined that MOE Minister will sign the submission ? If so by when ? It will impact when our DM and Minister would sign.

- Not entirely sure, can follow up with energy on this.

I still have the same questions as earlier i.e. showing a diagram explaining the process, chart showing term of loan principal + interest. etc.

- In regards to the diagram, there is one in the attached power point presentation, will this be sufficient?
- Regarding the chart showing loan principal and interest, some staff on our end are having a look at that.

When would the numbers from Energy be finalized ? OPCD review as well ?

- Still waiting on this information.

Still need the answer of the 5 questions I sent last week by my Director.

- I've passed them along, but can follow up regarding status.

I'd like to send this version around to the broader group if you think that would be appropriate. I understand your point that senior staff on our end should review first, but most of them are still away on vacation (Gadi, Ron, Ken) and it might be a good idea to keep the ball rolling in the meantime, since as you said we need to keep moving forward to the Sep 26th date.

Let me know what you think.

Thanks,
Matt Breadner on behalf of Anna Strathy

From: Reiss, Anthony (MOF) [mailto:Anthony.Reiss@ontario.ca]
Sent: Tuesday, August 29, 2017 9:14 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Hi Matt,
Here are my questions on the submission.
TB/MBC should "Authorize", maybe its not "Approve"
Are we taking out the term guarantee throughout the document ?
How does this request relate to MOE's previous submission(s) on Fair Hydro Plan ? Is it consistent ? What is MOE saying ?
Where is the contingent liability going to reside ? Which Ministry ? Interest on debt… MOF ? What process will be used to report it ? How often ?
Has it been determined that MOE Minister will sign the submission ? If so by when ? It will impact when our DM and Minister would sign.
I still have the same questions as earlier ie. showing a diagram explaining the process, chart showing term of loan principal + interest. etc.
When would the numbers from Energy be finalized ? OPCD review as well ?
Still need the answer of the 5 questions I sent last week by my Director.
We would need to share a copy soon with TBS as there is a large number of submissions moving forward for Sept. 26 TB/MBC date.
I pretty much agree with Legal points.
Thanks,
Anthony

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: August 28, 2017 2:59 PM
To: Reiss, Anthony (MOF) <Anthony.Reiss@ontario.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Sounds good, thanks Anthony.

From: Reiss, Anthony (MOF) [mailto:Anthony.Reiss@ontario.ca]
Sent: Monday, August 28, 2017 2:53 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Tibando, Lindsay (MOF) <Lindsay.Tibando@ontario.ca>
Cc: Matthew Breadner <Matthew.Breadner@ofina.on.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Hi Matt,
I'm going to review tomorrow morning and will provide feedback then.
You may want your Senior Management and Legal review one more time before sending out to a broader audience.
Thanks,
Anthony

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: August 28, 2017 2:43 PM

To: Tibando, Lindsay (MOF) <Lindsay.Tibando@ontario.ca>; Reiss, Anthony (MOF) <Anthony.Reiss@ontario.ca>
Cc: Matthew Breadner <Matthew.Breadner@ofina.on.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Hi Anthony and Lindsay,

Please find attached the latest draft of the TB submission, note we are now calling it a "Provincial Support Agreement" as opposed to "Provincial guarantee" as MOF legal advised this is not a true guarantee as the agreement would be contingent on certain events (whereas a guarantee would not).

This version incorporates line edits made on our end, as well as by MOF legal. However it still contains several comments in the margins pertaining to issues that have not been resolved as of yet (hopefully on the next iteration). Lindsay, as you mentioned if you send something high level for now perhaps we can circle back later?

Anthony, Anna mentioned that you might want to provide thoughts on any new version before I distribute to the broader group, so I was wondering if you had any comments/concerns on this draft before we send something out for a second round?

Thanks,

Matt Breadner on behalf of Anna Strathy

From: Tibando, Lindsay (MOF) [mailto:Lindsay.Tibando@ontario.ca]
Sent: Monday, August 28, 2017 2:26 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>
Cc: Matthew Breadner <Matthew.Breadner@ofina.on.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Okay great, I will wait for an updated version then.

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: August-28-17 2:21 PM
To: Tibando, Lindsay (MOF); Reiss, Anthony (MOF)
Cc: Matthew Breadner
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Hopefully within the hour.

Matt

From: Tibando, Lindsay (MOF) [mailto:Lindsay.Tibando@ontario.ca]
Sent: Monday, August 28, 2017 2:21 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>
Cc: Matthew Breadner <Matthew.Breadner@ofina.on.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Thanks Matt. Do you have an approximate ETA on when you will have the new version? Perhaps I should wait and see what the input from MOF legal and OFA is before moving forward.

Thanks

Lindsay

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: August-28-17 2:15 PM

To: Reiss, Anthony (MOF); Tibando, Lindsay (MOF)
Cc: Matthew Breadner
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Hi Lindsay and Anthony,

I'll have another draft ready soon that incorporates some feedback from MOF legal and the OFA, I plan on sharing it with the both of you for feedback before distributing again to the wider group. We have reached out to energy for feedback as well, I understand they're working on it, but in the meantime I plan on proceeding with sending out an updated version before that. And as Anthony stated, yes it is still very much in a draft form.

Thanks,

Matt Breadner on behalf of Anna Strathy

From: Reiss, Anthony (MOF) [mailto:Anthony.Reiss@ontario.ca]
Sent: Monday, August 28, 2017 2:01 PM
To: Tibando, Lindsay (MOF) <Lindsay.Tibando@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Matthew Breadner <Matthew.Breadner@ofina.on.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Thanks Lindsay. You make some great points. Energy should be made aware of this, but I don't have any contact info at this time.

Materials are still very much draft. I would keep the approach high level for now, as we receive more info. then things will be updated.

Anthony

From: Tibando, Lindsay (MOF)
Sent: August 28, 2017 1:56 PM
To: Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>
Cc: Reiss, Anthony (MOF) <Anthony.Reiss@ontario.ca>; Matthew Breadner <Matthew.Breadner@ofina.on.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Hi all,

Couple questions on this. I'm working on a tailored comms snapshot that will focus on messaging and strategic approach. As you mentioned this is still an early draft, can we expect to see another draft of this come through later? Also is the expectation that MO or CO will be looking at this? I ask because I would like to avoid sending comms materials through approvals more than once. If this is still being developed I can send you something high-level for now and then we can circle back later.

Also wondering if anyone from Energy is looking at this. They will have some KMs around the Fair Hydro Plan/issues mitigation that I would like to draw from so we don't mix messages. Let me know if you have been working with someone at Energy or if I should reach out.

I am still aiming to have something by the 31st but we are short-staffed right now so it may be a day or two later.

Thanks!

Lindsay

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]

Sent: August-18-17 4:12 PM
To: Tibando, Lindsay (MOF)
Cc: Reiss, Anthony (MOF); Matthew Breadner
Subject: FW: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Hi Lindsay,

Based on the recommendation of Anthony in our Corporate shop (copied), I'm sharing this early draft of a TB Submission for your review. You'll see from the attached email chain that the submission would create a contingent liability that would be disclosed to the public (but not booked/no fiscal impact) in Public Accounts. Anthony suggested that we include a communications strategy in the attached submission, given that the contingent liability will be made public. Could I ask for you expertise in crafting some messaging/strategy?

Thanks, Anna

From: Anna Strathy
Sent: Thursday, August 17, 2017 12:52 PM
To: 'Cindy.Veinot@ontario.ca' <Cindy.Veinot@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Vivienne Skoberne (MOHLTC) <Vivienne.Skoberne@ontario.ca>; 'stephanie.m.smith@ontario.ca' <stephanie.m.smith@ontario.ca>; Deena Padamadan <Deena.Padamadan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca>; Matthew Breadner <Matthew.Breadner@ofina.on.ca>
Subject: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Hi Cindy, Steen, Kelly (for Scott), and Malle,

Attached, for your review and comment, is a draft TB submission for the Provincial Guarantee.

This submission is somewhat premature, as there continue to be discussions about which Ministry might bring this forward (for instance, the Provincial Guarantee piece could be incorporated into a broader report back by the Ministry of Energy) and when this might go to TB/MBC (mid to late September); however, Gadi is on vacation for two weeks starting Monday, so we wanted to get a head start on something that could be moved forward in his absence.

I apologize for the tight timelines, but **we are hoping to have your comments (even preliminary comments) by noon tomorrow**. I expect that subsequent iterations of this submission and/or the TB Assessment Note will be circulated again for your input.

Please don't hesitate to contact me should you have any questions.

Anna

Anna Strathy
Special Policy Advisor to CEO
Ontario Financing Authority

1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca

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From:	Matthew Breadner
To:	Gadi Mayman
Cc:	Anna Strathy; Ronald Kwan; Mike Manning; Ken Kandeepan; John Psinas
Subject:	Re: For Review and Comment: TB/MBC Submission on Provincial Guarantee
Date:	Wednesday, August 30, 2017 8:00:57 PM

Thanks Gadi, I'll make that clear to CQSD tomorrow.

Matt

On Aug 30, 2017, at 6:48 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> You're right in your assumption, Matt, and the Deputy and Associate Deputy of TB are aware, and supportive, of our need to be on the 26th for exactly that reason, so I'm not sure why CQSD thinks our Minister would have to reach out to theirs. I'd be shocked if TB didn't make this a priority item for the 26th meeting, and didn't bump something else if the agenda is too packed..
>
> We were actually originally intending to go to the first TB meeting in September, but Energy decided that we could wait until this meeting to line up with when they are going to TB for their FHP report back. It is absolutely essential that we make this meeting, or OPG may not be able to complete their initial financing for the Trust by calendar year-end (it's already tight) which, I understand, creates a potential accounting issue for the IESO if they still have the entire asset on their books at their year-end.
>
> Thanks,
> Gadi
>
> On Aug 30, 2017, at 5:04 PM, Anna Strathy <Anna.Strathy@ofina.on.ca> wrote:
>
> > Hi Gadi,
> > CQSD is asking for a justification as to why we're pressuring to proceed with the Sept, 26 TB/MBC meeting.
> > Apparently a Minister to Minister reach out is required and as there are multiple submissions scheduled for that date Anthony says he'll need a rational to make sure it stays on the agenda. If it doesn't make the Sept 26 meeting it would be bumped to October 17th, which is the next board meeting.
> > I'm not entirely sure what rational to give him. Could we make the case that the financing entity will need to go to market this calendar year, which essentially means November, making an October 17th meeting fairly late?
> > Thanks,
> > Matt
> >
> > **From:** Reiss, Anthony (MOF) [mailto:Anthony.Reiss@ontario.ca]

Sent: Wednesday, August 30, 2017 3:08 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Hi Matt,

Who is the legal lead on it ? Need that info as well.

Also what is the rush to proceed to the Sept. 26 TB/MBC meeting ?

A MO to MO reach out is required and I need to support that with a rational.

Thanks,

Anthony

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: August 30, 2017 1:49 PM
To: Reiss, Anthony (MOF) <Anthony.Reiss@ontario.ca>
Cc: Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Thanks for the review Anthony,

In response to your questions:

TB/MBC should "Authorize", maybe it's not "Approve"

- <!--[if !supportLists]-->● <!--[endif]-->Good point I will make the change.

Are we taking out the term guarantee throughout the document?

- <!--[if !supportLists]-->● <!--[endif]-->No not everywhere. I'm trying to be consistent with a deck recently presented to the energy Minister on this topic (see attached). Essentially, We're referring to the agreement as a "support agreement" which *guarantees* the debt under certain conditions. However, I did update it ina few locations compared to the version I'd sent you earlier, so pelase refer to the file attached.

How does this request relate to MOE's previous submission(s) on Fair Hydro Plan ? Is it consistent ? What is MOE saying ?

- <!--[if !supportLists]-->● <!--[endif]-->Hoping energy can follow up on this, maybe in the next round.

Where is the contingent liability going to reside ? Which Ministry ? Interest on debt…MOF ? What process will be used to report it ? How often ?

- <!--[if !supportLists]-->● <!--[endif]-->Ultimately a question for OPCD, again still waiting on feedback.

Has it been determined that MOE Minister will sign the submission ? If so by when ? It will impact when our DM and Minister would sign.

- <!--[if !supportLists]-->● <!--[endif]-->Not entirely sure, can follow up with energy on this.

I still have the same questions as earlier i.e. showing a diagram explaining the process, chart showing term of loan principal + interest. etc.

<!--[if !supportLists]-->● <!--[endif]-->In regards to the diagram, there is one in the attached power point presentation, will this be sufficient?

<!--[if !supportLists]-->● <!--[endif]-->Regarding the chart showing loan principal and interest, some staff on our end are having a look at that.

When would the numbers from Energy be finalized ? OPCD review as well ?

<!--[if !supportLists]-->● <!--[endif]-->Still waiting on this information.

Still need the answer of the 5 questions I sent last week by my Director.

<!--[if !supportLists]-->● <!--[endif]-->I've passed them along, but can follow up regarding status.

I'd like to send this version around to the broader group if you think that would be appropriate. I understand your point that senior staff on our end should review first, but most of them are still away on vacation (Gadi, Ron, Ken) and it might be a good idea to keep the ball rolling in the meantime, since as you said we need to keep moving forward to the Sep 26th date.

Let me know what you think.

Thanks,

Matt Breadner on behalf of Anna Strathy

From: Reiss, Anthony (MOF) [mailto:Anthony.Reiss@ontario.ca]

Sent: Tuesday, August 29, 2017 9:14 AM

To: Anna Strathy <Anna.Strathy@ofina.on.ca>

Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Hi Matt,

Here are my questions on the submission.

TB/MBC should "Authorize", maybe its not "Approve"

Are we taking out the term guarantee throughout the document ?

How does this request relate to MOE's previous submission(s) on Fair Hydro Plan ? Is it consistent ? What is MOE saying ?

Where is the contingent liability going to reside ? Which Ministry ?

Interest on debt…MOF ? What process will be used to report it ? How often ?

Has it been determined that MOE Minister will sign the submission ? If so by when ? It will impact when our DM and Minister would sign.

I still have the same questions as earlier ie. showing a diagram explaining the process, chart showing term of loan principal + interest. etc.

When would the numbers from Energy be finalized ? OPCD review as well ?

Still need the answer of the 5 questions I sent last week by my Director.

We would need to share a copy soon with TBS as there is a large number of submissions moving forward for Sept. 26 TB/MBC date.

I pretty much agree with Legal points.

Thanks,
Anthony

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: August 28, 2017 2:59 PM
To: Reiss, Anthony (MOF) <Anthony.Reiss@ontario.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Sounds good, thanks Anthony.

From: Reiss, Anthony (MOF) [mailto:Anthony.Reiss@ontario.ca]
Sent: Monday, August 28, 2017 2:53 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Tibando, Lindsay (MOF) <Lindsay.Tibando@ontario.ca>
Cc: Matthew Breadner <Matthew.Breadner@ofina.on.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Hi Matt,
I'm going to review tomorrow morning and will provide feedback then. You may want your Senior Management and Legal review one more time before sending out to a broader audience.
Thanks,
Anthony

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: August 28, 2017 2:43 PM
To: Tibando, Lindsay (MOF) <Lindsay.Tibando@ontario.ca>; Reiss, Anthony (MOF) <Anthony.Reiss@ontario.ca>
Cc: Matthew Breadner <Matthew.Breadner@ofina.on.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Hi Anthony and Lindsay,
Please find attached the latest draft of the TB submission, note we are now calling it a "Provincial Support Agreement" as opposed to "Provincial guarantee" as MOF legal advised this is not a true guarantee as the agreement would be contingent on certain events (whereas a guarantee would not).
This version incorporates line edits made on our end, as well as by MOF legal. However it still contains several comments in the margins pertaining to issues that have not been resolved as of yet (hopefully on the next iteration). Lindsay, as you mentioned if you send something high level for now perhaps we can circle back later?
Anthony, Anna mentioned that you might want to provide thoughts on any new version before I distribute to the broader group, so I was wondering if you had any comments/concerns on this draft before we send something out for a second round?
Thanks,

Matt Breadner on behalf of Anna Strathy

From: Tibando, Lindsay (MOF) [mailto:Lindsay.Tibando@ontario.ca]
Sent: Monday, August 28, 2017 2:26 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>
Cc: Matthew Breadner <Matthew.Breadner@ofina.on.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Okay great, I will wait for an updated version then.

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: August-28-17 2:21 PM
To: Tibando, Lindsay (MOF); Reiss, Anthony (MOF)
Cc: Matthew Breadner
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Hopefully within the hour.

Matt

From: Tibando, Lindsay (MOF) [mailto:Lindsay.Tibando@ontario.ca]
Sent: Monday, August 28, 2017 2:21 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>
Cc: Matthew Breadner <Matthew.Breadner@ofina.on.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Thanks Matt. Do you have an approximate ETA on when you will have the new version? Perhaps I should wait and see what the input from MOF legal and OFA is before moving forward.

Thanks

Lindsay

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: August-28-17 2:15 PM
To: Reiss, Anthony (MOF); Tibando, Lindsay (MOF)
Cc: Matthew Breadner
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Hi Lindsay and Anthony,

I'll have another draft ready soon that incorporates some feedback from MOF legal and the OFA, I plan on sharing it with the both of you for feedback before distributing again to the wider group. We have reached out to energy for feedback as well, I understand they're working on it, but in the meantime I plan on proceeding with sending out an updated version before that. And as Anthony stated, yes it is still very much in a draft form.

Thanks,

Matt Breadner on behalf of Anna Strathy

From: Reiss, Anthony (MOF) [mailto:Anthony.Reiss@ontario.ca]
Sent: Monday, August 28, 2017 2:01 PM

To: Tibando, Lindsay (MOF) <Lindsay.Tibando@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Matthew Breadner <Matthew.Breadner@ofina.on.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Thanks Lindsay. You make some great points. Energy should be made aware of this, but I don't have any contact info at this time.
Materials are still very much draft. I would keep the approach high level for now, as we receive more info. then things will be updated.
Anthony

From: Tibando, Lindsay (MOF)
Sent: August 28, 2017 1:56 PM
To: Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>
Cc: Reiss, Anthony (MOF) <Anthony.Reiss@ontario.ca>; Matthew Breadner <Matthew.Breadner@ofina.on.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

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Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Vivienne Skoberne (MOHLTC) <Vivienne.Skoberne@ontario.ca>; 'stephanie.m.smith@ontario.ca' <stephanie.m.smith@ontario.ca>; Deena Padamadan <Deena.Padamadan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca>; Matthew Breadner <Matthew.Breadner@ofina.on.ca>
Subject: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Hi Cindy, Steen, Kelly (for Scott), and Malle,
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Please don't hesitate to contact me should you have any questions.
Anna

Anna Strathy
Special Policy Advisor to CEO
Ontario Financing Authority
1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca

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From:	Hanslep, Malle (MOF)
To:	Gadi Mayman; Tobias P. Whitfield (MOF); Ronald Kwan; Anna Strathy; Ken Kandeepan; Mike Manning
Cc:	Michael Waterston (MOF)
Subject:	Re: Guarantee
Date:	Saturday, April 22, 2017 12:31:30 PM

Thank you. I have sent the email to Len and Carolyn.

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Gadi Mayman
Sent: Saturday, April 22, 2017 10:40
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Kwan, Ronald (OFA); Strathy, Anna (OFA); Kandeepan, Ken (OFA); Manning, Mike (OFA)
Cc: Waterston, Michael (MOF)
Subject: Re: Guarantee

That approach makes sense to me.

Thanks,
Gadi

From: Hanslep, Malle (MOF)
Sent: Saturday, April 22, 2017 10:32 AM
To: Gadi Mayman; Tobias P. Whitfield (MOF); Ronald Kwan; Anna Strathy; Ken Kandeepan; Mike Manning
Cc: Michael Waterston (MOF)
Subject: RE: Guarantee

Hi Gadi,

I was thinking about the approach further and I think it would be best if I write to Len Hatzis (legal director at TBS) and Carolyn (so she is aware) first to let Len know the background that the DM of TBS is in favour of the Minister of Finance signing any required guarantee (although maybe he is well aware of this already) and also MOF/OFA view that we shouldn't exempt generally transactions under the new proposed Act from s. 28.
Then Len can let me know which TBS counsel are working on it as I think that it may be Nick and Paul but don't know for sure and don't know what their involvement on this file has been and I don't think I should send the email to TBS without letting Carolyn know.

]Malle
From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: April-21-17 8:07 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Kwan, Ronald (OFA); Strathy, Anna (OFA); Kandeepan, Ken (OFA); Manning, Mike (OFA)
Cc: Waterston, Michael (MOF)
Subject: Re: Guarantee

Thanks, Malle, if you wouldn't mind sharing it with Nick or Paul, that'd be great.

Gadi

From: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>
Sent: Friday, April 21, 2017 7:54:48 PM
To: Gadi Mayman; Tobias P. Whitfield (MOF); Ronald Kwan; Anna Strathy; Ken Kandeepan; Mike Manning
Cc: Michael Waterston (MOF)
Subject: Re: Guarantee

Hi Gadi

I think that would be fine. I don't know who in particular at TBS legal might be looking at this although it might be Nick Smook and Paul Kaufman

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Gadi Mayman
Sent: Friday, April 21, 2017 19:05
To: Whitfield, Tobias P. (MOF); Kwan, Ronald (OFA); Strathy, Anna (OFA); Kandeepan, Ken (OFA); Manning, Mike (OFA)
Cc: Hanslep, Malle (MOF); Waterston, Michael (MOF)
Subject: Re: Guarantee

Thanks. Just a question, would it make sense to share your response to Energy Legal with TB Legal, as they have an interest in s28 of the FAA, and given that their Deputy and Associate Deputy expresses strong views on the need for the Minister of Finance to hold responsibility for the guarantee?

Gadi

From: Whitfield, Tobias P. (MOF)
Sent: Friday, April 21, 2017 5:23 PM
To: Gadi Mayman; Ronald Kwan; Anna Strathy; Ken Kandeepan; Mike Manning
Cc: Malle Hanslep (MOF); Michael Waterston (MOF)
Subject: FW: Guarantee

Please see below our response to Energy Legal on the guarantee provisions, and attached our first draft of a provision for the legislation. We will let you know what the response is from Energy as they consider their draft over the weekend.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>>
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: April 21, 2017 5:20 PM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI); Hanslep, Malle (MOF); Waterston, Michael (MOF)
Cc: Johnson, Paul (ENERGY/MEDEI/MRI)
Subject: RE: Guarantee

We have discussed this with the OFA, and we have endeavoured to provide a provision that we think should allow the financial guarantee being contemplated. Please let us know if you think it provides the necessary scope for what would be required to meet the Province's needs. We deleted the existing provision, although if you think that more general contractual authority is needed, something else could be considered. However, we don't think that it is appropriate to have a statutory appropriation for such general indemnity and guarantee provisions.

We would expect that the guarantee would be capped and only provide for the repayment of the principal and interest of the debt securities of the financial asset owner, and that would usually be done in the OIC.

We don't have any experience with performance guarantees. Is there a need for the Minister of Energy to require performance by the LDCs? We were also wondering if Blakes or another party involved in these discussions might have an example of what is being considered.

We also removed the exemption from s. 28 of the FAA. We have discussed this with OFA staff, and given the importance and breadth of this Act and Program, it doesn't seem appropriate to exempt the entire Act from s. 28 of the FAA.

Best
Toby

Tobias Whitfield

Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>>
Phone: 416-325-1456

From: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Sent: April 21, 2017 2:37 PM
To: Hanslep, Malle (MOF); Waterston, Michael (MOF)
Cc: Johnson, Paul (ENERGY/MEDEI/MRI); Whitfield, Tobias P. (MOF)
Subject: RE: Guarantee

Malle & Toby – thanks for speaking to us about the Ontario Fair Hydro Plan proposal. I have attached information that we have about the US arrangements. Here is a link to the Florida statute (Duke): : https://urldefense.proofpoint.com/v2/url?u=http-3A__www.leg.state.fl.us_Statutes_index.cfm-3FApp-5Fmode-3DDisplay-5FStatute-26Search-5FString-3D-26URL-3D0300-2D0399_0366_Sections_0366.95.html-5Bleg.state.fl.us-5D&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=tFAAgRQTU0s9wAbu3-s9O6A8WaORM-zWr6qqj-3TfRk&s=GxEbjnHtLM-1g7mwTF12PJe_FGp5ys-wfJS6Hfssvqo&e= <https://urldefense.proofpoint.com/v2/url?u=http-3A__www.leg.state.fl.us_Statutes_index.cfm-3FApp-5Fmode-3DDisplay-5FStatute-26Search-5FString-3D-26URL-3D0300-2D0399_0366_Sections_0366.95.html&d=DwMFAg&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=Y_fkJeRoJZD-LzAJEPnXaFZu2UhWImljUPa5aePQXvI&s=1HUfd1nbfvUi59LhqOORa7t3LtNdTaqJrkvGEtCXtac&e=> .

I will share any more information about the guarantee that I see. I also attach the current version of the legislation just in case you received something different.

Carolyn

From: Hanslep, Malle (MOF)
Sent: April-21-17 12:26 PM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI); Waterston, Michael (MOF)
Cc: Johnson, Paul (ENERGY/MEDEI/MRI); Whitfield, Tobias P. (MOF)
Subject: RE: Guarantee

Hi Carolyn,

Thanks for your email. Would it be possible to arrange a conference call today with yourself or your counsel most knowledgeable on this proposed securitization and transaction so that we can get an understanding of it and how it fits into any proposed authorizing legislation. Unfortunately we are not familiar with the proposed transaction although we have seen some general background information about the proposal. What role would a guarantee of investment dealers have in the transaction? We do have a copy of the legislation that we got via our clients at OFA and they were more engaged in the issue of a future proposed equity injection, but the most recent version that we have seen does not mention guarantees although there seems to be a very general contract authorization section. Of course, we have to generally think about s. 28 as well.

A call today to over the main elements of the proposed transaction and the legislation would be very helpful so that we can get back to Gadi.

Malle

From: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Sent: April 20, 2017 2:33 PM
To: Waterston, Michael (MOF)
Cc: Hanslep, Malle (MOF); Johnson, Paul (ENERGY/MEDEI/MRI)
Subject: RE: Guarantee

Hi Michael & Malle – we will be sending you draft legislation to take a look at. Actual guarantees will follow later.

This relates to the government's Fair Hydro Plan and the promise to reduce rates by 25% by July. We are doing a sort of securitization, for which the legislation will provide a framework. We are contemplating provisions that allow "the Minister" to enter into agreements with respect to transactions contemplated by the legislation. Gadi and DM Angus are of the view that Minister should be MOF, as the agreements are likely to be guarantees to investment dealers. Indemnities for the boards of OPG and IESO will also be required, although we didn't talk about who would sign those.

Happy to answer your questions or walk you through the proposed bill.

Carolyn

From: Waterston, Michael (MOF)
Sent: April-20-17 2:25 PM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Cc: Hanslep, Malle (MOF)
Subject: Guarantee

Hi Carolyn,

Gadi Mayman gave us a heads up that you might be giving us a call about a proposed guarantee that the Minister of Finance may be required to sign in relation to the changes to the global adjustment.

We're happy to discuss this. This afternoon is busy but tomorrow afternoon may work.

Thanks!

Michael

Michael Waterston
Legal Director
Ontario Ministry of the Attorney General
Legal Services Branch, Ministry of Finance
416-326-7918

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From:	Hanslep, Malle (MOF)
To:	Gadi Mayman; Tobias P. Whitfield (MOF); Ronald Kwan; Anna Strathy; Ken Kandeepan; Mike Manning
Cc:	Michael Waterston (MOF)
Subject:	Re: Guarantee
Date:	Saturday, April 22, 2017 12:31:30 PM

Thank you. I have sent the email to Len and Carolyn.

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Gadi Mayman
Sent: Saturday, April 22, 2017 10:40
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Kwan, Ronald (OFA); Strathy, Anna (OFA); Kandeepan, Ken (OFA); Manning, Mike (OFA)
Cc: Waterston, Michael (MOF)
Subject: Re: Guarantee

That approach makes sense to me.

Thanks,
Gadi

From: Hanslep, Malle (MOF)
Sent: Saturday, April 22, 2017 10:32 AM
To: Gadi Mayman; Tobias P. Whitfield (MOF); Ronald Kwan; Anna Strathy; Ken Kandeepan; Mike Manning
Cc: Michael Waterston (MOF)
Subject: RE: Guarantee

Hi Gadi,

I was thinking about the approach further and I think it would be best if I write to Len Hatzis (legal director at TBS) and Carolyn (so she is aware) first to let Len know the background that the DM of TBS is in favour of the Minister of Finance signing any required guarantee (although maybe he is well aware of this already) and also MOF/OFA view that we shouldn't exempt generally transactions under the new proposed Act from s. 28.
Then Len can let me know which TBS counsel are working on it as I think that it may be Nick and Paul but don't know for sure and don't know what their involvement on this file has been and I don't think I should send the email to TBS without letting Carolyn know.

]Malle
From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: April-21-17 8:07 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Kwan, Ronald (OFA); Strathy, Anna (OFA); Kandeepan, Ken (OFA); Manning, Mike (OFA)
Cc: Waterston, Michael (MOF)
Subject: Re: Guarantee

Thanks, Malle, if you wouldn't mind sharing it with Nick or Paul, that'd be great.

Gadi

From: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>
Sent: Friday, April 21, 2017 7:54:48 PM
To: Gadi Mayman; Tobias P. Whitfield (MOF); Ronald Kwan; Anna Strathy; Ken Kandeepan; Mike Manning
Cc: Michael Waterston (MOF)
Subject: Re: Guarantee

Hi Gadi

I think that would be fine. I don't know who in particular at TBS legal might be looking at this although it might be Nick Smook and Paul Kaufman

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Gadi Mayman
Sent: Friday, April 21, 2017 19:05
To: Whitfield, Tobias P. (MOF); Kwan, Ronald (OFA); Strathy, Anna (OFA); Kandeepan, Ken (OFA); Manning, Mike (OFA)
Cc: Hanslep, Malle (MOF); Waterston, Michael (MOF)
Subject: Re: Guarantee

Thanks. Just a question, would it make sense to share your response to Energy Legal with TB Legal, as they have an interest in s28 of the FAA, and given that their Deputy and Associate Deputy expresses strong views on the need for the Minister of Finance to hold responsibility for the guarantee?

Gadi

From: Whitfield, Tobias P. (MOF)
Sent: Friday, April 21, 2017 5:23 PM
To: Gadi Mayman; Ronald Kwan; Anna Strathy; Ken Kandeepan; Mike Manning
Cc: Malle Hanslep (MOF); Michael Waterston (MOF)
Subject: FW: Guarantee

Please see below our response to Energy Legal on the guarantee provisions, and attached our first draft of a provision for the legislation. We will let you know what the response is from Energy as they consider their draft over the weekend.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>>
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: April 21, 2017 5:20 PM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI); Hanslep, Malle (MOF); Waterston, Michael (MOF)
Cc: Johnson, Paul (ENERGY/MEDEI/MRI)
Subject: RE: Guarantee

We have discussed this with the OFA, and we have endeavoured to provide a provision that we think should allow the financial guarantee being contemplated. Please let us know if you think it provides the necessary scope for what would be required to meet the Province's needs. We deleted the existing provision, although if you think that more general contractual authority is needed, something else could be considered. However, we don't think that it is appropriate to have a statutory appropriation for such general indemnity and guarantee provisions.

We would expect that the guarantee would be capped and only provide for the repayment of the principal and interest of the debt securities of the financial asset owner, and that would usually be done in the OIC.

We don't have any experience with performance guarantees. Is there a need for the Minister of Energy to require performance by the LDCs? We were also wondering if Blakes or another party involved in these discussions might have an example of what is being considered.

We also removed the exemption from s. 28 of the FAA. We have discussed this with OFA staff, and given the importance and breadth of this Act and Program, it doesn't seem appropriate to exempt the entire Act from s. 28 of the FAA.

Best
Toby

Tobias Whitfield

Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>>
Phone: 416-325-1456

From: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Sent: April 21, 2017 2:37 PM
To: Hanslep, Malle (MOF); Waterston, Michael (MOF)
Cc: Johnson, Paul (ENERGY/MEDEI/MRI); Whitfield, Tobias P. (MOF)
Subject: RE: Guarantee

Malle & Toby – thanks for speaking to us about the Ontario Fair Hydro Plan proposal. I have attached information that we have about the US arrangements. Here is a link to the Florida statute (Duke): : https://urldefense.proofpoint.com/v2/url?u=http-3A__www.leg.state.fl.us_Statutes_index.cfm-3FApp-5Fmode-3DDisplay-5FStatute-26Search-5FString-3D-26URL-3D0300-2D0399_0366_Sections_0366.95.html-5Bleg.state.fl.us-5D&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=tFAAgRQTU0s9wAbu3-s9O6A8WaORM-zWr6qqj-3TfRk&s=GxEbjnHtLM-1g7mwTF12PJe_FGp5ys-wfJS6Hfssvqo&e= <https://urldefense.proofpoint.com/v2/url?u=http-3A__www.leg.state.fl.us_Statutes_index.cfm-3FApp-5Fmode-3DDisplay-5FStatute-26Search-5FString-3D-26URL-3D0300-2D0399_0366_Sections_0366.95.html&d=DwMFAg&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=Y_fkJeRoJZD-LzAJEPnXaFZu2UhWImljUPa5aePQXvI&s=1HUfd1nbfvUi59LhqOORa7t3LtNdTaqJrkvGEtCXtac&e=> .

I will share any more information about the guarantee that I see. I also attach the current version of the legislation just in case you received something different.

Carolyn

From: Hanslep, Malle (MOF)
Sent: April-21-17 12:26 PM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI); Waterston, Michael (MOF)
Cc: Johnson, Paul (ENERGY/MEDEI/MRI); Whitfield, Tobias P. (MOF)
Subject: RE: Guarantee

Hi Carolyn,

Thanks for your email. Would it be possible to arrange a conference call today with yourself or your counsel most knowledgeable on this proposed securitization and transaction so that we can get an understanding of it and how it fits into any proposed authorizing legislation. Unfortunately we are not familiar with the proposed transaction although we have seen some general background information about the proposal. What role would a guarantee of investment dealers have in the transaction? We do have a copy of the legislation that we got via our clients at OFA and they were more engaged in the issue of a future proposed equity injection, but the most recent version that we have seen does not mention guarantees although there seems to be a very general contract authorization section. Of course, we have to generally think about s. 28 as well.

A call today to over the main elements of the proposed transaction and the legislation would be very helpful so that we can get back to Gadi.

Malle

From: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Sent: April 20, 2017 2:33 PM
To: Waterston, Michael (MOF)
Cc: Hanslep, Malle (MOF); Johnson, Paul (ENERGY/MEDEI/MRI)
Subject: RE: Guarantee

Hi Michael & Malle – we will be sending you draft legislation to take a look at. Actual guarantees will follow later.

This relates to the government's Fair Hydro Plan and the promise to reduce rates by 25% by July. We are doing a sort of securitization, for which the legislation will provide a framework. We are contemplating provisions that allow "the Minister" to enter into agreements with respect to transactions contemplated by the legislation. Gadi and DM Angus are of the view that Minister should be MOF, as the agreements are likely to be guarantees to investment dealers. Indemnities for the boards of OPG and IESO will also be required, although we didn't talk about who would sign those.

Happy to answer your questions or walk you through the proposed bill.

Carolyn

From: Waterston, Michael (MOF)
Sent: April-20-17 2:25 PM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Cc: Hanslep, Malle (MOF)
Subject: Guarantee

Hi Carolyn,

Gadi Mayman gave us a heads up that you might be giving us a call about a proposed guarantee that the Minister of Finance may be required to sign in relation to the changes to the global adjustment.

We're happy to discuss this. This afternoon is busy but tomorrow afternoon may work.

Thanks!

Michael

Michael Waterston
Legal Director
Ontario Ministry of the Attorney General
Legal Services Branch, Ministry of Finance
416-326-7918

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From: Gadi Mayman
To: Scott Nelms (ENERGY)
Cc: Mike Manning; Anna Strathy
Subject: Re: Guarantees
Date: Wednesday, June 21, 2017 9:17:16 AM

Yes, please wait until we meet tomorrow, as Malle and Toby from MOF Legal had some concerns, which is why I suggested we all get together.

Gadi

From: Nelms, Scott (MOF)
Sent: Wednesday, June 21, 2017 8:35 AM
To: Gadi Mayman
Cc: Mike Manning
Subject: Guarantees

Hi Gadi,
I notice we have a meeting set up for tomorrow morning to chat about OFHP Provincial guarantees. We had a conversation with MoF / TBS / OFA folks earlier this week, and I think we had agreed on language to propose back to OFA. I was going to send that on to OPG, but wondered whether you would prefer that I hold off until we have that discussion.
Thanks,
Scott

Scott Nelms
Electricity Investment and Governance Secretariat | Ministry of Finance
7th Floor | 375 University ave. | Toronto, ON
w: (416) 212-6469 | c: (647) 330-2681
scott.nelms@ontario.ca

From: Andrew Prahalad
To: Ronald Kwan
Cc: Ken Kandeepan; Anna Strathy; Gavin He; Sarah Neville; Mike Manning
Subject: Re: Information Request - Action Required
Date: Thursday, May 25, 2017 5:21:23 PM

Hi folks,

I will work with legal to compile the search terms listed and the identified variants and permutations for our search.

We can add various operators (and/or/not) to search parameters to add specificity, however, more permutations and combinations will likely result in multiple searches being conducted on the same target mailbox as too many operators becomes extremely narrow and pushes the limitations of the inherent search function within the email environment. This is further exacerbated by our large mailbox sizes.

If there are specific combinations of terms and operators, please identify those where possible. We can verify again once we circulate the compiled list prior to executing the search.

Please let me know if you have any questions or concerns.

Thanks,

On May 25, 2017, at 3:13 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi Ken,
> We may want to search on ''SPV'' and ''Special Purpose Vehicle'' too.
> Ron
>
> **From:** Ken Kandeepan
> **Sent:** May-25-17 14:32
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Cc:** Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Andrew Prahalad <Andrew.Prahalad@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
> **Subject:** RE: Information Request - Action Required
> Good point Ron, agreed, I believe Andrew mentioned that his search criteria would be string based as opposed to individual words, in any event he can provide more details at tomorrow's meeting.
> Thanks
> Ken k
>
> **From:** Ronald Kwan
> **Sent:** Thursday, May 25, 2017 1:58 PM
> **To:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
> **Cc:** Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>;

Sarah Neville <Sarah.Neville@ofina.on.ca>; Andrew Prahalad <Andrew.Prahalad@ofina.on.ca>
Subject: RE: Information Request - Action Required
Hi Ken,
Thanks for your list, of course.
In your experience, would you say that where the FHP and accounting are in an email, that, e.g., one or more of the following would also occur?
Regulatory asset
Deferral [account]
Regulated
Others?
Just trying to see if we can use IT searches that filter for "accounting" ***and*** one of the rate-regulation type terms, along with variants of FHP, GA, smoothing, rate mitigation/price mitigation, etc.
Trying to avoid, or reduce, having to manually ensure that where, say the GA gets mentioned and caught in an electronic search, having to then exclude all the NUG related ones; or any FHP ones that just don't have any discussions on accounting.
Thanks,
Ron

From: Ken Kandeepan
Sent: May-25-17 11:31
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Andrew Prahalad <Andrew.Prahalad@ofina.on.ca>
Subject: RE: Information Request - Action Required
Hi Ron and Mike
I went through the email folder that I created in January for all emails relating to the Fair Hydro Plan and found the following alternate terms for the Plan which I will request Andrew to include in his search terms. Be useful if you can do a quick scan of your emails and see if any other terms should be included in the search parameters. These of course would be in addition to the terms already specified by the AG in her email.
GA and/or Global Adjustment
GA Smoothing and/or Global Adjustment Smoothing
GA Financing and/or Global Adjustment Financing/Refinancing
Electricity Mitigation and/or Electricity Price Mitigation
Deferred GA or Deferred Global Adjustment
Rate Mitigation
Global Adjustment Deferral
OPG Trust and/or PG Trust Consolidation
Equity Injection
Equity Financing
Fair Hydro Plan/Trust

Thanks
Ken K

From: Sarah Neville
Sent: Thursday, May 25, 2017 10:57 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Information Request - Action Required

Hello Ron and Mike –
We have now received some guidance and determined a process for next steps.
We would like to set up a meeting for tomorrow afternoon to review process, confirm search terms and time frame, and confirm the "custodians" (i.e. those staff who would have responsive records). It would probably be prudent to have any identified "custodians" in attendance so that we can make sure we have agreement on the search terms and next steps as this will need to move quickly.
I will send out a meeting request based on your calendars and would ask that you forward it internally to staff who should attend.
Thanks very much for your assistance with this request.
Sarah

From: Sarah Neville
Sent: Wednesday, May 24, 2017 2:13 PM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Information Request - Action Required
Importance: High

Solicitor Client Privilege

Hello Ron and Mike,
We have received a request for information from the Auditor General for the documents/e-mails listed below. Ken Kandeepan has been the point person on this matter in Gadi's absence this week. Pursuant to the *Auditor General Act* S.10(2), OFA and OEFC are required to provide the AG with free access to these materials.

- <!--[if !supportLists]-->● <!--[endif]-->Engagement Agreements with E&Y and KPMG and any others dealing with the Fair Hydro Plan Proposed Accounting
- <!--[if !supportLists]-->● <!--[endif]-->All emails between E&Y and KPMG and other Public Accounting Firms staff on the Fair Hydro Plan - Accounting
- <!--[if !supportLists]-->● <!--[endif]-->All emails between OFA/OEFC and the Ministry of Energy on the Fair Hydro Plan Accounting
- <!--[if !supportLists]-->● <!--[endif]-->All emails between OPCD/Treasury Board/Ministry of Finance and OFA/OEFC on the Fair Hydro Plan Accounting
- <!--[if !supportLists]-->● <!--[endif]-->All emails between IESO and OFA/OEFC on the Fair Hydro Plan Accounting

<!--[if !supportLists]-->● <!--[endif]-->All emails between OEB and OFA/OEFC on the Fair Hydro Plan Accounting

<!--[if !supportLists]-->● <!--[endif]-->All emails between OPG and OFA/OEFC on the Fair Hydro Plan Accounting

<!--[if !supportLists]-->● <!--[endif]-->All emails/material provided to the OFA/OEFC Board/Audit Committee on the Fair Hydro Plan Accounting

We are still determining next steps, process and timing, and will provide further guidance in due course, but we wanted to make you aware of the request. Please identify individuals, including yourselves if appropriate, in your respective branches who may have responsive emails/documents. Please make sure these individuals are aware of the request and remind them that they have an obligation to preserve requested documents/emails.

We are exploring the option of running an automated search and anticipate that we will be seeking guidance from you and your respective teams in the coming days with respect to scoping the search request and identifying search strings/key words to ensure that all responsive e-mails are captured.

In the meantime, please let me know if you have any questions or would like to discuss.

Thanks very much, and best regards,

Sarah

Sarah Neville
Director, Legal Branch
Ontario Financing Authority
1 Dundas Street West, Suite 1200
Toronto ON M7A 1Y7
Phone: (416) 325-8754
Email: Sarah.Neville@ofina.on.ca

From:	Gadi Mayman
To:	Malle Hanslep (MOF); Mike Manning; Michael Waterston (MOF)
Cc:	Ken Kandeepan; Anna Strathy; Ronald Kwan; Tobias P. Whitfield (MOF)
Subject:	Re: Nalcor: Request for Financing document
Date:	Tuesday, April 25, 2017 11:18:22 AM

Carolyn was at the meeting, and it was Energy's Chief of Staff that proposed this, so she's aware.

From: Hanslep, Malle (MOF)
Sent: Tuesday, April 25, 2017 11:05 AM
To: Gadi Mayman; Mike Manning; Michael Waterston (MOF)
Cc: Ken Kandeepan; Anna Strathy; Ronald Kwan; Tobias P. Whitfield (MOF)
Subject: RE: Nalcor: Request for Financing document

Thanks Gadi. This will impact the drafting of the legislative provision a bit.

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: April 25, 2017 10:48 AM
To: Manning, Mike (OFA); Hanslep, Malle (MOF); Waterston, Michael (MOF)
Cc: Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA); Whitfield, Tobias P. (MOF)
Subject: Re: Nalcor: Request for Financing document
It was just agreed at the weekly meeting on rate mitigation that both Ministers would sign the guarantee.

From: Mike Manning
Sent: Tuesday, April 25, 2017 9:45 AM
To: Gadi Mayman; Malle Hanslep (MOF); Michael Waterston (MOF)
Cc: Ken Kandeepan; Anna Strathy; Ronald Kwan; Tobias P. Whitfield (MOF)
Subject: RE: Nalcor: Request for Financing document
Contacted TD & working on it.
Mike

From: Gadi Mayman
Sent: Tuesday, April 25, 2017 9:42 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Michael Waterston (MOF) <Michael.Waterston@ontario.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Re: Nalcor: Request for Financing document
Mike, I assume that TD would have the schedules, as they've just submitted their RFP response for the new financing. Given that they're our advisor on the fair hydro plan, could you ask them for copies of the schedules?
Thanks,
Gadi

From: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Sent: Tuesday, April 25, 2017 9:23:01 AM
To: Gadi Mayman; Michael Waterston (MOF)
Cc: Mike Manning; Ken Kandeepan; Anna Strathy; Ronald Kwan; Tobias P. Whitfield (MOF)
Subject: RE: Nalcor: Request for Financing document
Hi Gadi,
This document is a newer one dated 2017 and is a request for financing. There are a number of schedules referenced in it (see the second page of the index) but the schedules are not attached. I

wonder if it would be possible to obtain them as it would be very helpful to understanding the scope of the guarantee proposed in it. Schedule 1 is the Form of Canada Guarantee and there are some other schedules such as Form of Canada Guarantee Opinion Letters etc.
The one I found was from an earlier transaction in 2012.
Thanks.
Malle

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: April 21, 2017 2:58 PM
To: Hanslep, Malle (MOF); Waterston, Michael (MOF)
Cc: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA); Whitfield, Tobias P. (MOF)
Subject: Fw: Nalcor: Request for Financing document

I don't know if this is the same document that you just sent, Malle, but this is the description of the Federal Guarantee.

From: Stewart, Rob (FIN) <rob.stewart@canada.ca>
Sent: Wednesday, April 19, 2017 3:43 PM
To: Gadi Mayman
Subject: FW: Nalcor: Request for Financing document

Hi Gadi,
Without spending too much time on it, I gather that the guarantee we have provided simply entails Canada talking over payment of the cashflows on the bonds (see sections 2.2-2.3). Hope this helps.
Nice talking to you.
Rob

Rob Stewart
Associate Deputy Minister | Sous-ministre délégué
Department of Finance Canada | Ministère des Finances Canada
90 Elgin St., Ottawa, Canada K1A 0G5
Rob.Stewart@canada.ca
Telephone | Téléphone 613-369-3878
Government of Canada | Gouvernement du Canada

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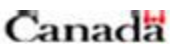
From: Moreau, Nicolas (FIN)
Sent: April-19-17 3:01 PM
To: Stewart, Rob (FIN)
Subject: Nalcor: Request for Financing document

Rob,
As requested,
Nic

Nicolas Moreau
Director | Directeur
Funds Management Division | Division de la gestion des fonds
Financial Sector Policy Branch | Direction de la politique du secteur financier
Department of Finance Canada | Ministère des Finances Canada
Ottawa, Canada K1A 0C6
Nicolas.Moreau@canada.ca
Telephone | Téléphone 613-369-5613
Facsimile | Télécopieur 613-369-3922
Government of Canada | Gouvernement du Canada



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privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Gadi Mayman
To:	Mike Manning; Malle Hanslep (MOF); Michael Waterston (MOF)
Cc:	Ken Kandeepan; Anna Strathy; Ronald Kwan; Tobias P. Whitfield (MOF)
Subject:	Re: Nalcor: Request for Financing document
Date:	Tuesday, April 25, 2017 10:48:20 AM

It was just agreed at the weekly meeting on rate mitigation that both Ministers would sign the guarantee.

From: Mike Manning
Sent: Tuesday, April 25, 2017 9:45 AM
To: Gadi Mayman; Malle Hanslep (MOF); Michael Waterston (MOF)
Cc: Ken Kandeepan; Anna Strathy; Ronald Kwan; Tobias P. Whitfield (MOF)
Subject: RE: Nalcor: Request for Financing document

Contacted TD & working on it.
Mike

From: Gadi Mayman
Sent: Tuesday, April 25, 2017 9:42 AM
To: Malle Hanslep (MOF) ; Michael Waterston (MOF)
Cc: Mike Manning ; Ken Kandeepan ; Anna Strathy ; Ronald Kwan ; Tobias P. Whitfield (MOF)
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Cc: Mike Manning; Ken Kandeepan; Anna Strathy; Ronald Kwan; Tobias P. Whitfield (MOF)
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Sent: April 21, 2017 2:58 PM
To: Hanslep, Malle (MOF); Waterston, Michael (MOF)
Cc: Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA); Whitfield, Tobias P. (MOF)
Subject: Fw: Nalcor: Request for Financing document
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From: Stewart, Rob (FIN) <rob.stewart@canada.ca>
Sent: Wednesday, April 19, 2017 3:43 PM

To: Gadi Mayman
Subject: FW: Nalcor: Request for Financing document

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Rob

Rob Stewart
Associate Deputy Minister | Sous-ministre délégué
Department of Finance Canada | Ministère des Finances Canada
90 Elgin St., Ottawa, Canada K1A 0G5
Rob.Stewart@canada.ca
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Government of Canada | Gouvernement du Canada

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From: Moreau, Nicolas (FIN)
Sent: April-19-17 3:01 PM
To: Stewart, Rob (FIN)
Subject: Nalcor: Request for Financing document

Rob,

As requested,

Nic

Nicolas Moreau
Director | Directeur
Funds Management Division | Division de la gestion des fonds
Financial Sector Policy Branch | Direction de la politique du secteur financier
Department of Finance Canada | Ministère des Finances Canada
Ottawa, Canada K1A 0C6
Nicolas.Moreau@canada.ca
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Canada

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Subject:	Re: Nalcor: Request for Financing document
Date:	Tuesday, April 25, 2017 10:48:20 AM

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Cc:	Mike Manning; Ken Kandeepan; Anna Strathy; Ronald Kwan; Tobias P. Whitfield (MOF)
Subject:	Re: Nalcor: Request for Financing document
Date:	Tuesday, April 25, 2017 9:41:48 AM

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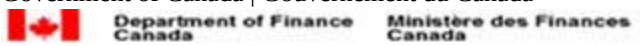

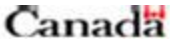

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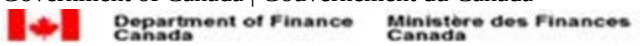

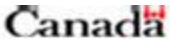

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Cc:	Ken Kandeepan; Anna Strathy; Ronald Kwan; Tobias P. Whitfield (MOF)
Subject:	Re: Nalcor: Request for Financing document
Date:	Tuesday, April 25, 2017 11:18:22 AM

Carolyn was at the meeting, and it was Energy's Chief of Staff that proposed this, so she's aware.

From: Hanslep, Malle (MOF)
Sent: Tuesday, April 25, 2017 11:05 AM
To: Gadi Mayman; Mike Manning; Michael Waterston (MOF)
Cc: Ken Kandeepan; Anna Strathy; Ronald Kwan; Tobias P. Whitfield (MOF)
Subject: RE: Nalcor: Request for Financing document

Thanks Gadi. This will impact the drafting of the legislative provision a bit.

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: April 25, 2017 10:48 AM
To: Manning, Mike (OFA); Hanslep, Malle (MOF); Waterston, Michael (MOF)
Cc: Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA); Whitfield, Tobias P. (MOF)
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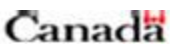

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From: Mike Manning
To: Scott Nelms (ENERGY)
Subject: Re: OFA role in reviewing fees
Date: Wednesday, August 30, 2017 9:16:36 PM

Hi Scott:
Will have talk to Gadi, but I think notionally we may be able help. I've been thinking that the investment manager model is going to generate some huge fees which I think will be hard to justify, and the process is vastly different. I think there is risk in approving something which doesn't pass the smell test.
Regards, Mike

Sent from my iPad

On Aug 30, 2017, at 5:10 PM, Nelms, Scott (MOF) <Scott.Nelms@ontario.ca> wrote:

> Hi Mike,
>
> DM of Energy was interested in whether OFA could play a role in reviewing the OPG trust fee structure on an ongoing basis. As you may know, Energy and OPG have been discussing how fees to act as financial services manager for the trust will be set for some time. OPG would like to use a traditional asset manager model (management fee based on AUM + performance fee). Energy would prefer to replace the fixed management fee with a “cost +” model that is reviewed and approved by the OEB.
>
> Energy has received strong push back from OPG from an accounting perspective on this model and on OEB oversight. The DM was blue-skying and wondered whether OFA could step into the role of reviewer of the fee structure to ensure it was reasonable. This would help with optics and hopefully result in a more reasonable cost to ratepayers on an ongoing basis. I think OFA will be doing something similar on sub-debt so wondered if that could be extended.
>
> I realize Gadi will need to weigh in on this, but if you have any preliminary thoughts that would be helpful. We have a meeting tomorrow AM with the broader group on OFHP and I will be asked this question. Any early insights would be much appreciated.
>
> Thanks,
> Scott
>
> Scott Nelms
> Government Business Enterprises | Ministry of Finance
> 7th Floor | 375 University ave. | Toronto, ON
> w: (416) 212-6469 | c: (647) 330-2681
> scott.nelms@ontario.ca

From: Ken Kandeepan
To: Ronald Kwan
Cc: Anthony Martinello; Kim Marshall; Michael Boll; Mike Manning; Victor Buza
Subject: Re: OFA-IESO, Fair Hydro next steps
Date: Monday, April 24, 2017 10:29:23 PM

I prefer the 26th

Thanks

Ken k

On Apr 24, 2017, at 5:47 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi,
> The 27th would not work.
> Ron
>
> **From:** Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
> **Sent:** April-24-17 17:44
> **To:** Kim Marshall <Kim.Marshall@ieso.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Michael Boll <Michael.Boll@ieso.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
> **Subject:** OFA-IESO, Fair Hydro next steps
> As the draft Fair Hydro legislation is closer to being finalized…..the legislation is giving more clarity on the IESO's expected funding needs.
> I think we should have another call this week to discuss more concrete action items regarding the IESO's funding needs to pay for the Fair Hydro shortfalls/holding regulatory asset amounts.
> Please let me know if any of the following times works, afterwhich I will send out an invite:
> 1hour meeting either:
> April 26 2017 4pm
> April 27 2017 11am
> April 28 2017 2pm
> Regards.
> This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

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>
> **From:** Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
> **Sent:** April-24-17 17:44
> **To:** Kim Marshall <Kim.Marshall@ieso.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Michael Boll <Michael.Boll@ieso.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
> **Subject:** OFA-IESO, Fair Hydro next steps
> As the draft Fair Hydro legislation is closer to being finalized…..the legislation is giving more clarity on the IESO's expected funding needs.
> I think we should have another call this week to discuss more concrete action items regarding the IESO's funding needs to pay for the Fair Hydro shortfalls/holding regulatory asset amounts.
> Please let me know if any of the following times works, afterwhich I will send out an invite:
> 1hour meeting either:
> April 26 2017 4pm
> April 27 2017 11am
> April 28 2017 2pm
> Regards.
> This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

From: Kenneth Russell
To: John Kim
Cc: Ken Kandeepan; Mike Manning; Sarah Neville; Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject: Re: OFHP - Business Issue next steps
Date: Tuesday, July 11, 2017 4:16:35 PM

John

I will put together a draft service agreement modelled on the NIER agreement as a start.

Ken

Sent from my iPhone

On Jul 11, 2017, at 4:14 PM, John Kim <John.Kim@ofina.on.ca> wrote:

> Hi,
> FYI, an email from Ken's staff in FTD made me realize there was a version of the draft agreement.
> I've been looping everyone in so that all are on the same page.
> I think we are on the same page in taking the approach of not being party to the Master Subscription Agreement and having a separate MOU/SLA (between Energy and the OFA).
> John
>
> ---
>
> **From:** Ken Kandeepan
> **Sent:** Sunday, July 09, 2017 11:39 AM
> **To:** Opal Kandelas <Opal.Kandelas@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
> **Subject:** FW: OFHP - Business Issue next steps
> I went through this quickly and I don't have any comments; I believe that the actual transfer of funds to OPG for the equity injection will be governed by a SLA between OFA and the Ministry of Energy and we of course need to review that carefully.
> However, I would like you take a quick look and let me know if you have any comments.
> Thanks
> Ken k
>
> ---
>
> **From:** Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
> **Sent:** Thursday, July 06, 2017 9:12 AM
> **To:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Subject:** FW: OFHP - Business Issue next steps
> As mentioned yesterday – this is a draft of the Master Subscription Agreement.
> Please let me know if you have any suggested edits.
>
> Kaitlin
>
> ---

From: Montgomery, Kaitlin (MOF)
Sent: June 28, 2017 9:55 AM
To: Kandeepan, Ken (OFA)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,

We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,

Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,

Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Kenneth Russell
To: John Kim
Cc: Sarah Neville; Ken Kandeepan; Mike Manning
Subject: Re: OFHP - Business Issue next steps
Date: Friday, July 14, 2017 10:04:36 AM

John

My initial view is that the notice under 1. should be directed to MoE but could be copied to the OFA.

Consistent with that position and with the procedures under prior service agreements a delegation of authority from MoE to the OFA under 3 would not be appropriate.

Ken

Sent from my iPhone

On Jul 14, 2017, at 9:42 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> Hi Ken, Sarah,
> Any issue on OFA being listed in the MSA, per #1 below? To the extent that SLA/MOU would clearly indicate that Energy is responsible and the OFA facilitates certain services, I don't have a problem with #1.
> In terms of #3, we may want to put the onus on Energy to notify OFA if any material changes occur, e.g. law/legal framework, approvals in place for the equity injection, etc., but if it is Energy's preference to stay out operationally, I don't know if I'd see a problem with that.
> Open to other views.
> John
>
> **From:** Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
> **Sent:** Tuesday, July 11, 2017 2:49 PM
> **To:** John Kim <John.Kim@ofina.on.ca>
> **Cc:** Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
> **Subject:** RE: OFHP - Business Issue next steps
> Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:
> <!--[if !supportLists]-->1. <!--[endif]-->Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?
> <!--[if !supportLists]-->2. <!--[endif]-->When do you expect a draft SLA/MOU to be ready for ENE legal review?
> <!--[if !supportLists]-->3. <!--[endif]-->Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB

annually"?

Thanks,

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 11, 2017 2:16 PM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.

Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.

Happy to discuss.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM
To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,

Kaitlin

416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is

a draft copy of this agreement available for review?
Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.
Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.
Thanks.
Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,
Just wanted to get something going with an introductory email and to provide you with some context.
Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.
I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)
Happy to discuss.
Thanks,
John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.
OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.
Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)

Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,

We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From

: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]

Sent: Wednesday, June 21, 2017 2:27 PM

To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>

Subject: RE: OFHP - Business Issue next steps

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At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,

Kaitlin

From: Montgomery, Kaitlin (MOF)

Sent: June 5, 2017 3:55 PM

To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)

Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting

with ENE DMO/MO (along with an updated “business issues” note, which I’ll send around for everyone’s input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.
Could you please confirm you have no further comments and that you agree with this approach and also that there’s no other materials/terms that you think need to move up through approvals at this point in time?
Thanks in advance,
Kaitlin

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From: Ronald Kwan
To: Scott Nelms (ENERGY)
Cc: Gadi Mayman; Mike Manning
Subject: Re: OFHP
Date: Thursday, May 25, 2017 8:42:50 AM

Hi,

A draft WIP on the first.

Ron

On May 25, 2017, at 8:41 AM, Nelms, Scott (MOF) <Scott.Nelms@ontario.ca> wrote:

> In the weekly update meeting with ENE. Anything we want to say on the following topics:
>
> <!--[if !supportLists]-->o <!--[endif]-->Comparison of Clean Energy Adjustment to Debt Retirement Charge (OFA)
> <!--[if !supportLists]-->o <!--[endif]-->Guarantees for dealers (OPG/OFA)
>
> If not, no problem, wanted to check.
>
> Thanks,
>
> Scott
>
> Scott Nelms
> Electricity Investment and Governance Secretariat | Ministry of Finance
> 7th Floor | 375 University ave. | Toronto, ON
> w: (416) 212-6469 | c: (647) 330-2681
> scott.nelms@ontario.ca

From:	Gadi Mayman
To:	Ronald Kwan; Tobias P. Whitfield (MOF); Mike Manning; Anna Strathy; John Kim; Malle Hanslep (MOF); Ken Kandeepan; Michael Waterston (MOF); David McLean (MOF)
Subject:	Re: Ontario Fair Hydro Plan
Date:	Wednesday, April 26, 2017 5:03:50 PM

I'm at a meeting with Carolyn and she confirmed that both of those changes will be in the next draft. The instructions were sent to Leg Council before yesterday's meeting where this was agreed to.

From: Ronald Kwan
Sent: Wednesday, April 26, 2017 4:54 PM
To: Gadi Mayman; Tobias P. Whitfield (MOF); Mike Manning; Anna Strathy; John Kim; Malle Hanslep (MOF); Ken Kandeepan; Michael Waterston (MOF); David McLean (MOF)
Subject: Re: Ontario Fair Hydro Plan

Hi Toby,

Thanks. I have not gone through the draft, but on the guarantee, to clarify, when you say there is new language around the guarantee, but that it does not contemplate both Ministers signing a guarantee, on a quick word search on "guarantee", it seems to say it would just be the Minister of Finance, not both ministers. That would seem okay from an MOF point of view.

Is that right?

Ron

From: Gadi Mayman
Sent: April 26, 2017 4:46:25 PM
To: Tobias P. Whitfield (MOF); Mike Manning; Anna Strathy; Ronald Kwan; John Kim; Malle Hanslep (MOF); Ken Kandeepan; Michael Waterston (MOF); David McLean (MOF)
Subject: Re: Ontario Fair Hydro Plan

I'm surprised on both, especially the second, as it was Energy's Chief of Staff that suggested that the two Ministers would be responsible for the guarantee. As for the first, there was a lengthy discussion on the s28, and Energy was basing their request for exemption on the Hydro One precedent, but the Deputy and Associate Deputy of TB and I rejected that argument given that Hydro One was a sale of shares, or the ownership of the company, while this plan will create debt that could become a liability of the Province.

I've added Dave in the DMO on to make sure I'm not overstepping here, but I think that we should push back very hard that the Ministry of Finance can't accept the exemption from s28 (and you could check with TB Legal Services as I think their direction from their Deputy would be the same).

Gadi

Original Message
From: Whitfield, Tobias P. (MOF)
Sent: Wednesday, April 26, 2017 4:23 PM
To: Mike Manning; Gadi Mayman; Anna Strathy; Ronald Kwan; John Kim; Malle Hanslep (MOF); Ken

Kandeepan; Michael Waterston (MOF)
Subject: Fw: Ontario Fair Hydro Plan

Please see attached the latest draft of the legislation. My understanding is that there is only room to make small tweaks based on the timeline right now.

Please note that Energy has not removed the exemption from section 28 in this draft. I am not sure if there has been any further discussion on that subject, but I think that if we want to push back on this issue it needs to be communicated as soon as possible.

Also, there is new language around the guarantee, but it does not contemplate the current plan to have both Ministers sign the guarantee. I have let Energy Legal know that this would make sense to change.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456
From: Rehob, James (ENERGY)
Sent: Wednesday, April 26, 2017 3:19 PM
To: Whitfield, Tobias P. (MOF)
Subject: FW: Ontario Fair Hydro Plan

Confidential/Solicitor & Client Privileged

April 26, 2017

Hi, Toby. I am pleased to attach the most recent version of the draft legislation pertaining to the electricity rate reductions and intergenerational cost transfer.

Thanks for your help on all of this, and note that this version does not include amendments to EA ss.89 and 90 (PILS amendments). Those discussions are ongoing between MOF policy, OPG/Tory's and ENERGY is awaiting those discussions to close before finalizing the legislation on these matters.

Best regards,

James

James P. H. Rehob
Senior Counsel
Ministry of the Attorney General
Legal Services Branch
MAG Civil Law Division
Ministry of Energy, Ministry of Economic Development and Growth, Ministry of Research, Innovation and Science, Ministry of Infrastructure, Accessibility Directorate of Ontario
56 Wellesley Street West
Toronto, ON M7A 2E7
Tel: 416-325-6676
Fax: 416-325-1781
james.rehob@ontario.ca

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From:	Ronald Kwan
To:	Gadi Mayman; Tobias P. Whitfield (MOF); Mike Manning; Anna Strathy; John Kim; Malle Hanslep (MOF); Ken Kandeepan; Michael Waterston (MOF); David McLean (MOF)
Subject:	Re: Ontario Fair Hydro Plan
Date:	Wednesday, April 26, 2017 4:54:51 PM

Hi Toby,

Thanks. I have not gone through the draft, but on the guarantee, to clarify, when you say there is new language around the guarantee, but that it does not contemplate both Ministers signing a guarantee, on a quick word search on "guarantee", it seems to say it would just be the Minister of Finance, not both ministers. That would seem okay from an MOF point of view.

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Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456
From: Rehob, James (ENERGY)
Sent: Wednesday, April 26, 2017 3:19 PM
To: Whitfield, Tobias P. (MOF)
Subject: FW: Ontario Fair Hydro Plan

Confidential/Solicitor & Client Privileged

April 26, 2017

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Thanks for your help on all of this, and note that this version does not include amendments to EA ss.89 and 90 (PILS amendments). Those discussions are ongoing between MOF policy, OPG/Tory's and ENERGY is awaiting those discussions to close before finalizing the legislation on these matters.

Best regards,

James

James P. H. Rehob
Senior Counsel
Ministry of the Attorney General
Legal Services Branch
MAG Civil Law Division
Ministry of Energy, Ministry of Economic Development and Growth, Ministry of Research, Innovation and Science, Ministry of Infrastructure, Accessibility Directorate of Ontario
56 Wellesley Street West
Toronto, ON M7A 2E7
Tel: 416-325-6676
Fax: 416-325-1781
james.rehob@ontario.ca

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From:	Ronald Kwan
To:	Gadi Mayman; Tobias P. Whitfield (MOF); Mike Manning; Anna Strathy; John Kim; Malle Hanslep (MOF); Ken Kandeepan; Michael Waterston (MOF); David McLean (MOF)
Subject:	Re: Ontario Fair Hydro Plan
Date:	Wednesday, April 26, 2017 4:54:51 PM

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Thanks. I have not gone through the draft, but on the guarantee, to clarify, when you say there is new language around the guarantee, but that it does not contemplate both Ministers signing a guarantee, on a quick word search on "guarantee", it seems to say it would just be the Minister of Finance, not both ministers. That would seem okay from an MOF point of view.

Is that right?

Ron

From: Gadi Mayman
Sent: April 26, 2017 4:46:25 PM
To: Tobias P. Whitfield (MOF); Mike Manning; Anna Strathy; Ronald Kwan; John Kim; Malle Hanslep (MOF); Ken Kandeepan; Michael Waterston (MOF); David McLean (MOF)
Subject: Re: Ontario Fair Hydro Plan

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Best
Toby

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Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456
From: Rehob, James (ENERGY)
Sent: Wednesday, April 26, 2017 3:19 PM
To: Whitfield, Tobias P. (MOF)
Subject: FW: Ontario Fair Hydro Plan

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Subject:	Re: Ontario Fair Hydro Plan
Date:	Wednesday, April 26, 2017 4:46:26 PM

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Subject:	Re: Ontario Fair Hydro Plan
Date:	Wednesday, April 26, 2017 5:03:50 PM

I'm at a meeting with Carolyn and she confirmed that both of those changes will be in the next draft. The instructions were sent to Leg Council before yesterday's meeting where this was agreed to.

From: Ronald Kwan
Sent: Wednesday, April 26, 2017 4:54 PM
To: Gadi Mayman; Tobias P. Whitfield (MOF); Mike Manning; Anna Strathy; John Kim; Malle Hanslep (MOF); Ken Kandeepan; Michael Waterston (MOF); David McLean (MOF)
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From:	Ken Kandeepan
To:	Bruno Amara
Cc:	Sarah Harris; Lisa Stein; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; John Kim; Gavin He
Subject:	Re: Policy questions re OFHP Credit Facility Agreement
Date:	Wednesday, August 09, 2017 1:54:05 PM

Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.

It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.

Thanks

Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

> Hi Sarah
> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
> But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?
> I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
> Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.
> Bruno
>
> **From:** Lisa Stein
> **Sent:** Wednesday, August 09, 2017 10:58 AM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: Policy questions re OFHP Credit Facility Agreement

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.
Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,
In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.
Thank you,
Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,
Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded

that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?

    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
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From: Mike Manning
To: Scott Nelms (ENERGY)
Subject: Re: Provincial Guarantees
Date: Sunday, June 04, 2017 9:14:08 PM

Sure, makes sense.
Mike

Sent from my iPhone

On Jun 4, 2017, at 8:12 PM, Nelms, Scott (MOF) <Scott.Nelms@ontario.ca> wrote:

> Do you want me to share the invite with Carolyn and Steve?
>
> ---
>
> **From:** Mike Manning [mailto:Mike.Manning@ofina.on.ca]
> **Sent:** June-02-17 12:13 PM
> **To:** Hanslep, Malle (MOF); Hirani, Anis (OFA); Yep, Carlos (OFA); Kandeepan, Ken (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF); Veinot, Cindy (TBS); Nelms, Scott (MOF); Montgomery, Kaitlin (MOF); Kim, John (OFA); Bruno Amara
> **Cc:** Bell, Martine (OFA); Georgakakos, Angie (OFA)
> **Subject:** RE: Provincial Guarantees
>
> I would think so.
>
> Mike
>
> ---
>
> **From:** Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
> **Sent:** Friday, June 02, 2017 11:38 AM
> **To:** Anis Hirani <Anis.Hirani@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Cc:** Martine Bell <Martine.Bell@ofina.on.ca>; Angie Georgakakos <Angie.Georgakakos@ofina.on.ca>
> **Subject:** RE: Provincial Guarantees
>
> Thanks all. Is this meeting to be with Steve Ashbourne (Blakes) as well as Energy Legal (Tom McKinlay, Carolyn Calwell)?
>
> -----Original Appointment-----
> **From:** Anis Hirani [mailto:Anis.Hirani@ofina.on.ca]
> **Sent:** June 2, 2017 11:36 AM
> **To:** Manning, Mike (OFA); Yep, Carlos (OFA); Kandeepan, Ken (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); Veinot, Cindy (TBS); Nelms, Scott (MOF); Montgomery, Kaitlin (MOF); Kim, John (OFA); Bruno Amara
> **Cc:** Bell, Martine (OFA); Georgakakos, Angie (OFA)

Subject: Provincial Guarantees
When: June 7, 2017 2:00 PM-3:30 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Boardroom Exec - 1 Dundas Street West, Suite 1400

Attendees

Mike Manning
Carlos Yep
Ken Kandeepan
Opal Kandelas
John Kim
Bruno Amara
Ronald Kwan

MOF Legal

Malle Hanslep
Tobias Whitfield

OPCD

Cindy Veinot

Energy

Scott Nelms
Kaitlin Montgomery

Contact: Anis Hirani (416) 325-5890

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From: Ronald Kwan
To: Gadi Mayman
Cc: Mike Manning; Carlos Yep; Ken Kandeepan; Scott Nelms (ENERGY); Anna Strathy; Hresa Gavaris
Subject: Re: Provincial Support Agreement
Date: Thursday, July 27, 2017 9:12:36 AM

Hi,

Works for me too.

Ron

On Jul 27, 2017, at 9:09 AM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> OPG wants to meet with us tomorrow to give us the banks' feedback. 1pm works for me if most/many of you are available. I'd like to get the ball rolling on this tomorrow, given that I'm away next week.
>
> Gadi

From: Gadi Mayman
To: Scott Nelms (ENERGY)
Cc: Ken Kandeepan; Anna Strathy; Hresa Gavaris; Mike Manning; Carlos Yep; Ronald Kwan
Subject: Re: Provincial Support Agreement
Date: Thursday, July 27, 2017 10:55:23 AM

Doesn't look like Cindy can make that time either, so there are too many people that should be involved in this discussion with OPG that can't make it. I'd suggest that we leave it in the hands of everyone who is going to be around next week, and then I can weigh in when I get back. I think you're all aware of the firm direction that I've left with the banks and OPG, without much room to move, even though I'm guessing the banks are going to try to come back with a structure that attempts to transfer as much risk on to us as possible.

Gadi

On Jul 27, 2017, at 10:10 AM, Nelms, Scott (MOF) <Scott.Nelms@ontario.ca> wrote:

> I can't tomorrow, but keep going without me. I will catch up next week. I would suggest including Tom McKinlay from Energy, so they are kept in the loop on progress.
>
> **From:** Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
> **Sent:** July 27, 2017 9:15 AM
> **To:** Mayman, Gadi (OFA)
> **Cc:** Strathy, Anna (OFA); Gavaris, Hresa (OFA); Manning, Mike (OFA); Yep, Carlos (OFA); Kwan, Ronald (OFA); Nelms, Scott (MOF)
> **Subject:** RE: Provincial Support Agreement
> Sorry Gadi, I have booked tomorrow off as a vacation day so will not be able to make it.
> Ken K
>
> **From:** Gadi Mayman
> **Sent:** Thursday, July 27, 2017 9:09 AM
> **To:** Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>
> **Cc:** Anna Strathy <Anna.Strathy@ofina.on.ca>; Hresa Gavaris <Hresa.Gavaris@ofina.on.ca>
> **Subject:** Provincial Support Agreement
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From: Hanslep, Malle (MOF)
To: Ken Kandeepan; Mike Manning
Cc: Ronald Kwan; James Devine; Carlos Yep; Opal Kandelas; Tobias P. Whitfield (MOF)
Subject: Re: Provincial Support Term Sheet
Date: Wednesday, May 31, 2017 5:33:34 PM

Yes thanks.

Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: Ken Kandeepan
Sent: Wednesday, May 31, 2017 17:18
To: Hanslep, Malle (MOF); Manning, Mike (OFA)
Cc: Kwan, Ronald (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Provincial Support Term Sheet

Unless Mike has any major concerns I would strongly advocate for her inclusion.

Thanks

Ken k

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, May 31, 2017 5:16 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Re: Provincial Support Term Sheet

Just a follow up to our call earlier, does it also make sense to invite Cindy Veinot provincial controller to the proposed meeting since accounting issues are also key.

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From: Hanslep, Malle (MOF)
Sent: Wednesday, May 31, 2017 11:29
To: Manning, Mike (OFA)
Cc: Kwan, Ronald (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Whitfield, Tobias P. (MOF)
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At our meeting we discussed, that a useful next step would be to have another meeting with Provincial representatives and Blakes which would include yourselves from the OFA, Energy legal and Energy reps as well as the Provincial Controller and likely TD as well as the Province's financial advisor so that we can all discuss next steps and the best approach.

In the meantime, Toby and I can have an internal call to give you an update on our meeting this morning. Possibly at 3pm today if that works.

Thanks.

Malle

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From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: May 29, 2017 8:44 PM
To: Hanslep, Malle (MOF)
Cc: Kwan, Ronald (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Whitfield, Tobias P. (MOF)
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Mike

Sent from my iPad

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> Sent: Monday, May 29, 2017 17:17
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> Thanks for the list.
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> Would it be helpful if the group met again to discuss?
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> Sent: May-29-17 12:40
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> Malle Hanslep
> Deputy Director
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> Telephone: 416-325-1457
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Cc:	Ronald Kwan; James Devine; Carlos Yep; Opal Kandelas; Ken Kandeepan; Tobias P. Whitfield (MOF)
Subject:	Re: Provincial Support Term Sheet
Date:	Monday, May 29, 2017 8:43:35 PM

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Cc:	Tobias P. Whitfield (MOF)
Subject:	Re: Provincial Support Term Sheet
Date:	Monday, May 29, 2017 5:33:49 PM

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>> Hi Ron
>>
>> We are meeting on Wednesday morning so after that we could have a follow up
>>
>> Malle
>>
>> Sent from my BlackBerry 10 smartphone on the Rogers network.
>> From: Ronald Kwan
>> Sent: Monday, May 29, 2017 17:17
>> To: Hanslep, Malle (MOF); Manning, Mike (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA)
>> Cc: Whitfield, Tobias P. (MOF)
>> Subject: RE: Provincial Support Term Sheet
>>
>>
>> Hi Malle,
>>
>> Thanks for the list.
>>
>> Would it be helpful if the group met again to discuss?
>>
>> When are you meeting with Energy Legal and Blakes?
>>
>> Ron
>>
>> From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
>> Sent: May-29-17 12:40
>> To: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
>> Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
>> Subject: RE: Provincial Support Term Sheet
>>
>> Hi all,

>>
>> Here is our issues list.
>>
>> Malle
>>
>> From: Hanslep, Malle (MOF)
>> Sent: May 29, 2017 9:18 AM
>> To: Manning, Mike (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
>> Cc: Whitfield, Tobias P. (MOF)
>> Subject: RE: Provincial Support Term Sheet
>>
>> Hi all,
>>
>> We are also putting together an issues list for discussion with Energy Legal and Blakes and will share it with you as well.
>>
>> Is there any type of draft term sheet for the proposed financing transaction itself or the master sales and servicing agreement? Any general description of the proposed transaction would be helpful to us.
>>
>> Thank you.
>>
>> Malle
>>
>> From: Hanslep, Malle (MOF)
>> Sent: May 26, 2017 3:16 PM
>> To: Manning, Mike (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
>> Cc: Whitfield, Tobias P. (MOF)
>> Subject: Provincial Support Term Sheet
>>
>> Hi all,
>>
>> Further to our meeting on Wednesday, Toby and I have now been in touch with Energy Legal regarding the term sheet and will be attending a meeting with counsel at Blakes next Wednesday morning.
>>
>> Best,
>>
>> Malle
>>
>>
>>
>> Malle Hanslep
>> Deputy Director
>> Ministry of the Attorney General
>> Ministry of Finance Legal Services Branch
>> Telephone: 416-325-1457
>>
>> Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.
>>
>>
>> _____
>>
>> This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly

prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.
>

From: Ronald Kwan
To: Bonnie Lemcke
Cc: Bonnie Lemcke; David Cross; Ken Kandeepan; Mike Manning; John Kim
Subject: Re: Question about the province"s equity injection in OPG
Date: Wednesday, July 12, 2017 1:38:08 PM

Agreed. I would suggest first looping in Scott Nelm's group in GBED.

Ron

On Jul 12, 2017, at 1:36 PM, John Kim <John.Kim@ofina.on.ca> wrote:

> I, for one, would be fine with that. Thanks.
> John
>
> **From:** Bonnie Lemcke
> **Sent:** Wednesday, July 12, 2017 11:52 AM
> **To:** John Kim <John.Kim@ofina.on.ca>
> **Cc:** David Cross <David.Cross@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Subject:** RE: Question about the province's equity injection in OPG
> Can I share this point with him
> "The Ontario Fair Hydro Plan Act legislation provides for the recovery, from eligible ratepayers, of financing costs by the financing entity, including financing done through the financing entity, OPG and indirectly by the Province, for the equity injection."
> Bonnie
>
> **From:** John Kim
> **Sent:** Wednesday, July 12, 2017 11:49 AM
> **To:** Bonnie Lemcke <Bonnie.Lemcke@ofina.on.ca>
> **Cc:** David Cross <David.Cross@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Subject:** RE: Question about the province's equity injection in OPG
> Hi Bonnie,
> The Ontario Fair Hydro Plan Act legislation provides for the recovery, from eligible ratepayers, of financing costs by the financing entity, including financing done through the financing entity, OPG and indirectly by the Province, for the equity injection. The Province would, therefore, expect a return on equity from OPG which would at least cover its borrowing cost. For prudence, this recovery to match the interest cost is built into the current fiscal plan. [Not public information] In addition, the increased investment in OPG, from the equity injection, would a higher level of asset for the Province's balance sheet to offset the increased borrowing to appear on its balance sheet, thus mitigating the concern expressed in DBRS' question, i.e. no increase in net debt.
> Our colleagues in FTD/CMD and GBED likely would have additional insight as well, copying here Ken and Mike in the response.

John

From: Bonnie Lemcke
Sent: Wednesday, July 12, 2017 11:02 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: David Cross <David.Cross@ofina.on.ca>
Subject: Question about the province's equity injection in OPG

DBRS is wondering if we have any details on how the province will recoup its equity investment. Do we have any details on this.

"The Province has indicated that it intends to recoup the equity investment over time but has not clarified its required return on the equity or the timing of the repayment. The Province will borrow to fund this equity investment, and in the absence of further information, DBRS considers this debt to be tax-supported debt, consistent with established practice."

Bonnie Lemcke
Manager, Credit Analysis and Rating Relations
Ontario Financing Authority
416-325-8170 (w)
416-716-4092 (m)

From: Mike Manning
To: Serge Imbrogno (ENERGY)
Subject: Re: Rate Mitigation Implementation Group
Date: Friday, August 18, 2017 7:11:20 PM

Of course, happy to attend.
Mike

Sent from my iPad

> On Aug 18, 2017, at 1:54 PM, Serge Imbrogno (ENERGY) <Serge.Imbrogno@ontario.ca> wrote:
>
> Hi Mike, could you please attend this meeting on Gadi's behalf? Gadi will be on vacation at this time.
>
> Thanks, Anna
>
> -----Original Appointment-----
> From: Imbrogno, Serge (ENERGY) [mailto:Serge.Imbrogno@ontario.ca]
> Sent: Friday, August 04, 2017 9:50 AM
> To: Imbrogno, Serge (ENERGY); Andrew Teliszewsky (ENERGY); Baker, Carys (ENERGY); Steen Hume (CAB); Scott Nelms (ENERGY); Reid, Michael (ENERGY); Carolyn Calwell (MCSS); 'jeffrey.lyash@opg.com'; catriona.king@opg.com; HARTWICK Ken -FINANCE (ken.hartwick@opg.com); Kim Marshall (Kim.Marshall@ieso.ca); Kaili Sermat-Harding (ENERGY); Edwards, Matthew (ENERGY); Feather, Adam (ENERGY); Sunita Chander (ENERGY); David McLean (MOF); Kyle MacIntyre (MOF); peter.gregg@ieso.ca; Turnevicius, Lorraine; Veinot, Cindy (TBS); Karen Hughes (MGS); Helen Angus (MOHLTC); Scott Thompson (CAB); Steven Davidson (MTCS); 'CROZZOLI Carlo -CBUSDEV&STRT'; Montgomery, Kaitlin (MOF); Gadi Mayman; Tim Christie (ENERGY); Thomas Leung (MEDTE/MRI); Matt Whittington (ENERGY); JUDY.WILSON@blakes.com; 'LEE John -TREASURY'; Martin Schlaepfer (MOF); 'Michael Boll'; 'David Barrett'; Loeffler, Joshua (ENERGY); Francesca Bungaro-Yemec (ENERGY)
> Subject: Rate Mitigation Implementation Group
> When: Thursday, August 31, 2017 9:00 AM-10:00 AM (UTC-05:00) Eastern Time (US & Canada).
> Where: 900 Bay Street, 4th Flr, Hearst Block, Executive Boardroom
>
>
>
>
>
> <meeting.ics>

From:	Ronald Kwan
To:	Gadi Mayman
Cc:	Anna Strathy; Gavin He; Mike Manning; Ken Kandeepan
Subject:	Re: Rate Mitigation Implementation Meeting - April 25, 2017
Date:	Tuesday, May 02, 2017 12:08:10 PM
Attachments:	GA - IESO Role and Financing v4 - extract v11.pptx

Hi Gadi,

As discussed, I beefed up the fiscal and accounting risk point, and moved it up.

Ron

From: Ronald Kwan
Sent: May 1, 2017 6:48 PM
To: Gadi Mayman
Cc: Anna Strathy; Gavin He; Mike Manning; Ken Kandeepan
Subject: RE: Rate Mitigation Implementation Meeting - April 25, 2017

Hi Gadi,

We made a few tweaks to the slides.

Energy's PW.

Ron

From: Ronald Kwan
Sent: April-28-17 15:19
To: Gadi Mayman
Cc: Anna Strathy ; Gavin He ; Mike Manning ; Ken Kandeepan
Subject: RE: Rate Mitigation Implementation Meeting - April 25, 2017

Hi Gadi,

Would you have an idea when Energy will be circulating the draft TB Report Back?

I was talking to Steen on Wednesday on the IESO request for an expanded credit facility from the OFA, and he asked for some input.

Some potential input is attached, modifying the flow chart that Energy had in its March CabSub, to show a potential role for the OFA for financing the IESO (at least on an interim basis).

Steen also asked if we'd be looking for an approval. I'm not sure that is needed (assuming that IESO eventually can still sell the asset to OPG's SPV eventually, as planned), but perhaps a "Note" in the Minute would be helpful, along the lines of "Note that [the Minister of Finance will direct] the OFA [to/will] provide a credit facility to the IESO to facilitate …"

Energy's PW.

Ron

From: Gadi Mayman

Sent: April-25-17 23:28
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Fw: Rate Mitigation Implementation Meeting - April 25, 2017

From: Katona, Keley (ENERGY) <Keley.Katona@ontario.ca>
Sent: Tuesday, April 25, 2017 4:30 PM
To: Steen Hume (CAB); Kaili Sermat-Harding (ENERGY); Michael Reid (ENERGY); Carolyn Calwell (MCSS); Scott Nelms (ENERGY); 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com); HARTWICK Ken -FINANCE (ken.hartwick@opg.com); Rosemaire Leclair; Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca); Campbell, Bruce (bruce.campbell@ieso.ca); Kim Marshall (Kim.Marshall@ieso.ca); Scott Thompson (CAB); Helen Angus (MOHLTC); Steven Davidson (MTCS); 'Martine Band'; 'CROZZOLI Carlo -CBUSDEV&STRT'; Gadi Mayman; LEE John -TREASURY
Cc: Serge Imbrogno (ENERGY); Andrew Teliszewsky (ENERGY); Matt Whittington (ENERGY); Baker, Carys (ENERGY); Kyle MacIntyre (MOF); David McLean (MOF); Robert Foster (MOF); jordan.penic@ieso.ca; 'sarah.branco@ontarioenergyboard.ca'; Turnevicius, Lorraine; catriona.king@opg.com; Francesca Bungaro-Yemec (ENERGY); Martin Schlaepfer (MOF)
Subject: RE: Rate Mitigation Implementation Meeting - April 25, 2017

Please find attached action items from today's meeting.

From: Katona, Keley (ENERGY)
Sent: April-24-17 5:02 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Reid, Michael (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI); Nelms, Scott (MOF); ''jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Rosemaire Leclair'; 'Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca)'; 'Campbell, Bruce (bruce.campbell@ieso.ca)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); 'Martine Band'; 'CROZZOLI Carlo -CBUSDEV&STRT'; Mayman, Gadi (OFA); 'LEE John -TREASURY'
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); MacIntyre, Kyle (TBS); McLean, David (MOF); Foster, Robert (CAB); 'jordan.penic@ieso.ca'; 'sarah.branco@ontarioenergyboard.ca'; 'Turnevicius, Lorraine'; 'catriona.king@opg.com'; Bungaro-Yemec, Francesca (ENERGY); Schlaepfer, Martin (ENERGY)
Subject: Rate Mitigation Implementation Meeting - April 25, 2017

Good afternoon,

Please find attached the material for discussion tomorrow morning.

Thanks,

Keley

DRAFT

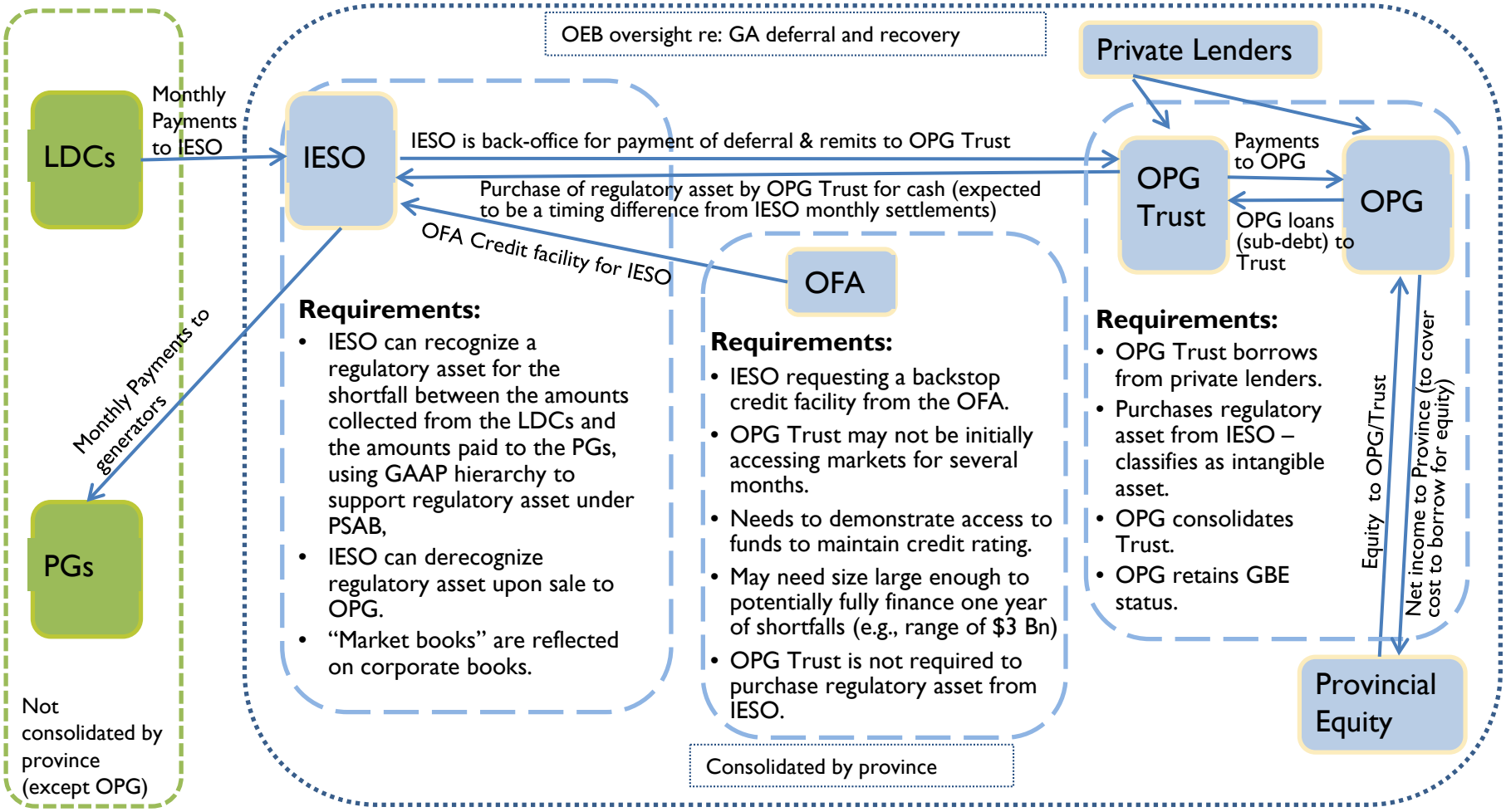
GA Financing Plan: Role of IESO

Corporate and Electricity Finance Division
May 1, 2017

DRAFT

GA Smoothing – Proposed Structure

- The following diagram provides an overview of the proposed GA smoothing structure, as well as interactions between sector entities and elements required to meet accounting objectives.



Note: Proposed structure is subject to legal and accounting confirmation, absent that confirmation, there would be a fiscal impact to the province.

DRAFT

IESO Financing Requirements

- IESO will need to ensure that it continues to have the funds available to provide payments to generators on a monthly basis as part of the IESO settlements process, while recoveries from LDCs for Regulated Price Plan (RPP) / Fair Hydro Plan eligible customers will be lower.
- IESO has an existing credit facility from the OFA; however, a new or expanded facility is being requested.
- IESO would require financing to compensate generators should it be required to hold any portion of the unpurchased Regulatory Asset beyond each monthly settlement period.
  - OPG Trust is not expected to access public capital markets for several months after the start of the FHP, and may be purchasing the asset with a lag vs monthly settlements. Also, OPG Trust is not required to purchase the regulatory asset.
  - IESO will need a credit facility for interim financing.
  - IESO may require longer-term financing to maintain the deferral financing plan, should the OPG Trust not be able to access debt markets on a timely basis for purchase of some or all of the regulatory asset.
- Based on Ministry of Energy's GA deferral plan, it is estimated that approximately $2.5-3.0 billion need to be deferred per year for over first 10 years, equal to approximately $200-250 million per month, on average.[1]
  - The size of the credit facility required to backstop IESO could be $2.5 to $3.0 billion. [TBC]
- There is a fiscal impact and accounting risk on OFA financing of the IESO requirements if it were to be more than temporary borrowing to cover timing differences on when the OPG SPV buys the regulatory asset vs the timing of IESO monthly settlements.
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- Other factors that may increase IESO's financing requirements:
  - IESO will also incur financing charges that will need to be refinanced.
  - The financing and administration costs that OPG Trust incurs will need to be paid.

[1] Based on Ministry of Energy's annual GA deferral amounts, assuming the monthly deferral is equally-weighted.

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Cc:	Anna Strathy; Gavin He; Mike Manning; Ken Kandeepan
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Corporate and Electricity Finance Division
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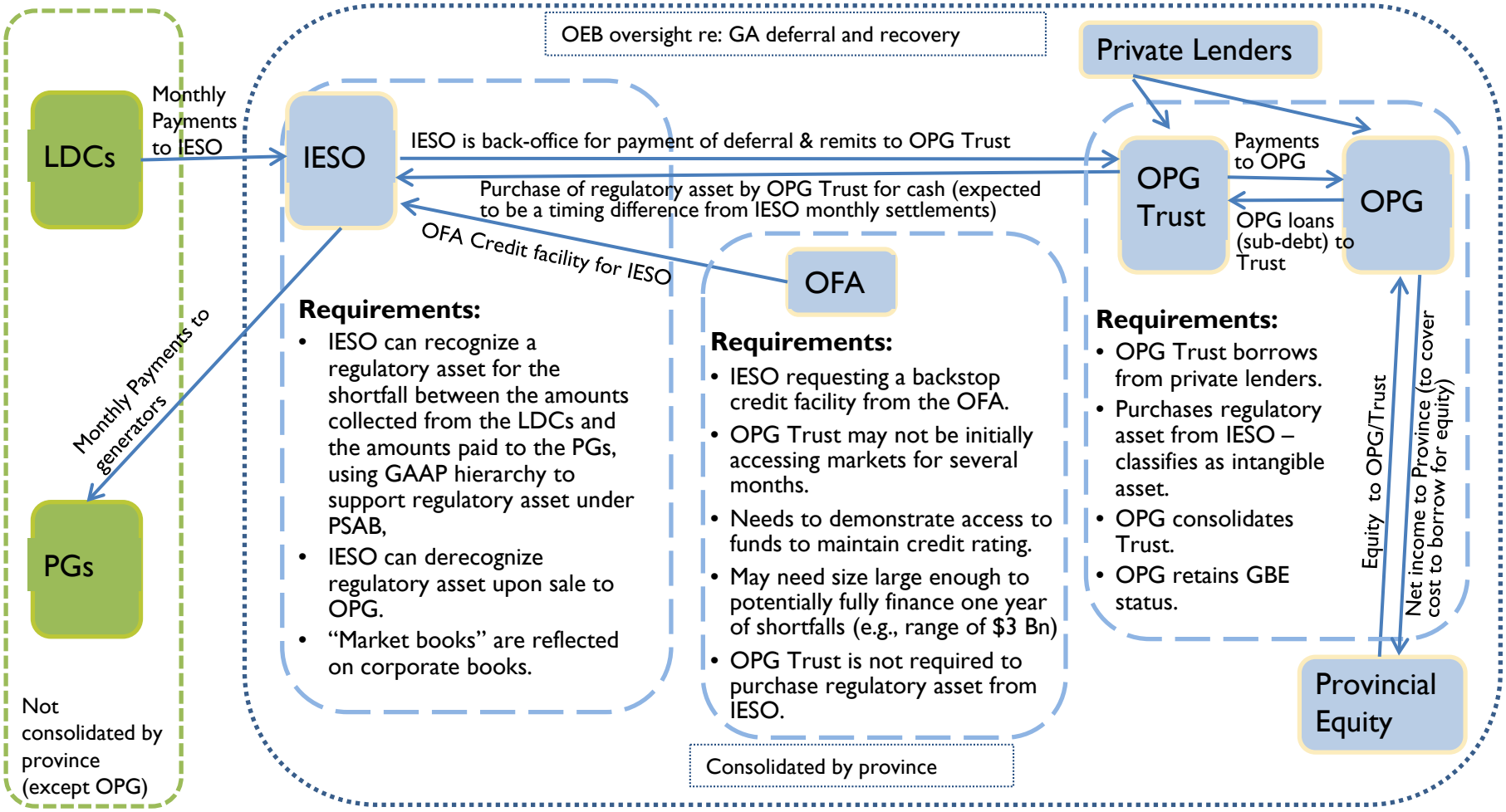

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DRAFT

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From: Mike Manning
To: Gadi Mayman
Cc: Ronald Kwan; Gavin He; Matthew Breadner; Anna Strathy
Subject: Re: Rate Mitigation Implementation Meeting - August 31, 2017
Date: Wednesday, August 30, 2017 9:11:09 PM

Thanks Gadi, planning to go.
Mike

Sent from my iPad

On Aug 30, 2017, at 8:42 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> I don't know if anyone from the OFA was planning to attend, but, if so, here are the materials.
>
> Gadi
>
> ---
>
> **From:** Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
> **Sent:** Wednesday, August 30, 2017 8:20 PM
> **To:** Steen Hume (CAB); Kaili Sermat-Harding (ENERGY); Ken Nakahara (ENERGY); Carolyn Calwell (MCSS); Scott Nelms (ENERGY); ''jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Scott Thompson (CAB); Helen Angus (MOHLTC); Steven Davidson (MTCS); 'CROZZOLI Carlo -CBUSDEV&STRT'; Gadi Mayman; 'LEE John -TREASURY'; Karen Hughes (MGS); Veinot, Cindy (TBS); Michael Boll
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> **Subject:** Rate Mitigation Implementation Meeting - August 31, 2017
>
> Hi everyone,
>
> Please find attached the material for discussion tomorrow morning.
>
> Thanks,
> Martin
>
> <2017-07-11 Consolidated - OFHP Matrix - Week of August 28.docx>
>
> <Agenda_Weekly Rate Mitig Implmentation Group_Aug 28.docx>
>
> <Fees Rider 28 August 2017.docx>

<2017 Outstanding Business Issues - Week of Aug 21 - updates.docx>

From: Ronald Kwan
To: Mike Manning
Cc: Gadi Mayman; Gavin He; Matthew Breadner; Anna Strathy
Subject: Re: Rate Mitigation Implementation Meeting - August 31, 2017
Date: Wednesday, August 30, 2017 9:22:34 PM

Hi,

I'd asked John about going a couple weeks ago as well.

Ron

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> > **From:** Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
> > **Sent:** Wednesday, August 30, 2017 8:20 PM
> > **To:** Steen Hume (CAB); Kaili Sermat-Harding (ENERGY); Ken Nakahara (ENERGY); Carolyn Calwell (MCSS); Scott Nelms (ENERGY); "jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken - FINANCE (ken.hartwick@opg.com)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Scott Thompson (CAB); Helen Angus (MOHLTC); Steven Davidson (MTCS); 'CROZZOLI Carlo -CBUSDEV&STRT'; Gadi Mayman; 'LEE John -TREASURY'; Karen Hughes (MGS); Veinot, Cindy (TBS); Michael Boll
> > **Cc:** Serge Imbrogno (ENERGY); Andrew Teliszewsky (ENERGY); Matt Whittington (ENERGY); Baker, Carys (ENERGY); Kyle MacIntyre (MOF); David McLean (MOF); Robert Foster (MOF); 'jordan.penic@ieso.ca'; 'Turnevicius, Lorraine'; 'catriona.king@opg.com'; Francesca Bungaro-Yemec (ENERGY); Feather, Adam (ENERGY); Hilary Cox (ENE); Edwards, Matthew (ENERGY); Patrick Laughton (MOF); David Barrett; Keley Katona (ENERGY)
> > **Subject:** Rate Mitigation Implementation Meeting - August 31, 2017
> >
> > Hi everyone,
> > Please find attached the material for discussion tomorrow morning.
> > Thanks,
> > Martin
> >
> > <2017-07-11 Consolidated - OFHP Matrix - Week of August

28.docx>

<2017 Outstanding Business Issues - Week of Aug 21 - updates.docx>

From:	Ken Kandeepan
To:	Gadi Mayman
Cc:	Ronald Kwan; Mike Manning; Gavin He; Anna Strathy
Subject:	Re: Rate Mitigation Implementation Meeting - May 4, 2017
Date:	Thursday, May 04, 2017 10:51:27 PM

Thanks, Cindy flipped me OPG's accounting paper and E&Y's opinion, both draft and will try and give you a brief summary tomorrow,

I note from the Action Items that IESO also expects to get something similar from KPMG. Will try get that from Kim or Cindy.

Ken k

On May 4, 2017, at 8:48 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

Begin forwarded message:

From: "Schlaepfer, Martin (ENERGY)" <Martin.Schlaepfer@ontario.ca>
Date: May 4, 2017 at 8:33:22 PM EDT
To: "Hume, Steen (ENERGY)" <Steen.Hume@ontario.ca>, "Sermat-Harding, Kaili (ENERGY)" <Kaili.Sermat-Harding@ontario.ca>, "Reid, Michael (ENERGY)" <Michael.Reid@ontario.ca>, "Calwell, Carolyn (ENERGY/MEDEI/MRI)" <Carolyn.Calwell@ontario.ca>, "Nelms, Scott (MOF)" <Scott.Nelms@ontario.ca>, "'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)" <jeffrey.lyash@opg.com>, "HARTWICK Ken -FINANCE (ken.hartwick@opg.com)" <ken.hartwick@opg.com>, Rosemaire Leclair <rosemarie.leclair@ontarioenergyboard.ca>, "Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca)" <maryanne.aldred@ontarioenergyboard.ca>, "Campbell, Bruce (bruce.campbell@ieso.ca)" <bruce.campbell@ieso.ca>, "Kim Marshall (Kim.Marshall@ieso.ca)" <Kim.Marshall@ieso.ca>, "Thompson, Scott (MOF)" <Scott.Thompson@ontario.ca>, "Angus, Helen (TBS)" <Helen.Angus@ontario.ca>, "Davidson, Steven (CAB)" <Steven.Davidson@ontario.ca>, 'Martine Band' <Martine.Band@ontarioenergyboard.ca>, 'CROZZOLI Carlo - CBUSDEV&STRT' <carlo.crozzoli@opg.com>, "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "LEE John -TREASURY" <john.s.lee@opg.com>
Cc: "Imbrogno, Serge (ENERGY)" <Serge.Imbrogno@ontario.ca>, "Teliszewsky, Andrew (ENERGY)" <Andrew.Teliszewsky@ontario.ca>, "Whittington, Matt (ENERGY)" <Matt.Whittington@ontario.ca>, "Baker, Carys (ENERGY)" <Carys.Baker@ontario.ca>, "MacIntyre, Kyle (TBS)"

<Kyle.MacIntyre@ontario.ca>, "McLean, David (MOF)" <David.McLean@ontario.ca>, "Foster, Robert (CAB)" <Robert.Foster@ontario.ca>, "jordan.penic@ieso.ca" <jordan.penic@ieso.ca>, "'sarah.branco@ontarioenergyboard.ca'" <sarah.branco@ontarioenergyboard.ca>, "Turnevicius, Lorraine" <lorraine.turnevicius@ieso.ca>, "catriona.king@opg.com" <catriona.king@opg.com>, "Bungaro-Yemec, Francesca (ENERGY)" <Francesca.Bungaro-Yemec@ontario.ca>
Subject: RE: Rate Mitigation Implementation Meeting - May 4, 2017

Please find attached action items from today's meeting.

From: Schlaepfer, Martin (ENERGY)
Sent: May-03-17 6:43 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Reid, Michael (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI); Nelms, Scott (MOF); 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com); HARTWICK Ken -FINANCE (ken.hartwick@opg.com); Rosemaire Leclair; Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca); Campbell, Bruce (bruce.campbell@ieso.ca); Kim Marshall (Kim.Marshall@ieso.ca); Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); 'Martine Band'; 'CROZZOLI Carlo -CBUSDEV&STRT'; Mayman, Gadi (OFA); LEE John -TREASURY
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<Kyle.MacIntyre@ontario.ca>, "McLean, David (MOF)" <David.McLean@ontario.ca>, "Foster, Robert (CAB)" <Robert.Foster@ontario.ca>, "jordan.penic@ieso.ca" <jordan.penic@ieso.ca>, "'sarah.branco@ontarioenergyboard.ca'" <sarah.branco@ontarioenergyboard.ca>, "Turnevicius, Lorraine" <lorraine.turnevicius@ieso.ca>, "catriona.king@opg.com" <catriona.king@opg.com>, "Bungaro-Yemec, Francesca (ENERGY)" <Francesca.Bungaro-Yemec@ontario.ca>
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Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); MacIntyre, Kyle (TBS); McLean, David (MOF); Foster, Robert (CAB); jordan.penic@ieso.ca; 'sarah.branco@ontarioenergyboard.ca'; Turnevicius, Lorraine; catriona.king@opg.com; Bungaro-Yemec, Francesca (ENERGY)
Subject: Rate Mitigation Implementation Meeting - May 4, 2017

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Please find attached the material for discussion tomorrow morning.

Thanks,

Martin

From:	Ken Kandeepan
To:	Tobias P. Whitfield (MOF)
Cc:	Malle Hanslep (MOF); Ronald Kwan; Mike Manning; Carlos Yep; James Devine; Opal Kandelas; John Kim; Elcombe, James (MOF)
Subject:	Re: Updated Draft Provincial Support Discussion Document
Date:	Thursday, June 15, 2017 7:09:16 PM

Fine by me

Sent from my iPhone

> On Jun 15, 2017, at 6:37 PM, Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca> wrote:
>
> How about a call at 11:30?
>
> Tobias Whitfield
> Counsel, Legal Services Branch
> Ministry of Finance
> 777 Bay Street, 11th Floor
> Toronto, ON
> M5G 2C8
> tobias.whitfield@ontario.ca
> Phone: 416-325-1456
>
> This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.
>
> _____
> From: Hanslep, Malle (MOF)
> Sent: Thursday, June 15, 2017 4:57 PM
> To: Kwan, Ronald (OFA); Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Yep, Carlos (OFA); Devine, James (OFA); Kandelas, Opal (OFA); Kim, John (OFA)
> Cc: Elcombe, James (MOF)
> Subject: RE: Updated Draft Provincial Support Discussion Document
>
> My only restriction on Monday is that I'm not free between 1 and 2.
>
> From: Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
> Sent: June 15, 2017 4:54 PM
> To: Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Yep, Carlos (OFA); Devine, James (OFA); Kandelas, Opal (OFA); Kim, John (OFA)
> Cc: Hanslep, Malle (MOF); Elcombe, James (MOF)
> Subject: RE: Updated Draft Provincial Support Discussion Document
>
> I'd be free after 11:30.
>
> Ron
>
> From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
> Sent: June-15-17 16:53
> To: Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Carlos Yep

<Carlos.Yep@ofina.on.ca<mailto:Carlos.Yep@ofina.on.ca>>; James Devine <James.Devine@ofina.on.ca<mailto:James.Devine@ofina.on.ca>>; Opal Kandelas <Opal.Kandelas@ofina.on.ca<mailto:Opal.Kandelas@ofina.on.ca>>; John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>
> Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Elcombe, James (MOF) <James.Elcombe@ontario.ca<mailto:James.Elcombe@ontario.ca>>
> Subject: RE: Updated Draft Provincial Support Discussion Document
>
> We have conflicts tomorrow afternoon. Can we schedule something for Monday morning?
>
> Toby
>
> Tobias Whitfield
> Counsel, Legal Services Branch
> Ministry of Finance
> tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>
> Phone: 416-325-1456
>
> From: Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
> Sent: June 15, 2017 4:45 PM
> To: Kandeepan, Ken (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Yep, Carlos (OFA); Devine, James (OFA); Kandelas, Opal (OFA); Kim, John (OFA)
> Cc: Hanslep, Malle (MOF); Elcombe, James (MOF)
> Subject: RE: Updated Draft Provincial Support Discussion Document
>
> Agreed it would be good to meet to discuss, and 2:30 works for me.
>
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>
> From: Ken Kandeepan
> Sent: June-15-17 16:44
> To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Carlos Yep <Carlos.Yep@ofina.on.ca<mailto:Carlos.Yep@ofina.on.ca>>; James Devine <James.Devine@ofina.on.ca<mailto:James.Devine@ofina.on.ca>>; Opal Kandelas <Opal.Kandelas@ofina.on.ca<mailto:Opal.Kandelas@ofina.on.ca>>; John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>
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> That makes sense, Mike and I have the OFA Board tomorrow till 2 PM, if everyone is free after that we can perhaps meet at the OFA at 2.30 or teleconference at the same time.
>
> Thanks
>
> Ken k
>
> From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
> Sent: Thursday, June 15, 2017 4:41 PM
> To: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Carlos Yep <Carlos.Yep@ofina.on.ca<mailto:Carlos.Yep@ofina.on.ca>>; James Devine <James.Devine@ofina.on.ca<mailto:James.Devine@ofina.on.ca>>; Opal Kandelas <Opal.Kandelas@ofina.on.ca<mailto:Opal.Kandelas@ofina.on.ca>>; John Kim

<John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>
> Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Elcombe, James (MOF) <James.Elcombe@ontario.ca<mailto:James.Elcombe@ontario.ca>>
> Subject: RE: Updated Draft Provincial Support Discussion Document
>
> Hi,
>
> I just wanted to follow up on this and see if there is an appetite to discuss this amongst our smaller group at this point. Energy is briefing up on this draft and we probably should meet with them and our outside counsel at Blakes soon to come to a decision about how this draft will be communicated to the other parties to this transaction.
>
> Best
> Toby
>
> Tobias Whitfield
> Counsel, Legal Services Branch
> Ministry of Finance
> tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>
> Phone: 416-325-1456
>
> From: Whitfield, Tobias P. (MOF)
> Sent: June 14, 2017 12:47 PM
> To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Yep, Carlos (OFA); Devine, James (OFA); Kandelas, Opal (OFA); Kim, John (OFA)
> Cc: Hanslep, Malle (MOF); Elcombe, James (MOF)
> Subject: Updated Draft Provincial Support Discussion Document
>
> Please find attached a markup of the proposal from OPG regarding the Provincial Support Agreeement.
>
> This markup is the result of discussions between us at MOF Legal, lawyers from Energy Legal and the Province's external counsel at Blakes.
>
> The changes are significant and we would like to get your feedback on our proposed approach. Perhaps we can have a discussion first with this group, and then a broader discussion with the Energy team and Stephen Ashbourne from Blakes.
>
> Please let us know when you have had a chance to review and are available to discuss.
>
> Best
> Toby
>
> Tobias Whitfield
> Counsel, Legal Services Branch
> Ministry of Finance
> 777 Bay Street, 11th Floor
> Toronto, ON, M5G 2C8
> tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>
> Phone: 416-325-1456
>
>
> _____
>
> This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Ronald Kwan
To:	Ken Kandeepan
Cc:	Tobias P. Whitfield (MOF); Malle Hanslep (MOF); Mike Manning; Carlos Yep; James Devine; Opal Kandelas; John Kim; Elcombe, James (MOF)
Subject:	Re: Updated Draft Provincial Support Discussion Document
Date:	Thursday, June 15, 2017 7:12:53 PM

Me too.

Ron

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>> Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Elcombe, James (MOF) <James.Elcombe@ontario.ca<mailto:James.Elcombe@ontario.ca>>
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>> Sent: Thursday, June 15, 2017 4:41 PM

>> To: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Carlos Yep <Carlos.Yep@ofina.on.ca<mailto:Carlos.Yep@ofina.on.ca>>; James Devine <James.Devine@ofina.on.ca<mailto:James.Devine@ofina.on.ca>>; Opal Kandelas <Opal.Kandelas@ofina.on.ca<mailto:Opal.Kandelas@ofina.on.ca>>; John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>
>> Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Elcombe, James (MOF) <James.Elcombe@ontario.ca<mailto:James.Elcombe@ontario.ca>>
>> Subject: RE: Updated Draft Provincial Support Discussion Document
>>
>> Hi,
>>
>> I just wanted to follow up on this and see if there is an appetite to discuss this amongst our smaller group at this point. Energy is briefing up on this draft and we probably should meet with them and our outside counsel at Blakes soon to come to a decision about how this draft will be communicated to the other parties to this transaction.
>>
>> Best
>> Toby
>>
>> Tobias Whitfield
>> Counsel, Legal Services Branch
>> Ministry of Finance
>> tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>
>> Phone: 416-325-1456
>>
>> From: Whitfield, Tobias P. (MOF)
>> Sent: June 14, 2017 12:47 PM
>> To: Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Yep, Carlos (OFA); Devine, James (OFA); Kandelas, Opal (OFA); Kim, John (OFA)
>> Cc: Hanslep, Malle (MOF); Elcombe, James (MOF)
>> Subject: Updated Draft Provincial Support Discussion Document
>>
>> Please find attached a markup of the proposal from OPG regarding the Provincial Support Agreeement.
>>
>> This markup is the result of discussions between us at MOF Legal, lawyers from Energy Legal and the Province's external counsel at Blakes.
>>
>> The changes are significant and we would like to get your feedback on our proposed approach. Perhaps we can have a discussion first with this group, and then a broader discussion with the Energy team and Stephen Ashbourne from Blakes.
>>
>> Please let us know when you have had a chance to review and are available to discuss.
>>
>> Best
>> Toby
>>
>> Tobias Whitfield
>> Counsel, Legal Services Branch
>> Ministry of Finance
>> 777 Bay Street, 11th Floor
>> Toronto, ON, M5G 2C8
>> tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>
>> Phone: 416-325-1456
>>
>>
>> _____

>>
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From: Mike Manning
To: William Tan
Cc: Sarah Harris; Bruno Amara; John Kim; Salman Qadir
Subject: Re: additional IESO Proposed Changes to OFHP Credit Facility
Date: Wednesday, July 12, 2017 7:06:28 AM

Hi William:
I think we can accommodate 5 days.
Thanks, Mike

Sent from my iPad

On Jul 11, 2017, at 5:26 PM, William Tan <William.Tan@ofina.on.ca> wrote:

> Hello Mike,
>
> We have received an email proposing a new change with respect to the IESO Credit Requirement letter for the Fair Hydro Plan.
>
> Noted in the original IESO FHP request:
> - <!--[if !supportLists]--><!--[endif]-->New $2 billion FHP Credit Facility
> - <!--[if !supportLists]--><!--[endif]-->Reduction of the existing credit facility from $975 million down to $475 million. ($2.475 billion total credit facility)
> - <!--[if !supportLists]--><!--[endif]-->5 year term, expires September 30, 2022.
> - <!--[if !supportLists]--><!--[endif]-->Minimum 7 days, to a maximum of 95 days draw to minimize interest costs and permit efficient FHP asset transfers.
>
> Proposed change: minimum 5 days, to a maximum of 95 days draw.
>
> Mike, is the change from 7 days, minimum draw to 5 days, something we can entertain from a capital markets perspective?
>
> I am including Bruno, John and Salman as they may have thoughts from an Electricity Finance perspective (I understand Ronald Kwan was circulated the original IESO FHP Credit Requirement request).
>
> Best regards,
>
> **Will Tan**| *Documentation & Analysis Specialist*
> Capital Markets Division | Ontario Financing Authority
> 1 Dundas Street West, Suite 1400
> Toronto, Ontario M5G 1Z3, CANADA
> Tel. (416) 325-8090 | Fax: (416) 860-8346
> william.tan@ofina.on.ca
>
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message in error, please notify us immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you

<mime-attachment>

<IESO_OFA FHP 2017 Credit Letter - SIGNED.DOCX>

From: Gadi Mayman
To: Scott Nelms (ENERGY)
Cc: Mike Manning; Steen Hume (CAB)
Subject: Re: financing bullets
Date: Wednesday, May 03, 2017 7:00:02 PM

Looks fine to me, subject to any comments that Mike might have. Is it OK if we run this past TD, given that we've got their name in it?

On May 3, 2017, at 6:49 PM, Nelms, Scott (MOF) <Scott.Nelms@ontario.ca> wrote:

> Hi Gadi, Mike,
> As discussed, we have drafted some language to insert into the Fair Hydro Plan Treasury Board and Cabinet Submissions. Please take a look and let us know if this works from your perspective:
>
> **Draft Language**
>
> The Ministry has been worked closely with the Ontario Financing Authority (OFA) and TD, as the Province's external financial advisor, on the financing structure (i.e., legislation, provincial guarantees, OPG's equity injections and IESO's enhanced credit facilities).
> In particular, the proposed legislation enables a structure that OFA and TD believe will enable financing at a reasonable cost. Key elements that support this financing structure include:
>
> <!--[if !supportLists]-->• <!--[endif]-->OPG issuances of subordinated debt to the SPV representing up to 49% of total borrowing; and
>
> <!--[if !supportLists]-->• <!--[endif]-->Conditional (springing) guarantees by the Province to provide a backstop in the event of specific and limited events (e.g., changes to legislation that harm investor interests).
>
> Please note that the ability to finance and the cost of financing will only be known with certainty once OPG takes this structure to market.
> Happy to discuss further as needed.
> Thanks,
> Scott

From: Gadi Mayman
To: Scott Nelms (ENERGY)
Cc: Mike Manning; Steen Hume (CAB)
Subject: Re: financing bullets
Date: Wednesday, May 03, 2017 7:00:02 PM

Looks fine to me, subject to any comments that Mike might have. Is it OK if we run this past TD, given that we've got their name in it?

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>
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>
> Please note that the ability to finance and the cost of financing will only be known with certainty once OPG takes this structure to market.
> Happy to discuss further as needed.
> Thanks,
> Scott

From: Mike Manning
To: Scott Nelms (ENERGY)
Cc: Gadi Mayman; Steen Hume (CAB)
Subject: Re: financing bullets
Date: Wednesday, May 03, 2017 9:04:14 PM

I'll have TD take a look at it first thing tomorrow.
Mike

Sent from my iPad

On May 3, 2017, at 7:02 PM, Nelms, Scott (MOF) <Scott.Nelms@ontario.ca> wrote:

> Absolutely, no problem. I think we assume TD would want to take a look.
>
> ---
>
> **From:** Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
> **Sent:** May 3, 2017 7:00 PM
> **To:** Nelms, Scott (MOF)
> **Cc:** Manning, Mike (OFA); Hume, Steen (ENERGY)
> **Subject:** Re: financing bullets
>
> Looks fine to me, subject to any comments that Mike might have. Is it OK if we run this past TD, given that we've got their name in it?
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> >
> > In particular, the proposed legislation enables a structure that OFA and TD believe will enable financing at a reasonable cost. Key elements that support this financing structure include:
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subordinated debt to the SPV representing up to 49% of total borrowing; and

<!--[if !supportLists]-->• <!--[endif]-->Conditional (springing) guarantees by the Province to provide a backstop in the event of specific and limited events (e.g., changes to legislation that harm investor interests).

Please note that the ability to finance and the cost of financing will only be known with certainty once OPG takes this structure to market.

Happy to discuss further as needed.

Thanks,
Scott

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From:	Carlos Yep
To:	Mike Manning; Ken Kandeepan
Cc:	Opal Kandelas; James Devine
Subject:	SLA - MOU between OFA and Energy
Date:	Monday, July 31, 2017 2:03:43 PM
Attachments:	OFA - MoE MOU Fair Hydro Plan(v6)clean.docx

FYI

From: John Kim
Sent: Monday, July 31, 2017 1:57 PM
To: Carlos Yep
Subject: RE: OPG - Sub Debt + Variable Fee

I was talking via Kaitlin.
Here's the draft SLA.

From: Carlos Yep
Sent: Monday, July 31, 2017 1:47 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OPG - Sub Debt + Variable Fee

Ok.
Who were you talking to at OPG – regarding taking OFA out of the equity injection / subordinated debt document?

Memorandum of Understanding
Relating to the
Fair Hydro Plan

Dated: **XXXXXXX**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Minister**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for IESO to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the Independent Electricity System Operator ("IESO") by one or more special purpose financing entities, under the Act established by OPG to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Minister has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding an OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Minister will subscribe for Class A Shares monthly.

7. Each month OPG will deliver to the Minister a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription

Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Minister.

8. The Minister is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. The Minister has advised the OFA that the Minister is required to make the Subscription Payments within [*] business days of the receipt by the Minister of the Share Subscription (the "Share Subscription Payment Date").

10. The Minister considers it advisable for the OFA to make the Subscription Payments on behalf of the Minister and the OFA has agreed to make the Subscription Payments on behalf of the Minister.

11. The Minister and the OFA wish to enter into this MOU to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Minister and the OFA agree as follows:

1. Payment Authorization

(i) The Minister authorizes the OFA to make the Subscription Payments on behalf of the Minister and the OFA agrees to make the Payments on behalf of the Minister.

(ii) The Minister shall ensure that the certificate under section 11.4 of the *Financial Administration Act* (reproduced as Schedule A to this MOU) required for each of the Subscription Payments is obtained, and shall provide the OFA with a copy of such certificate within **[*]** days after the Subscription Payment is made.

(iii) It is agreed by the Minister and the OFA that the OFA is acting as an agent, on behalf of the Minister, for the purposes of

i. Transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Minister in respect of the Fair Hydro Plan, and

ii. Making the required Subscription Payments on behalf of the Minister as further described in this MOU.

2. Payment Process

a) The Minister will take all necessary steps to provide the OFA with a good quality unapproved electronic copy of each Share Subscription, on the same day the Minister receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Minister will deliver to the OFA a good quality copy of each Share Subscription executed and approved for payment by **[insert appropriate MoE official]** - at least three business days before the Share Subscription Payment Date. The approval for payment shall include confirmation that there is a sufficient Appropriated Amount from which to make the Subscription Payment. Upon receipt of the executed and approved Share Subscription, the OFA will make the Subscription Payment on behalf of the Minister, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Minister if the Minister has not delivered to the OFA an executed and approved Share Subscription as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Minister account immediately upon the completion of the Subscription Payment or shortly thereafter.

3. Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Minister's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive any termination of the MOU.

d) The Public Accounts, Volume 3 reporting related to the Subscription payments will be performed by the Minister.

4. Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 and reporting and record keeping in accordance with section 3. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5. Review and Termination

a) The Minister and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on 90 days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Minister to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Minister to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6. No Service Charges

The OFA will not charge the Minister for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7. Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Tel:
email:

Tel: email:

should also be sent to:

Tel: email: & email:

c) As of the date of this MOU the Minister's contact person is:

Tel:
email:

d) Either party may designate a different member of its staff as its contact person by providing notice to the other party in accordance with section 7.

8. Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.

b) In the case of the OFA, the addresses for notice are:
Hand Delivery:
Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial and Risk Officer
email: Ken.Kandeepan@ofina.on.ca

c) In the case of the Minister, the addresses for notice are:
Hand Delivery:
Ministry of Energy

9. Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

Section 11.4, *Financial Administration Act*, R.S.O. 1990, c. F.12

11.4 (1) No payment shall be made out of the Consolidated Revenue Fund unless, in addition to any other voucher or certificate that may be required, a person referred to in subsection (2) certifies,

(a) in the case of a payment for the supply of goods or the rendering of services after the goods are delivered or the services are rendered, that the goods have been supplied or the services have been rendered and that,

(i) the payment is in accordance with the agreement, or

(ii) the amount of the payment is reasonable, if the amount of the payment is not specified in the agreement;

(b) in the case of a payment for the supply of goods or the rendering of services before the delivery of the goods or the supply of the services, that the payment is in accordance with the agreement; or

(c) in the case of a payment not described in clause (a) or (b), that the payee is eligible for or entitled to the payment. 2002, c. 8, Sched. B, s. 2.

Persons authorized to certify payments

(2) Only the following persons have authority to give a certificate under subsection (1):

1. A minister or deputy minister.
2. The Speaker of the Assembly.
3. The Auditor General.
4. The Chief Electoral Officer.
5. A person authorized by the Management Board of Cabinet.
6. A person authorized by a person referred to in any of paragraphs 1 to 5. 2002, c. 8, Sched. B, s. 2; 2004, c. 17, s. 32; 2007, c. 15, s. 40 (1).

From: TD DCM
Cc: Becker, Andrew; Hyatt, Emma; Iantomasi, Lauren; Laing, Mark; McDonald, Greg; Mosley, Theresa; Pong, Brian; Scace, Patrick
Subject: TD Securities: Generation C$ Secondary Run- May 3, 2017
Date: Wednesday, May 03, 2017 4:20:51 PM

Please see below an updated Generation run for May 3, 2017:

TD Securities' Generation Run

Ticker	Security Coupon	Maturity	Bid (3-May-17)		Ask (3-May-17)	Benchmark
AQNCN	5.5	25-Jul-18	80	/	70	CAN 4.25 18
AQNCN	4.82	15-Feb-21	135	/	125	CAN 0.75 20
AQNCN	4.65	15-Feb-22	145	/	135	CAN 0.75 21
AQNCN	4.09	17-Feb-27	175	/	165	CAN 1.5 26
BRUPOW	2.844	23-Jun-21	105	/	95	CAN 3.25 21
BRUPOW	3	21-Jun-24	130	/	123	CAN 2.5 24
BRUPOW	3.969	23-Jun-26	148	/	141	CAN 1.5 26
BRUPOW	4.01	21-Jun-29	190	/	180	CAN 5.75 29
CPXCN	4.85	21-Feb-19	145	/	135	CAN 1.75 19
CPXCN	5.276	16-Nov-20	175	/	165	CAN 0.75 20
EMACN	4.83	2-Dec-19	85	/	75	CAN 1.75 19
EMACN	2.9	16-Jun-23	121	/	116	CAN 1.5 23
EMACN	3.55	15-Jun-26	140	/	135	T 2.25 27
LOWMAT	2.228	23-Oct-17	52	/	47	CAN 1.5 17
LOWMAT	4.331	18-May-21	69	/	64	CAN 3.25 21
LOWMAT	3.416	20-Jun-24	79	/	74	CAN 2.5 24
LOWMAT	2.307	21-Oct-26	93	/	88	CAN 1.5 26
LOWMAT	5.139	18-May-41	131	/	126	CAN 2.75 48
LOWMAT	4.944	21-Sep-43	130	/	125	CAN 2.75 48
LOWMAT	4.176	23-Feb-46	128	/	123	CAN 2.75 48
LOWMAT	4.175	23-Apr-52	140	/	130	CAN 2.75 48
NWRWPT	2.1	23-Feb-22	84	/	79	CAN 0.5 22
NWRWPT	3.2	22-Jul-24	102	/	97	CAN 2.5 24
NWRWPT	3.2	24-Apr-26	115	/	110	CAN 1.5 26
NWRWPT	4.25	1-Jun-29	170	/	160	CAN 5.75 29
NWRWPT	4.15	1-Jun-33	140	/	130	CAN 2.75 48
NWRWPT	4.75	1-Jun-37	158	/	153	CAN 2.75 48
NWRWPT	4.35	10-Jan-39	157	/	152	CAN 2.75 48
NWRWPT	3.7	23-Feb-43	156	/	151	CAN 2.75 48
NWRWPT	4.05	22-Jul-44	157	/	152	CAN 2.75 48

Theresa Mosley | Associate | Debt Capital Markets | **TD Securities Inc.**
Ernst & Young Tower 7th Floor, 222 Bay Street, Toronto, ON M5K 1A2
T: 416 944 5321 | theresa.mosley@tdsecurities.com

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From:	LEE John -TREASURY
To:	Mike Manning
Cc:	PRESTON Stuart -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; HAHN PARKER Janet -TREASURY
Subject:	Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Date:	Monday, April 24, 2017 2:13:09 PM
Attachments:	Term Sheet - Provincial Support Agreement (2).docx

Mike:

Further to our discussion last week, please find attached the draft term sheet relating to the Provincial Support. In this draft the Province will assume the obligations of the debt under certain conditions. The plan is to send this document to the Dealers for their input once we get comments or concurrence from your group. Stu Preston will coordinate the discussions with the Dealers on this issue from our side. Would it be yourself or someone else from your group addressing this issue from the OFA perspective? I expect there will be some back and forth on this issue and eventually rating agency input as well.

John

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Provincial Support Agreement Term Sheet –

Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") is provided exclusively to the parties listed herein in connection with the draft Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Defined terms used herein have the meanings ascribed to them in the Act. The provincial support agreement (the "**Provincial Support Agreement**") will contain the terms and conditions set out in this Term Sheet in addition to such other representations, warranties, indemnities, and other terms and conditions as the Guarantor and the Beneficiaries (each as defined below) may reasonably require.*

Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The trust company acting as indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") acting for the benefit of all persons who may have contractual claims against a Financing Entity (collectively, the "**Beneficiaries**") (including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee and the trustee of the Financing Entity[1]).
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[2] after all Funding Obligations of all Financing Entities have been repaid.
Performance Guarantee:	**[Upon the occurrence of a Performance Guarantee Event]**, the Indenture Trustee will be entitled to require the Guarantor to appoint a replacement servicer who will perform IESO's duties as servicer under the Master Sale and Servicing Agreement between IESO, as seller and servicer, and the Financing Entity, as purchaser, **[and OPG as Financial Services Manager]** ("**MSSA**"). In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the Indenture Trustee.

[1] We have assumed that the initial Financing Entity will be a trust.

[2] This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

Performance Guarantee Event:	A "Servicer Default" occurs under the MSSA[3]
Payment Guarantee:	**[Upon the occurrence of a Payment Guarantee Event and within [5/10] business days after receiving a demand from the Indenture Trustee]**, the Guarantor shall **[guarantee and indemnify the Indenture Trustee (for and on behalf of the Beneficiaries) by paying all regularly scheduled interest and principal payments during the term of a Financing Entity's contractual obligation to such Beneficiary]/[assume the contractual obligations of a Financing Entity to the Beneficiaries]**[4], which for greater certainty shall not include any default, penalty, prepayment, or make whole amounts.
Payment Guarantee Event:	(A) if the Legislative Assembly of Ontario repeals the Act; or (B) if the Legislative Assembly of Ontario amends the Act or Regulation thereunder in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all obligations incurred by such Financing Entity in respect of such investment interest; or (C) if a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
Priority of Payments:	The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.

[3] Each Servicer Default will include its own cure period before the event becomes a Servicer Default.

[4] To confirm if Province will become the debtor under the applicable debt documentation or if the Financing Entity will continue to be the primary obligor with the Province acting as secondary obligor.

Subrogation:	Where the Guarantor has repaid a Beneficiary, to the extent of such payment, the Guarantor is subrogated in and to all the rights of recovery of such Beneficiary in respect of the applicable indebtedness and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all amounts owing to a Beneficiary, the Indenture Trustee will acknowledge and agree on behalf of such Beneficiary that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiary has or may exercise in respect of the repaid indebtedness, all in accordance with the terms of the Master Trust Indenture.
Notice Requirements:	The Indenture Trustee will be required to provide notice to the Guarantor of a Performance Guarantee Event or Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.
Closing:	Date to be determined but no later than **[**■, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
Conditions Precedent to Closing:	Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.[5]
Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.

[5] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.
Governing Law:	Province of Ontario

From:	LEE John -TREASURY
To:	Mike Manning
Cc:	PRESTON Stuart -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; HAHN PARKER Janet -TREASURY
Subject:	Term Sheet - Provincial Support Agreement relating to the Fair Hydro Trust
Date:	Monday, April 24, 2017 2:13:09 PM
Attachments:	Term Sheet - Provincial Support Agreement (2).docx

Mike:

Further to our discussion last week, please find attached the draft term sheet relating to the Provincial Support. In this draft the Province will assume the obligations of the debt under certain conditions. The plan is to send this document to the Dealers for their input once we get comments or concurrence from your group. Stu Preston will coordinate the discussions with the Dealers on this issue from our side. Would it be yourself or someone else from your group addressing this issue from the OFA perspective? I expect there will be some back and forth on this issue and eventually rating agency input as well.

John

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

Provincial Support Agreement Term Sheet –

Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") is provided exclusively to the parties listed herein in connection with the draft Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Defined terms used herein have the meanings ascribed to them in the Act. The provincial support agreement (the "**Provincial Support Agreement**") will contain the terms and conditions set out in this Term Sheet in addition to such other representations, warranties, indemnities, and other terms and conditions as the Guarantor and the Beneficiaries (each as defined below) may reasonably require.*

Guarantor:	Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy.
Beneficiaries:	The trust company acting as indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**") acting for the benefit of all persons who may have contractual claims against a Financing Entity (collectively, the "**Beneficiaries**") (including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee and the trustee of the Financing Entity[1]).
Term:	The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[2] after all Funding Obligations of all Financing Entities have been repaid.
Performance Guarantee:	**[Upon the occurrence of a Performance Guarantee Event]**, the Indenture Trustee will be entitled to require the Guarantor to appoint a replacement servicer who will perform IESO's duties as servicer under the Master Sale and Servicing Agreement between IESO, as seller and servicer, and the Financing Entity, as purchaser, **[and OPG as Financial Services Manager]** ("**MSSA**"). In the event that the performance guarantee is unenforceable against the Guarantor, the Provincial Support Agreement will contemplate a separate legal obligation by the Guarantor to indemnify the Indenture Trustee.

[1] We have assumed that the initial Financing Entity will be a trust.

[2] This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.

Performance Guarantee Event:	A "Servicer Default" occurs under the MSSA[3]
Payment Guarantee:	**[Upon the occurrence of a Payment Guarantee Event and within [5/10] business days after receiving a demand from the Indenture Trustee]**, the Guarantor shall **[guarantee and indemnify the Indenture Trustee (for and on behalf of the Beneficiaries) by paying all regularly scheduled interest and principal payments during the term of a Financing Entity's contractual obligation to such Beneficiary]/[assume the contractual obligations of a Financing Entity to the Beneficiaries]**[4], which for greater certainty shall not include any default, penalty, prepayment, or make whole amounts.
Payment Guarantee Event:	(A) if the Legislative Assembly of Ontario repeals the Act; or (B) if the Legislative Assembly of Ontario amends the Act or Regulation thereunder in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all obligations incurred by such Financing Entity in respect of such investment interest; or (C) if a court of competent jurisdiction (i) determines all or a portion of the Act to be *ultra vires* in a way that adversely impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable.
Limits under Guarantees:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or loss of profits.
Priority of Payments:	The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.

[3] Each Servicer Default will include its own cure period before the event becomes a Servicer Default.

[4] To confirm if Province will become the debtor under the applicable debt documentation or if the Financing Entity will continue to be the primary obligor with the Province acting as secondary obligor.

Subrogation:	Where the Guarantor has repaid a Beneficiary, to the extent of such payment, the Guarantor is subrogated in and to all the rights of recovery of such Beneficiary in respect of the applicable indebtedness and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all amounts owing to a Beneficiary, the Indenture Trustee will acknowledge and agree on behalf of such Beneficiary that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiary has or may exercise in respect of the repaid indebtedness, all in accordance with the terms of the Master Trust Indenture.
Notice Requirements:	The Indenture Trustee will be required to provide notice to the Guarantor of a Performance Guarantee Event or Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.
Closing:	Date to be determined but no later than **[**■, 2017**]**. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered.
Reporting Requirements of a Financing Entity:	The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture.
Conditions Precedent to Closing:	Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.[5]
Representations:	Customary representations and warranties of the Guarantor.
FIPPA:	Acknowledgement that the Guarantor is bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Guarantor or its agents or representatives in connection with the Transaction Documents may be subject to disclosure in accordance with that act or as otherwise required by law.

[5] Opinions on the validity and enforceability of Provincial Support Agreement will be required.

Confidentiality Obligations:	Customary confidentiality obligations to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor.
Governing Law:	Province of Ontario

From: James Devine
To: Mike Manning; Carlos Yep
Subject: Update
Date: Thursday, July 13, 2017 10:57:06 AM
Attachments: FHP July 12.pdf

Morning
Lots of long Ont and PQ selling
DFL $180 m
PQ asset manager selling about 70 long PQ.
Alt was looking but tone is crap.
Still sort of talking to BofA about USD 4 yr. FRN but pushed it off to next week.
Sort of looking like flat to breakevens but you need to go out to 4 yrs.
Bof A would underwrite $500 but would like to have a partner on the deal
Went to the FHP meeting yesterday.
I have attached a PDF with ny notes if you care.

July 12

Fair Hydro Plan notes.

Gadi set out the provinces position very clearly at the meeting.

Willing to provide the required guarantee but the goal is to keep this off of the provinces books.

The cost of funds is higher than if the province were funding this, so in exchange OPG and market participants must be willing to accept some of the risk.

If the Province provides a rock solid guarantee then there is a risk that it will be viewed as provincial debt and be placed on the province's books.

Lots of back and forth legal blah blah about small details but at the end Gadi made some progress on a couple of big issues.

In the event of a new government or legislative change Ontario will step in and make the payments.

There was a section that said Ontario wants to be able to call the bonds at par (problem) Gadi sort of said that we would give up on this one.

Servicing guarantee:

Was a sticking point We don't want to indemnify this one. Nor does OPG

I asked John after the meeting if OPG could provide a guantee in the event that an LDC failed to provide the FHP proceeds to the IESO

He seemed reluctant "said it would be weired" then said it would require a process.

Gadi sort of said that AAA or something less will not have a big impact on how this security trades.

Goldman talked about what sort of provincial guarantee would be required by the rating agencies and the bankers had some concerns about payments to the IESO in the event that an LDC fails to make a payment.

From:	Whitfield, Tobias P. (MOF)
To:	Mike Manning; Ken Kandeepan; Ronald Kwan; Carlos Yep; James Devine; Opal Kandelas; John Kim
Cc:	Malle Hanslep (MOF); Elcombe, James (MOF)
Subject:	Updated Draft Provincial Support Discussion Document
Date:	Wednesday, June 14, 2017 12:46:55 PM
Attachments:	23148306-v5-Term Sheet - Provincial Support Agreement - May 12.docx 23148306-vpdf-Term Sheet - Provincial Support Agreement - May 12.pdf

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Please find attached a markup of the proposal from OPG regarding the Provincial Support Agreeement.

This markup is the result of discussions between us at MOF Legal, lawyers from Energy Legal and the Province's external counsel at Blakes.

The changes are significant and we would like to get your feedback on our proposed approach.

Perhaps we can have a discussion first with this group, and then a broader discussion with the Energy team and Stephen Ashbourne from Blakes.

Please let us know when you have had a chance to review and are available to discuss.

Best

Toby

Tobias Whitfield
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Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

Provincial Protection and Assurances

Indicative Term Sheet[1]

Ontario Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate.*

Performance Guarantees	
Performance Guarantor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Beneficiaries:	Each Financing Entity that owns an investment interest from time to time. A Financing Entity may grant a security interest over its rights and interests under a Performance Guarantee to its creditors and contractual counterparties, including any indenture trustee acting on behalf of itself and other persons having debt or other claims against the Financing Entity that are secured under a related trust indenture.

[1] This draft term sheet is intended for discussion purposes only and does not represent a commitment of any party. Any agreement or undertaking of the Province contemplated in this term sheet may only be made either (a) with the approval of the Lieutenant Governor in Council as contemplated in subsection 5(2) of the Act or (b) under, and subject to, an order made by the Lieutenant Governor in Council as contemplated in subsection 5(3) of the Act.

Performance Guarantee:	Pursuant to a Performance Guarantee, the Performance Guarantor will guarantee the performance, or cause the performance, of the obligations of IESO as servicer under the Act and under any agreement under which the applicable Financing Entity acquires an investment interest from IESO and IESO undertakes on-going obligations in respect of such investment interest, including servicing obligations undertaken by IESO to enforce the performance by electricity vendors of their respective obligations under the Act. It is anticipated that such obligations will include matters related to the billing, collection and remittance of clean energy adjustments by IESO and electricity vendors, as the case may be, and regarding the commingling by IESO and electricity vendors of collections of clean energy adjustments with other amounts. In the event that the Performance Guarantee is held to be unenforceable against the Performance Guarantor, the Performance Guarantee will contemplate, in the alternative, a functionally equivalent direct covenant of the Performance Guarantor.
Term:	The Performance Guarantor's obligations under a Performance Guarantee in respect of a Financing Entity will continue during the term of any obligation incurred by the Financing Entity that is or is intended to be secured by the Performance Guarantee.
Approval Requirement:	The servicing obligations (including any amendments) to which the Performance Guarantee relates, together with the provisions of any Performance Guarantee itself, will be subject to the approval of the Minister of Energy and the Minister of Finance acting together.
Limits under Performance Guarantee:	Under no circumstances shall the Performance Guarantor be obligated to pay special or punitive damages, or for loss of profits.
Indemnity	
Indemnitor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indemnitees:	Each Financing Entity that owns an investment interest from time to time. A Financing Entity may grant a security interest over the Indemnity to specified creditors, including to an indenture trustee under a trust indenture on behalf of itself and other persons having debt or other claims against the Financing Entity secured under the trust indenture.

Indemnity of the Province:	The Province of Ontario will indemnify each Indemnitee for its costs, expenses and losses reasonably incurred by the Indemnitee (including because of claims made against the Indemnitee by one or more of its specified creditors) that result from any of the following (each, an "**Indemnification Event**"): (A) the Legislative Assembly of Ontario repealing (and not replacing on an equivalent basis) the Act; (B) the Legislative Assembly of Ontario amending the Act or a Regulation made thereunder in a way that materially and adversely affects the rights and interests of the Financing Entity under its investment interest; or (C) a court of competent jurisdiction in a final and non-appealable judgement determines that all or a portion of the Act is *ultra vires* in a way that materially and adversely affects the rights and interests of the Financing Entity under its investment interest.
Term:	The Indemnity will continue during the term of any obligation incurred by a Financing Entity that is or is intended to be secured by the Indemnity.
Approval Requirement:	The terms and conditions of the obligations incurred by a Financing Entity that are secured or intended to be secured by an Indemnity, together with the provisions of any Indemnity itself, the will be subject to the approval of the Minister of Energy and the Minister of Finance acting together.
Limits under Indemnity:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or for loss of profits.
Undertakings regarding Certain Mismatches	
Avoidance of Mismatches	If a Financing Entity proposes to incur one or more funding obligations that would require the Financing Entity to pay an aggregate amount during any reference period that would exceed the amount otherwise available to the Financing Entity during the reference period from its investment interests to pay such amounts (a "**Mismatch**"), the Financing Entity will, before incurring such funding obligations, undertake commercially reasonable efforts to arrange for commitments from highly creditworthy, market-based funding sources in accordance with the Financing Plan to enable it to satisfy all of its related payment obligations and thereby avoid any Mismatch.

Possible Undertaking to Fund Mismatches	If a Financing Entity is unable to arrange for commitments from one or more highly creditworthy, market-based funding sources in accordance with the Financing Plan to avoid a Mismatch on commercially reasonable terms and conditions, the Minister of Energy and the Minister of Finance acting together may undertake on behalf of the Province of Ontario to provide funding commitments to the extent necessary to provide the Financing Entity with required funding to avoid the Mismatch. Any such undertaking may only be given at or before the incurrence of the funding obligation that would otherwise result in the Mismatch and would be on such terms and conditions, including appropriate compensation to the Province of Ontario, as the Minister of Energy and the Minister of Finance determine are reasonable and appropriate in the circumstances. The decision to provide such an undertaking will be in the sole discretion of the Minister of Energy and the Minister of Finance.
<u>Documentation</u>	
Representations, Terms and Conditions:	Subject to approval of the Minister of Energy and the Minister of Finance acting together.
FIPPA:	Acknowledgement that the Performance Guarantor and the Indemnitor will be bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Performance Guarantor or the Indemnitor, or any agent or representative of the Performance Guarantor or the Indemnitor, in connection with the transaction documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	Confidentiality obligations of each Financing Entity and its assignees, representatives and agents as may be determined to be appropriate by the Minister of Energy and the Minister of Finance acting together.
Governing Law:	Province of Ontario.

Provincial ~~Support Agreement~~Protection and Assurances

Indicative Term Sheet[1]

Ontario Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") ~~is provided exclusively to the parties listed herein in connection with the draft~~relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. ~~Defined~~Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial ~~support agreement (the "**Provincial Support Agreement**") will contain the terms and conditions set out~~protection and assurance arrangements contemplated in this Term Sheet ~~in addition to such other representations, warranties, indemnities, and other~~will include such terms and conditions as the ~~Guarantor and the Beneficiaries (each as defined below) may reasonably require~~Minister of Energy and the Minister of Finance determine to be appropriate.*

Performance Guarantees	
Performance Guarantor:	~~Her Majesty the Queen in right~~The Province of Ontario, ~~as represented~~ by the Minister of Energy and the Minister of Finance acting together.
Beneficiaries:	~~The indenture trustee (together with its successors, the "**Indenture Trustee**") under the master trust indenture (the "**Master Trust Indenture**")~~Each Financing Entity that owns an investment interest from time to time. A Financing Entity may grant a security interest over its rights and interests under a Performance Guarantee to its creditors and contractual counterparties, including any indenture trustee acting on behalf of itself and ~~all~~ other persons having debt or other claims against ~~a~~the Financing Entity that are secured under ~~the Master Trust Indenture (collectively, the "**Beneficiaries**") including, without limitation, holders of senior and subordinated notes, senior and subordinated lenders, hedge counterparties, credit enhancers, liquidity providers, the Financial Services Manager, the Indenture Trustee, the trustee of the Financing Entity if the Financing Entity is a trust, and any other administrator of the Financing Entity~~a related trust indenture.

[1] This draft term sheet is intended for discussion purposes only and does not represent a commitment of any party. Any agreement or undertaking of the Province contemplated in this term sheet may only be made either (a) with the approval of the Lieutenant Governor in Council as contemplated in subsection 5(2) of the Act or (b) under, and subject to, an order made by the Lieutenant Governor in Council as contemplated in subsection 5(3) of the Act.

~~**Term:**~~	~~The Guarantor's obligations under the Provincial Support Agreement will continue until **[one year]**[1] after all funding obligations (to be defined to include principal, interest, fees, hedge settlement and termination obligations and other related amounts) of all Financing Entities have been repaid.~~
Performance Guarantee:	~~Under the Master Sale and Servicing Agreement to be entered into by IESO and the Financing Entity, **[and OPG as Financial Services Manager]** ("**MSSA**"), IESO will have obligations both as a seller and as a servicer. Pursuant to a performance guarantee~~Pursuant to a Performance Guarantee, the Performance Guarantor will guarantee ~~in favour of the Beneficiaries to perform~~the performance, or cause the performance, of ~~(which may be by way of the appointment of a replacement servicer),~~ the obligations of IESO as servicer under the ~~MSSA and the~~ Act and under any agreement under which the applicable Financing Entity acquires an investment interest from IESO and IESO undertakes on-going obligations in respect of such investment interest, including ~~the obligations of any replacement servicer. The Guarantor will also guarantee the~~ servicing obligations ~~of the~~undertaken by IESO to enforce the performance by electricity vendors of their respective obligations under the Act. ~~The servicing~~It is anticipated that such obligations ~~covered~~ will include ~~all obligations~~matters related to the ~~collecting~~billing, collection and ~~remitting~~remittance of clean energy adjustments ~~and will protect the Beneficiaries from any risks arising from~~by IESO and electricity vendors, as the case may be, and regarding the commingling by IESO and electricity vendors of collections of clean energy adjustments ~~being commingled~~ with other amounts. In the event that the ~~performance guarantee~~Performance Guarantee is held to be unenforceable against the Performance Guarantor, the ~~Provincial Support Agreement~~Performance Guarantee will contemplate ~~a separate legal obligation by the Guarantor to indemnify the Beneficiaries for any losses that result~~, in the alternative, a functionally equivalent direct covenant of the Performance Guarantor.
Term:	The Performance Guarantor's obligations under a Performance Guarantee in respect of a Financing Entity will continue during the term of any obligation incurred by the Financing Entity that is or is intended to be secured by the Performance Guarantee.
Approval Requirement:	The servicing obligations (including any amendments) to which the Performance Guarantee relates, together with the provisions of

[1] ~~This mirrors the requirement expected to be in the Regulations under the Act not to wind up, dissolve or liquidate a Financing Entity until at least one year after all of its Funding Obligations have been repaid.~~

	any Performance Guarantee itself, will be subject to the approval of the Minister of Energy and the Minister of Finance acting together.
Limits under Performance Guarantee:	Under no circumstances shall the Performance Guarantor be obligated to pay special or punitive damages, or for loss of profits.
Indemnity	
Indemnitor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indemnitees:	Each Financing Entity that owns an investment interest from time to time. A Financing Entity may grant a security interest over the Indemnity to specified creditors, including to an indenture trustee under a trust indenture on behalf of itself and other persons having debt or other claims against the Financing Entity secured under the trust indenture.
~~Payment Guarantee Event~~Indemnity of the Province:	~~A Payment Guarantee Event will occur if~~The Province of Ontario will indemnify each Indemnitee for its costs, expenses and losses reasonably incurred by the Indemnitee (including because of claims made against the Indemnitee by one or more of its specified creditors) that result from any of the following (each, an "**Indemnification Event**"): (A) the Legislative Assembly of Ontario ~~repeals~~repealing (and not replacing on an equivalent basis) the Act; ~~or~~ (B) the Legislative Assembly of Ontario ~~amends~~amending the Act or a Regulation made thereunder ~~is amended~~ in a way that materially and adversely ~~impacts the ability of a Financing Entity to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such~~affects the rights and interests of the Financing Entity under its investment interest; or (C) a court of competent jurisdiction ~~(i)~~in a final and non-appealable judgement determines that all or a portion of the Act ~~to be~~is *ultra vires* in a way that materially and adversely ~~impacts~~affects the ~~ability~~rights and interests of ~~a~~the Financing Entity ~~to fully recover an investment interest in order to fully pay all funding obligations and other obligations incurred by such Financing Entity in respect of such investment interest or (ii) declares any funding obligations to be invalid or unenforceable; or~~ ~~(D) funding obligations are due and payable at a time when a market disruption (a period of [six months or more] when capital~~

	~~markets term funding is not available to effect refinancings of funding obligations) is occurring and, in the case of long term funding obligations only, a moratorium or limitation on the imposition and collection of clean energy adjustments to repay such funding obligations is in effect under the Act~~under its investment interest.
~~Payment Guarantee~~Term:	~~Upon the occurrence of a Payment Guarantee Event under clauses (A), (B) or (C) of the above definition:~~ ~~(x) the Guarantor shall assume and pay when due (without acceleration) all funding obligations and all other obligations of the Financing Entities to the Beneficiaries by paying all regularly scheduled amounts in respect thereof during the term of each Financing Entity's contractual obligation to such Beneficiaries; and~~ ~~(y) Beneficiaries holding funding obligations consisting of bonds [with a remaining term to maturity of greater than **one year**]~~ ~~shall have the option to put the bonds to the Financing Entity for a put price equal to 101% of the principal amount thereof plus accrued and unpaid interest. In connection with any put under this clause (y), the Guarantor shall guarantee payment of the put price and any related hedge breakage but shall not be responsible for any other default, penalty, prepayment or make whole amounts.~~ The Indemnity will continue during the term of any obligation incurred by a Financing Entity that is or is intended to be secured by the Indemnity.
Approval Requirement:	The terms and conditions of the obligations incurred by a Financing Entity that are secured or intended to be secured by an Indemnity, together with the provisions of any Indemnity itself, the will be subject to the approval of the Minister of Energy and the Minister of Finance acting together.
Limits under ~~Guarantees~~Indemnity:	Under no circumstances shall the Guarantor be obligated to indemnify any Beneficiary for special or punitive damages, or for loss of profits.
~~Priority of Payments:~~	~~The priority of the Beneficiaries to any payment made by the Guarantor under the Provincial Support Agreement shall be governed by the priority provisions in the Master Trust Indenture.~~
~~Subrogation:~~	~~Where the Guarantor has repaid all Beneficiaries in full, to the extent of such payments the Guarantor shall be subrogated in and to all the rights of recovery of the Beneficiaries in respect of their~~

	~~applicable indebtedness and obligations and the security granted by a Financing Entity to the Indenture Trustee. After repayment by the Guarantor of all indebtedness and obligations owing to the Beneficiaries, the Indenture Trustee will acknowledge and agree on behalf of the Beneficiaries that the Guarantor is entitled to exercise all of the rights, powers and privileges that the Beneficiaries have or may exercise in respect of the repaid indebtedness and obligations, all in accordance with the terms of the Master Trust Indenture. Prior to the repayment in full of the indebtedness and obligations owed to the Beneficiaries, the Guarantor shall have no rights of subrogation.~~
~~**Notice Requirements:**~~**Undertakings regarding Certain Mismatches**	~~The Indenture Trustee will be required to provide notice to the Guarantor of a Payment Guarantee Event and may in such notice demand payment or performance of the Guarantor's obligation under the Provincial Support Agreement, as applicable.~~
~~**Closing:**~~**Avoidance of Mismatches**	~~Date to be determined but no later than [■, 2017]. The Closing is the date on which the documents in respect of the MSSA, the Master Trust Indenture and all related documentation are executed and delivered~~If a Financing Entity proposes to incur one or more funding obligations that would require the Financing Entity to pay an aggregate amount during any reference period that would exceed the amount otherwise available to the Financing Entity during the reference period from its investment interests to pay such amounts (a "**Mismatch**"), the Financing Entity will, before incurring such funding obligations, undertake commercially reasonable efforts to arrange for commitments from highly creditworthy, market-based funding sources in accordance with the Financing Plan to enable it to satisfy all of its related payment obligations and thereby avoid any Mismatch.
~~**Reporting Requirements of a Financing Entity:**~~ **Possible Undertaking to Fund Mismatches**	~~The Guarantor will be entitled to receive all reports received by the Indenture Trustee under the Master Trust Indenture~~If a Financing Entity is unable to arrange for commitments from one or more highly creditworthy, market-based funding sources in accordance with the Financing Plan to avoid a Mismatch on commercially reasonable terms and conditions, the Minister of Energy and the Minister of Finance acting together may undertake on behalf of the Province of Ontario to provide funding commitments to the extent necessary to provide the Financing Entity with required funding to avoid the Mismatch. Any such undertaking may only be given at or before the incurrence of the funding obligation that would otherwise result in the Mismatch and would be on such terms and conditions, including appropriate compensation to the Province of Ontario, as the Minister of Energy and the Minister of Finance

	determine are reasonable and appropriate in the circumstances. The decision to provide such an undertaking will be in the sole discretion of the Minister of Energy and the Minister of Finance.
~~Conditions Precedent to Closing:~~Documentation	~~Conditions precedent to Closing shall be those conditions set out in the Master Trust Indenture.~~[2]
Representations, Terms and Conditions:	~~Customary representations~~Subject to approval of the Minister of Energy and ~~warranties of the Guarantor~~the Minister of Finance acting together.
FIPPA:	Acknowledgement that the Performance Guarantor ~~is~~and the Indemnitor will be bound by the *Freedom of Information and Protection of Privacy Act (Ontario)* and that any information provided to the Performance Guarantor or ~~its agents or representatives~~the Indemnitor, or any agent or representative of the Performance Guarantor or the Indemnitor, in connection with the ~~Transaction Documents~~transaction documents may be subject to disclosure in accordance with that act or as otherwise required by law.
Confidentiality Obligations:	~~Customary confidentiality~~Confidentiality obligations ~~to be negotiated and included. A Financing Entity and the Beneficiaries shall not, subject to applicable law, issue any press releases and other public announcements in respect of the Provincial Support Agreement without the prior written consent of the Guarantor~~of each Financing Entity and its assignees, representatives and agents as may be determined to be appropriate by the Minister of Energy and the Minister of Finance acting together.
Governing Law:	Province of Ontario.

[2] ~~Opinions on the validity and enforceability of Provincial Support Agreement will be required.~~

Document comparison by Workshare Compare on Wednesday, June 14, 2017 11:58:41 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23148306/1
Description	TOR_2528-#23148306-v1-Term_Sheet_-_Provincial_Support_Agreement_-_May_12
Document 2 ID	PowerDocs://TOR_2528/23148306/5
Description	TOR_2528-#23148306-v5-Term_Sheet_-_Provincial_Support_Agreement_-_May_12
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	88
Deletions	75
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	163

From:	TD DCM
To:	Brett Kichiy; "John Lee"; Linda Smith; Mike Manning; "Richard Wong"; "Sheen Liu"; "Ken Ryfa"; "Janet Hahnparker"; ken.ryfa@opg.com; Kevin Shvarts
Cc:	Scace, Patrick; McDonald, Greg; Wolff, Michael; Begg, Graeme; Holloway, Harold; Becker, Andrew; Hyatt, Emma; Hynes, Gordon; Pong, Brian; Laing, Mark
Subject:	Weekly Canadian Indicative New Issue Pricing | Ontario Power Generation (05.15.17)
Date:	Monday, May 15, 2017 12:55:12 PM
Attachments:	OPG 05.15.17.xlsx OPG 05.15.17.pdf

Apoplogies, earlier indications from today did not reflect updated new issue indications. Please find attached updated new issue indications.

Theresa Mosley | Associate | Debt Capital Markets | **TD Securities Inc.**

Ernst & Young Tower 7th Floor, 222 Bay Street, Toronto, ON M5K 1A2

T: 416 944 5321 | theresa.mosley@tdsecurities.com

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Bank Name	TD
Date	5/15/2017

Indicative OPG New Issue Spreads	Current			Week over Week					
	30-year	10-year	5-year	30-year	10-year	5-year			
Benchmark Canada Bond Maturity	1-Dec-48	1-Jun-26	1-Mar-22	1-Dec-48	1-Jun-26	1-Mar-22	1-Dec-48	1-Jun-26	1-Mar-22
Benchmark Canada Bond Coupon	2.75%	1.50%	0.50%	2.75%	1.50%	0.50%	2.75%	1.50%	0.50%
Benchmark Yield	2.24%	1.47%	1.02%	0.06%	0.01%	0.00%	2.18%	1.46%	1.01%
Curve Adjustment (bp)	0	10.7	2.7	0.0	0.5	0.0	0	10.2	2.7
Spread to GoC Curve (bp)	150	110	90	4	0	0	146	110	90
Re-Offered Yield	3.74%	2.68%	1.94%	0.10%	0.01%	0.00%	3.64%	2.67%	1.94%
Commission (bp)	2.3	4.3	7.2	0.0	0.0	0.0	2.3	4.3	7.2
All-in Yield	**3.76%**	**2.72%**	**2.02%**	**0.10%**	**0.01%**	**0.00%**	**3.67%**	**2.71%**	**2.01%**

Primary Comparable (S&P/Moody's/ DBRS)	Current			Week over Week			Current		
Spread to GoC Curve (bp)	30-year	10-year	5-year	30-year	10-year	5-year	30-year	10-year	5-year
Hydro One (A/A)	135.0	93.0	73.0	5.0	-	2.0	130.0	93.0	71.0

Other Comparables (S&P/Moody's/ DBRS)	Current			Week over Week			Current		
Spread to GoC Curve (bp)	30-year	10-year	5-year	30-year	10-year	5-year	30-year	10-year	5-year
Nova Scotia Power (BBB+ / A(low))	140.0	100.0	80.0	1.0	-	-	139.0	100.0	80.0
EPCOR Utilities (BBB+ / A(low))	135.0	95.0	75.0	5.0	-	-	130.0	95.0	75.0

Patrick Scace | Greg McDonald | Andrew Becker | Tennyson Cho | Emma Hyatt
(416) 308-2172 | (416) 308-3027 | (416) 308-4135 | (416) 944-5321 | (416) 307-0131

Bank Name	TD
Date	5/15/2017

Indicative OPG New Issue Spreads	Current						
	30-year	10-year	5-year				
Benchmark Canada Bond Maturity	1-Dec-48	1-Jun-26	1-Mar-22				
Benchmark Canada Bond Coupon	2.75%	1.50%	0.50%				
Benchmark Yield	2.24%	1.47%	1.02%				
Curve Adjustment (bp)	0	10.7	2.7				
Spread to GoC Curve (bp)	150	110	90				
Re-Offered Yield	3.74%	2.68%	1.94%				
Commission (bp)	2.3	4.3	7.2				
All-in Yield	**3.76%**	**2.72%**	**2.02%**				

Primary Comparable (S&P/Moody's/ DBRS)	Current					
Spread to GoC Curve (bp)	30-year	10-year	5-year			
Hydro One (A/A)	135.0	93.0	73.0			

Other Comparables (S&P/Moody's/ DBRS)	Current					
Spread to GoC Curve (bp)	30-year	10-year	5-year			
Nova Scotia Power (BBB+ / A(low))	140.0	100.0	80.0			
EPCOR Utilities (BBB+ / A(low))	135.0	95.0	75.0			

From:	William Tan
To:	Mike Manning
Cc:	Sarah Harris; Bruno Amara; John Kim; Salman Qadir
Subject:	additional IESO Proposed Changes to OFHP Credit Facility
Date:	Tuesday, July 11, 2017 5:26:59 PM
Attachments:	RE IESO OFA new FH credit facility.msg IESO_OFA FHP 2017 Credit Letter - SIGNED.DOCX

Hello Mike,

We have received an email proposing a new change with respect to the IESO Credit Requirement letter for the Fair Hydro Plan.

Noted in the original IESO FHP request:

- New $2 billion FHP Credit Facility
- Reduction of the existing credit facility from $975 million down to $475 million. ($2.475 billion total credit facility)
- 5 year term, expires September 30, 2022.
- Minimum 7 days, to a maximum of 95 days draw to minimize interest costs and permit efficient FHP asset transfers.

Proposed change: minimum 5 days, to a maximum of 95 days draw.

Mike, is the change from 7 days, minimum draw to 5 days, something we can entertain from a capital markets perspective?

I am including Bruno, John and Salman as they may have thoughts from an Electricity Finance perspective (I understand Ronald Kwan was circulated the original IESO FHP Credit Requirement request).

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Anthony Martinello [Anthony.Martinello@ieso.ca]
To: William Tan [William.Tan@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; Victor Buza [Victor.Buza@ieso.ca]; Lisa Stein [Lisa.Stein@ofina.on.ca]
Subject: RE: IESO : OFA new FH credit facility
Date: Monday, July 10, 2017 16:07:57

We are working on the $2B draft now.

Is there any flexibility on changing the 7 day (not business days) minimum draw to 5 days? I'm trying to mitigate having OPG monies in hand while not having yet to repay the OFA. Please advise.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 23, 2017 5:45 PM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM

To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 12, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the proposed Fair Hydro Plan (FHP) to reduce electricity prices for eligible consumers in the province. Proposed legislation was introduced this month for the FHP. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that in order to support the IESO's role in FHP implementation it will need greater credit liquidity than currently exists.

An existing credit facility between the IESO and the Ontario Financing Authority (OFA) is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO proposes that a separate and additional credit facility be provided by either the OFA or Ontario Electricity Financial Corporation (OEFC) to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking.

IESO's FHP Credit Requirements and Rationale

Below we have outlined the IESO's expected credit needs including the current OFA facility as follows:

	OFA:IESO Facility	New FHP facility
Current credit facilities	$975 million	$ -
Reduction due to FHP	($500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Totals Credit Facilities	$475 million	$2,000 million

The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP. In addition, the IESO has had recent discussions with OFA staff to explain the rationale to support the overall $2,000 million FHP commitment.

We suggest the new FHP credit facility consider the following key provisions:

- 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);
- interest charge - to be Province's cost of funds for borrowing with a similar term as determined by OFA / OEFC plus 0.25 percent per annum;
- Draws - to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers; and
- Existing $975 million OFA facility : draws to permit for FHP purposes until a new separate credit agreement for FHP purposes has been made available;

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facilities and we will provide such evidence for your records.

We appreciate your continued support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From:	Carlos Yep
To:	Ken Kandeepan
Cc:	Mike Manning; James Devine; John Kim
Subject:	comments on sub debt
Date:	Monday, July 31, 2017 3:34:36 PM

Ken

Here are some comments that you can add:

Currently, OPG plans to use proxy short term funding (banking facilities) rates on the subordinated debt until such time as the FHT issues Senior Debt to take out (term out) the short term funding. OPG can **simplify** (only set rates once) and **reduce financing risk** (there is no certainty as to the timing or term structure of the senior debt issuance) of the suggested process by terming out the subordinated debt at the time of each monthly equity injection from the Province.

Regards

Carlos

////////////// this is the original wording

- Interest rates on the subordinated debt will be established as follows:
    - During the Trust short term financing period when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt
    - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. The process will be similar to the one established for pricing of OPG debt drawn from OEFC facilities.

//////////////

From: Nelms, Scott (MOF)
To: Mike Manning
Subject: financeability of OFHP
Date: Wednesday, May 03, 2017 11:04:12 AM

Hi Mike,

As per my VM, I talked to Gadi and he suggested your team was working with TD on some language for the TB sub / Cab sub explaining that the structure can be financed. Energy folks are hoping to include language as soon as it is available. TB/Cab is next week so timing is tight.

Happy to chat,

Scott

Scott Nelms
Electricity Investment and Governance Secretariat | Ministry of Finance
7th Floor | 375 University ave. | Toronto, ON
w: (416) 212-6469 | c: (647) 330-2681
scott.nelms@ontario.ca

From:	Nelms, Scott (MOF)
To:	Gadi Mayman; Mike Manning
Cc:	Steen Hume (CAB)
Subject:	financing bullets
Date:	Wednesday, May 03, 2017 6:49:18 PM

Hi Gadi, Mike,

As discussed, we have drafted some language to insert into the Fair Hydro Plan Treasury Board and Cabinet Submissions. Please take a look and let us know if this works from your perspective:

Draft Language

The Ministry has been worked closely with the Ontario Financing Authority (OFA) and TD, as the Province's external financial advisor, on the financing structure (i.e., legislation, provincial guarantees, OPG's equity injections and IESO's enhanced credit facilities).

In particular, the proposed legislation enables a structure that OFA and TD believe will enable financing at a reasonable cost. Key elements that support this financing structure include:

- OPG issuances of subordinated debt to the SPV representing up to 49% of total borrowing; and
- Conditional (springing) guarantees by the Province to provide a backstop in the event of specific and limited events (e.g., changes to legislation that harm investor interests).

Please note that the ability to finance and the cost of financing will only be known with certainty once OPG takes this structure to market.

Happy to discuss further as needed.

Thanks,

Scott

From:	Nelms, Scott (MOF)
To:	Gadi Mayman; Mike Manning
Cc:	Steen Hume (CAB)
Subject:	financing bullets
Date:	Wednesday, May 03, 2017 6:49:18 PM

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Scott