Message

Sent: 2017-10-16 3:24:56 PM
To: Manii, David [david.manii@tdsecurities.com]
CC: Victor Buza [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7643c3d5ac26488bab32d07049f1e089-Victor Buza]
Subject: IESO - 3 fair hydro items
Attachments: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_Energ....docx

David,

As discussed, in regards to the IESO servicing the fair hydro program, below are the three items for TD to note.

1.
IESO is expected to post a letter of credit (or maybe a letter of guarantee solely written by IESO) in favour of the Trust for any non-credit rated LDCs defaults during the period 2021 to 2047. The rough amount is still being discussed, and I am trying to make this zero but amounts of between $40 million have been talked about.

2.
IESO found out in mid Sept that the Ontario Financing Authority has a new lending policy for giving out unsecured credit. As part of the new $2billion IESO fair hydro facility, OFA is looking for the IESO, Ministry of Energy to sign the attached "intercept letter".

3.
The Trust is looking for the IESO to give a 1st priority/security over all IESO assets including accounts receivables. This item is being discussed heavily with all parties and I recognize this will if it proceeds will require a) new TD/IESO amendments or b) alternative options.

Once you had a chance to review, if you could let me know on #1 and #2 above – as I already know what #3 entails.

Regards.

Anthony Martinello Director, Treasury & Pension Operations
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From: Anthony Martinello
Sent: October 13, 2017 11:06 AM
To: Macfarlane, Gavin
Cc: Hamlet Alexanian
Subject: IESO - OFA intercept letter

Gavin – we can discuss.

OFA wants the IESO (and MoEnergy) to sign the attached intercept letter to accompany the OFA:IESO $2Billion unsecured line of credit agreement for Fair Hydro (e.g. RPP).

As you know, the IESO's revenue/fees are approved by the OEB and paid by the electricity market's participants.

Please let me know if this intercept letter has any negative impacts on our Moody LT issuer rating.

Regards.