

Memorandum

To: THE BOARD OF DIRECTORS
of the Independent Electricity System Operator

From: Jeannette Briggs, Susan Nicholson, Michael Boll and Anthony Martinello

Date: June 14, 2017

Re: Update on Fair Hydro Implementation

Overview:

This memo provides an executive summary of the Fair Hydro program and its impact on the IESO.

The memo is structured to provide an overview of four key areas, namely;

- Legal and Fair Hydro Structure;
- Settlements and LDCs
- Accounting and IESO Reporting
- Treasury and Liquidity

Background:

As you are aware, the Ontario introduced legislation in May 2017 to implement the Fair Hydro program. The program intends to defer the upfront costs associated with procuring electricity contracts and match to costs to the expected life of those contracts.

We look forward to our discussion at the Board meeting.

Sincerely,

Jeannette Briggs, Susan Nicholson, Michael Boll and Anthony Martinello

Legal and Fair Hydro Structure:

Overview

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Settlements and LDCs

Overview

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Accounting and IESO Reporting

Overview

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Treasury and Liquidity

Overview

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Appendix 1

(insert VISIO- workflow chart)