

Message

Sent: 2017-08-01 1:23:34 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 Marshall]; Jeannette Briggs [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=148095610f7242f48a5a9da24b1a8a87-Jeannette B]; Hamlet Alexanian [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d0fcff8aeea84848ba5a12380ec04460-Hamlet Alex]
Subject: RE: IESO Default Levies

John:

Yes, since market opening, the IESO has had LDCs' default in their payments to the IESO. However, none of the LDCs' defaults resulted in any default levy.

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

From: DREWNIAC John -TREASURY [mailto:john.drewniak@opg.com]
Sent: July 31, 2017 3:38 PM
To: Anthony Martinello
Cc: Michael Boll; Kim Marshall; Jeannette Briggs
Subject: RE: EXTERNAL – RE: IESO Default Levies

Anthony,

In our discussions with the credit agencies, they have asked if any LDCs have defaulted in their payments to the IESO. I believe a better question would be since 2002 (market open) has any LDC defaulted of their payment to the IESO and a default levy was applied.

Can you confirm that of the three default levies since 2002, none were associated with a LDC?

Thanks,

John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, June 19, 2017 2:23 PM
To: DREWNIAC John -TREASURY
Cc: Michael Boll; Kim Marshall; Jeannette Briggs
Subject: EXTERNAL – RE: IESO Default Levies

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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: DREWNIAK 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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