

Message

Sent: 2017-06-19 2:22:16 PM
To: DREWNIAC John -TREASURY [john.drewniak@opg.com]
CC: Michael Boll [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=4811917e15054407b665fe16d12ff415-Michael Bol]; Kim Marshall [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=b63a22b42bf14587870d93119a054d88-Kim Marshal]; Jeannette Briggs [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=148095610f7242f48a5a9da24b1a8a87-Jeannette B]
Subject: RE: IESO Default Levies

John,

As a statement of fact, the IESO has incurred multiple defaults of which a few resulted in IESO default levies. Since 2002, the total aggregated default levies have been under \$ 1 million, and these amounts were apportioned and recovered from both loads and generators.

For clarity, the IESO's market settlement default levy framework will not apply to Fair Hydro payment defaults.

Regards

From: DREWNIAC John -TREASURY [mailto:john.drewniak@opg.com]
Sent: June 19, 2017 11:28 AM
To: Anthony Martinello
Subject: IESO Default Levies

Anthony,

OPG has been tasked by the provincial government to set up a Trust to borrow monies that will fund the discount that will be applied to customers under the Fair Hydro Plan.

My group is involved in providing a presentation to the credit agencies who would rate the debt within the Trust. One of the key areas that would be highlighted is the structure of the IESO and the Market Participants and the level of credit worthiness that has existed since market opening.

The 2016 Prudential Framework Report by the IESO indicated that there were only three default levies since 2002. In our discussion you had stated that the total default levies were under \$1 million.

I'm just confirming that using the statement that "total default levies since 2002 to the IESO Market Participants have been under \$1 million" is acceptable to present to the credit agencies.

Thanks,

John Drewniak
Senior Manager, Credit & Market Risk
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