BRIEFING NOTE:

DM Monthly Meeting

April 28, 2017

[redacted]

Connecting Today.
Powering Tomorrow.

[redacted]

[redacted]

3. Ontario Fair Hydro Plan

Key Facts

- IESO is working with OPG regarding the purchase and sale of regulated asset
- We are in the process with accounting opinion; meeting with OEB next week and need clarity on their role of setting rates which creates the asset
- We are still planning to reach out to the Auditor General after Easter with 2016 financial statements with regulatory accounting
- IESO will issue a letter to the Deputy Minister [NTD: ready to bring Friday April 28?] focused on seeking formal steps regarding backstop and indemnification that has been informally promised to the IESO by the Ministry.

Commented [DJB3]: Status?

Commented [DJB4]: Did this occur?

Please contact Kim Marshall for further detail.

Background:

- The IESO will work with OPG to facilitate the refinancing of global adjustment over a 30-year term.
  - This will involve the IESO collecting less money from LDCs and transferring the outstanding amount to OPG as an "asset" they will manage
  - Current forecasts indicate this will be about $2.5B per year over the first ten years, with annual interest costs not exceeding $1.4B
  - Legislation will be introduced that will enable IESO and OPG to refinance GA
  - IESO contract holders will not be affected
- The Industrial Conservation Initiative is being expanded by reducing the threshold from 1MW to 500kW and targeting more small manufacturing and industrial customers
- The Rural or Remote Rate Protection will be broadened to cover more customers and its costs will be now be recovered through the tax base
- Market Renewal was cited by the Minister during this morning's press conference and in a media backgrounder as another solution to mitigate rates
  - The backgrounder saying it is "estimated to save at least $200M per year, starting in 2021"

4. - [redacted]

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