

Agenda Item - Summary

Date of Meeting: May 17, 2017

Agenda Item: IESO Risks – Ontario Fair Hydro Act

Nature of Issue:¹ IESO core business activity; be recognized as a trusted advisor, informed by engagement

Executive Summary: The purpose of the discussion is to provide a status update regarding the IESO risks related to the Ontario Fair Hydro Act and to address any questions raised by the Board of Directors.

Given the IESO's role in the administration of the Fair Hydro Act, the IESO will be potentially subject to reputational, financial, solvency, credit, regulatory and legal risks. Through discussions, IESO management has identified 9 potential risks that culminate into a single key risk "The structure proposed for the Ontario Fair Hydro Plan is abandoned or fails, either in whole or in part" that represents the overall risk to the IESO. The 9 identified risks were assessed from an impact and likelihood perspective and the IESO actions towards mitigation were identified for each risk. Assuming all of the anticipated assurances and actions unfold as planned, the overall combined assessment of the nine risks is considered within an acceptable range. However, residual risk remains that is beyond the IESO's control including any future changes in government policy or the OPG's inability to purchase the regulatory asset from the IESO in whole or in part.

¹ Consider whether this agenda item supports the IESO's core business and/or a strategic goal. If selecting a strategic goal, consideration should also be given to the underlying strategic objective supported.

- IESO core business activity
- Deliver superior reliability performance in a changing environment
- Drive to a more efficient and sustainable marketplace
- Be recognized as a trusted advisor, informed by engagement
- Invest in our people and processes to meet the needs of the sector

Significant Issues:² N/A

Decision being Sought: Information item for the Board of Directors

Attachments: Memorandum – IESO Risks - Ontario Fair Hydro Act

² Consider contentious issues and significant risks.