Maksymuik, Amanda (ENERGY)

Subject:	Ontario Fair Hydro Plan
Location:	199 Bay St. - 40th Floor, Blakes
Start:	Fri 04/07/2017 10:00 AM
End:	Fri 04/07/2017 2:00 PM
Recurrence:	(none)
Meeting Status:	Accepted
Organizer:	Calwell, Carolyn (ENERGY/MEDEI/MRI)
Required Attendees:	Rehob, James (ENERGY); Shear, Dan (ENERGY); Kacaba, Jennifer (ENERGY); Leslie.Wong@opg.com; 'MCAULEY Tyler -LAWDIV' (tyler.mcauley@opg.com); 'Michael.Boll@IESO.com'; JUDY.WILSON@blakes.com; Stephen.Ashbourne@blakes.com; Bryson.Stokes@blakes.com; DICKS, LINDSAY (LINDSAY.DICKS@blakes.com); Michael.Boll@IESO.ca
Optional Attendees:	Mary Anne Aldred (MaryAnne.Aldred@oeb.ca); Martine.Band@ontarioenergyboard.ca; 'Martine Band'; 'Ramchandani, Rima'; 'Feldman, Michael'; 'Alan Hibben'; 'Mansoori, Nina'; 'Myers, Jonathan'; 'Hill, Krista'; 'Glenn Zacher'; 'Peter Hamilton'

Update

This meeting has been shortened from 4:00pm to 2:00pm.

Hi Everyone,

This will be a meeting to discuss the Ontario Fair Hydro Plan (OFHP) and will include Blakes, Torys, OPG, IESO, and Ministry Counsel.

The meeting will be held at Blakes and the main contact on site will be Lindsay Dicks (416-863-4347 or Lindsay.Dicks@blakes.com). Please inform Lindsay if there will be additional people attending from your group because she will need to pass this information along to their security desk.

To the representatives from OPG and IESO, please forward this meeting invitation to your respective outside counsel for their attendance.

Any materials available for this meeting will be provided in a future update.

If you are unable to attend in person, please use the following conference call information:

Toll-free dial-in number: 1-866-633-1033
Local dial-in number: 416-212-8013
Conference ID: 3164921#

If there are any additional scheduling needs or updates, please contact Joseph Pau (416-326-1018).

Thanks,

April 7/2017

Meeting @ Tony's. re fair hydro plan

Carolyn - thank you welcome
- [illegible] drafting
- [illegible] without [illegible] legislat.
& what can be dealt w/ elsewhere

Carolyn

~~St~~

B

TD Harold

Mar

Mike Bol.

OEB

Energy Policy

Tony

Reena

Peter Hamilton - Stikeman.

Glen Zacher - Stikeman

_______ & Williams

Steve - out of line by those time next week
legislat.
- document is now legis draft that
will be adapted & put into
legis form.

- legal constraints associated w/
imposing obligat. on ratepayers
- constitut. validity
- gov't intergovernment. flexib.
- IESO - funding shortfalls,
- point not to fixate on.

Fishing liscence vs. descrip. of
regulatory asset

- property interest created by
statute. - draft as see fit.
↳ don't want to fall to far
outside.

- why this draft does what it
does?
- constit. validity
c. whether levy/tax.
↳ not contrary - ...
...

- we are going to create a scheme
we think is properly regulatory
change - if required as tax
want to fall back.

TD - credit rating - want understanding
ability to get bonds paid,
- essential stability pt

Store - do not want this to be tax.
- ultimate vs. assets
changes re amortizing.
- shortfall created monthly
unless not directly
connected to prudent
assets - will be input
into how changes get pd
over time
- funding shortfall will be
what gov't determines

- we are identifying asset
created broadly in relat.
to nuclear generat. unit.
- assets not only generat. assets
could impute benefits to legis

- bundle of assets - unrecovered transit charges.
- take bundle - gov't understands current amortizat. of Ent book may have short changed most recent group of ratepayers.

- taking the hours for power cost, costs at what went into GH - compare to charges and would have gone in

- figure whether - re-amortizat. another by coming out, way can create change in value to speed benefit of

- best proxy is rate payers today.

- base theory - take costs - amortize based on concept of EHP.

- assets & plan to spread them in time over curve.

- how fair allocat. over time segment look - no generat. bears disprop. cost

- we want this to be fair allocat-
mechanism to transfer charges -
Funding allocat.
- on July 1 - assuming passed
- large funding gap. e.g. $200M,
- created liquidity requirement
for IESO in this transition
figure out how to fill.
- create absolutely enough funding
plan for OPG - do a $200M
bond deals - that mature in
period - such that doesn't
go above curve.
- 2 & circum
- populate area of funding
eroun

TO - (1) rate papers far.
(2) consolidation far.
(3) capital with activities
if goes beyond portion
of bill affects rate

Steve - don't made policy doors
to give abatement of elect.
charges

IESO - Q. re deferr charges
Steve - IESO has an asset entitles it,
to get forward costs - measure
against funding shortfall
- implement. of funding shortfall.
Costs will flow through as
part of forecast. charges.

regulating - bank account of
assets
- gets drawn down.

T - what characters asset?
Steve - Agrees.

E -

Cindy - total amt. paid to generat.
- also
- entitled to stream of future
cash flows.

Tony - need to create a deferral
acct.

Steve - try to create default
obligat. (funding licence exists

Steve - came up w/ 2 dollar amt
~~based on studies~~
- dollar amt earned thru
legis
- ability to advance gives
right to recover

MF - not unrestricted right to bill.

Steve - pre-step to recovery vs step of
issuing obligs
- upon LESO creates change

Cindy - regulatory asset.

TD - ~~[illegible]~~
right to charge cust. in the
future
- future flow deal.

MF - what is property - license to
recover funds in future.
- if you pay billion dollars
give you license to recover
license - of billion $.

- whether asset vested in LESO
or entity - statutory right to
recover from ratepayer in future

Stan - why different from US mkt -

Tony - gov't accounting problem - if turns out to be invalid -

Peter - important that indoor mitigation rule apply.

CC - gov't made amount - that is next 4 yrs.
- gov't continuing to have it adjust plan

MOE - if funding ~~[illegible]~~.

~~Peter~~ PAP - no more than X metric tons w/
Stan KESO fills in - under current sold blocks

~~Peter~~ - veg. asset created under statute arises when wasted.

Day 1 - 20m 1 yr to get sanctioned

KESO - Company going to have to get [illegible] - not existing awareness of cleat [illegible] [illegible]

Tony's - 8(9) - once it's been funded, deem to be waived
- 2400

Tony's - any discussn. needs to happen before go'g to mkt.

Carolyn - want to be clear OEB's role given RFP.

MF - parallel group - how RFP set

Peter - how much cost - generate asset
- if don't know what asset, is don't have OEB approval on it!

OEB - order requires hearing

IESO -

- Tony - give OEB power to make decisions over requirements assets

- Steve - it is regulatory change not rates, Steve.

Alm - variables after first 4 yrs -
OEB can only look at once on
front end.
- fam alloct plan - as long as stops in
2018

Steve - large unaud over time - they
valued - don't have to get
contracts right.

Alan - if concepts don't add to ability
to finance delete

TD - more workable -
- finance plan is deficit - will
be going to finance
- needs to be amount. sched
what happens if Δ
- if shortfall - change people
more.

- more pre-prog. - less ability
to Δ thing.

Str - once trustee signs - it's locked
down
- inescable co-mingling all comm
through LESO ?

- embodiment -
- legislat co-existing i.e. concepts
[illegible] exist.

- If LESO [illegible] - com [illegible] [illegible]
replacement [illegible]

Thrm - Reset - right to recapture those
- to extend [illegible].

amounts

arrear amt
unused.

TD - $ re structure
held by non-fund
parties - challenges
to AAA rating.

belong
to [illegible]
[illegible].

- first look to prov.
all servicing & money done directly?
or
performance service guarantee

OPCD - not off balance sheet

- SPV modified.
- KSO has its own credit rating

TD - ① performance guarantee or ② outsource to sub-servicer

Tony - ensure money flows through separate accounts

Legis - entitlement to transmit charges is separate right
- separate statute.
- to extent that shortfall - prop. regulatory reset fees

Peter - sequential. practically happens when hit (...)

Steve FAP - set one time at the beginning.
- once legis set - not fundamentally subsequent change.
- if plan set today - nothing the ver.
Lord Z accepted re-distribution.
- theoretical constant everyone reasonable if you go against - not fatal

common sense doesn't up fairness over time - not intended to be reflective of current pound costs

- treasury plan - how finance over life of FAP.

Stan - FAP ~~[illegible]~~ step of cost distributes costs over theoretical maximum say 30 yrs

- costs once set don't Δ.

Att. - out discount bill to w/Δ.

Stan - in yr 10 - demonstrable good coverage - by time issued debt have to be able to extend max out. of debt.
> accrual costs

- invest. in yr 10 knows someone can't [illegible] promise.
- if want to Δ plan over time
- if anyone realizes curve too steep will impose.

9.3 - Life firm NY.

AH - in principle - you'd will review - argument both - OPG & OPG Trust

Steve - Cody | solving for HRS version -

Steve - who has biggest variable interest

Steve - Issues

① how solve for bypass
- all encompassing state paper defin
- assuming people go off - grid how do we assess them
- quantity & how calculate
- initial allocation →
problem is tension of frame, large hit in future,

TD - define it of nonbypassers - if you are connected -

Steve - placeholder for bypass charge - goes into methodology
- set down the road,

TD - 20% go off no change.

Hunter - quest. whether enforceable if not using grid
- in vesalitity - rating agency look at size of consumers
- rating agencies model of.
  ↳ never seen anyone implement tool in legis.

OPG - quest
→

Hunter - rating agency look at strength of true-up

Slocum - legis should contemplate idea of multiple security interests
- multiple pledges
- have to agree these rights enforceable to collect revenue.

Steve - treasury plan constrains who you can sell to.

Mike B. - funding shortfall defin
- dollar between LDC vs. payment to generat
- shortfall is just that
- power contracts relate to certainty

Steve - sketched out principles that will be used to draft FAP.

- we need draft from Monday
- moving on parallel.

- trustee receives FAP docs - I need to come to that.

FAP: $\frac{\text{Assets}}{\text{number of yrs}}$ + cost of \$ } (Steve?) plug into formulas