Message

From: Anthony Martinello [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=3FB7D76317B34780B15D96309B995C31-ANTHONY MAR]
Sent: 2017-06-20 3:15:37 PM
To: Salman Qadir [Salman.Qadir@ofina.on.ca]
CC: Olga Whiteley [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=a8aa010dbbc243af97222fcd3f2ae4a0-Olga Whitel]
Subject: Re: IESO Treasury Policy - June 14, 2017

Was sent yesterday with cc to Gadi and Scott. Regards.

From: Salman.Qadir@ofina.on.ca
Sent: June 20, 2017 2:54 PM
To: Anthony.Martinello@ieso.ca
Cc: Olga.Whiteley@ieso.ca
Subject: RE: IESO Treasury Policy - June 14, 2017

Hi Anthony,

Please let me know if/when you've sent the letter with the treasury policy to Minister of Finance – just trying to line up some timelines on our end.

Thanks,
Salman

From: Salman Qadir
Sent: Wednesday, June 14, 2017 4:05 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>
Subject: RE: IESO Treasury Policy - June 14, 2017

Thanks Anthony. Doesn't look like any of the additional comments made it through.

Please keep us posted. We might be briefing the Minister next week as well.

Salman

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 14, 2017 3:28 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>
Subject: IESO Treasury Policy - June 14, 2017

IESO Board approved the attached today. I will be sending to the Min Finance later this week.
Thx for your efforts.
Regards.

From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: June 14, 2017 12:01 PM
To: Anthony Martinello
Subject: RE: IESO Treasury Policy - likely revising for June 2017

Hi Anthony,

Once approved, could you let me know what was approved by the Board regarding the Treasury Policy? I believe it was mentioned the meeting was scheduled for yesterday or today.

Thanks,
Salman

From: Salman Qadir
Sent: Tuesday, June 06, 2017 9:19 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Subject: RE: IESO Treasury Policy - likely revising for June 2017

Hi Anthony,

Please see attached. Some suggested edit(s).

Thanks,
Salman

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, June 05, 2017 5:53 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: IESO Treasury Policy - likely revising for June 2017

I appreciate your efforts.
And we are all busy on FH plus our normal daily items.
I have to move forward as is....any change will be made verbally at the Board meeting next week. Regards.

From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: June 05, 2017 5:20 PM
To: Anthony Martinello
Subject: RE: IESO Treasury Policy - likely revising for June 2017

Hi Anthony,

Unfortunately, I have not received any further comments back from senior management on this.

I personally had no comments but need to defer to them for any additional feedback.

I'll let you know as soon as I receive anything.

Regards,
Salman

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, June 05, 2017 9:50 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: IESO Treasury Policy - likely revising for June 2017

Sorry - its strict.
Regards.

From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: June 05, 2017 9:19 AM
To: Anthony Martinello
Subject: RE: IESO Treasury Policy - likely revising for June 2017

Hi Anthony,

I'm just waiting on some folks for comments – I had given them until tomorrow, but will ask them to get any comments back to me today so I can get it back to you.

Any way I can get comments back to you tomorrow morning? Or is it a strict deadline?

Thanks,
Salman

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Sunday, June 04, 2017 9:13 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: IESO Treasury Policy - likely revising for June 2017

Salman – any feedback?
Apologies for short notice as I am due to send my materials to IESO Board on June 5 EOD (advance mail due date) for their June 13/14 meetings.

Regards.

From: Anthony Martinello
Sent: May 30, 2017 11:29 AM
To: 'Salman Qadir'
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]