This confidential draft document is provided for discussion purposes only. It should not be construed as representing the position adopted by the Government of Ontario on any of the topics included or not included in this document. Any notes included in **this document are intended only to help facilitate a discussion of the topics to which they relate.**

NOTICE: THESE ARE INSTRUCTIONS FOR A DRAFT.

THE LANGUAGE USED IS SUBJECT TO CHANGE BASED ON DRAFTING REQUIREMENTS

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A PROPOSAL TO CREATE REGULATION

MADE UNDER THE

ONTARIO FAIR HYDRO PLAN ACT, 2017

Amending O. Reg. 206/17

(GENERAL)

Definition – Carrying costs

Please add a new definition for "carrying costs" to s.1(1) of O. Reg. 206/17 as follows:

"carrying costs" means, in respect of a financing entity for each month, without duplication, and subject to section 9.1. (3), the sum of:

(a) funding costs;

(b) financing entity expenses; and;

(c) tax liabilities, net of tax refunds received during the period.

net of any payments in connection with a derivative agreement, including ordinary course receipts and payments received on termination.
[Preferred simply definition]

[ALTERNATIVE APPROACH TO DEFINITION FOR CARRYING COSTS]

"carrying costs" means, in respect of a financing entity for each month, without duplication, and subject to section 9.1. (3), the finance amount determined under section 5 in respect of each financing entity for the month *[period?]* calculated on an ~~accruel~~accrual basis, excluding the following amounts:
[References below may introduce confusion as they are under the heading CEA in the General O. Reg and the Act indicates CEA will not be collected until after April 30, 2021]

(a) the amounts referred to in sub-sub paragraphs I, iii and iv of paragraph 1 of subsection 5(1)

(b) the amounts referred to in sub-sub paragraph v of paragraph 1 of subsection 5(1) which are deposited to capital accounts

(c) the amounts referred to in sub-sub paragraphs ii, iii and iv of paragraph 2 of subsection 5(1);

(d) the amounts referred to in sub-sub paragraph i of paragraph 2 of subsection 5(1) which are withdrawn from capital accounts

9.1 (1) During the period commencing January 1, 2018 and ending on or before April 30, 2021**,** the IESO shall be required to pay and remit the amounts provided for under subsection (2) to one or more financing entities, where such amounts are charged to the IESO by the ~~a~~ financing entity in respect of the period commencing June 1, 2017 and ending on or before April 30, 2021.

(2) The IESO shall pay amounts determined, without duplication, in respect of carrying costs of financing entities during a month which are charged to the IESO by ~~a~~ one or more financing entity as well as any fees, made in accordance with this Regulation and approved by the Board pursuant to subsection 19(4) of the Act, which are charged to the IESO by the Financial Services Manager.

Retrospective to June 1, 2017

(3) For the purposes of recovering the costs mentioned in subsection (2), a financing entity may charge to the IESO any amounts which relate to those items that have been paid or incurred on or after June 1, 2017.

Retrospective to June 1, 2017

(4) The IESO may rely on information provided by financing entities for the purposes of determining the amounts to be paid to one or more financing entities under this section

and the IESO shall not be required to determine the accuracy or reasonableness of such amounts.