

**Questions from Ministry of Finance/OFA Regarding IESO Indemnity Agreement – For IESO
Input - ONFHP**

1. Could you please provide specific concerns/scenarios for which IESO or its directors, officers and employees may become liable and which the indemnity is intended to cover? You have provided examples which are related to financing mostly. Are there any other activities? Who would be most likely to sue: investors, what about other groups?
 - Investors in any Fair Hydro investments : any securities prospectus, with the IESO named and / or IESO being involved
 - 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)
2. Please provide more detail on the type of insurance that IESO has to cover these risks? i.e. directors and officers insurance? Insurance for employees through employment contracts?
 - IESO carries:
 - Directors & Officers insurance : max \$15 million limit
 - Professional liability: max \$75 million limit
 - Temporary employees (contracted) may carry insurance based on any IESO RFP specifics, but not necessarily.
3. 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?
 - Additional processes are required to segregate the Fair Hydro flows (new charge types, new bank segregations, new input forms, new payment processing schedules).
4. Has IESO given a standard indemnity to its directors and officers that would be called upon first before the indemnity from the Province? What about employees – are they provided an indemnity through their existing employment contracts?
5. It is mentioned that IESO 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 IESO's other corporate documents be updated to reflect their role in OFHP?
Would this potentially affect accounting?

- 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 cashflows 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.