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# Memorandum

To: THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS of the Independent Electricity System Operator

From: Anthony Martinello, Director Treasury and Pension Operations

Date: June 13, 2017

Re: IESO Treasury Policy

[redacted]

IESO management has reviewed the current IESO Treasury Policy (version dated June-24-2015) and recommends that changes be made to the policy in order to update for the following:

- Permit borrowings for the Fair Hydro program; [redacted]

**Changes – Fair Hydro program borrowing:**
The IESO will be responsible to ensure that the Ontario Fair Hydro program has sufficient liquidity. In general, the Fair Hydro program requires that the IESO receive payments from LDCs which will be less than those settled to generators/ counterparties. This shortfall will need to be funded by the IESO via a valid credit facility. Any shortfall is then expected to be transferred to the OPG Trust in due course under the Fair Hydro program. The IESO is also seeking amendments to O. Reg. 280/ 14 to clearly authorize borrowing for the purposes of the Fair Hydro program.

[redacted]

**Review of Changes in the Treasury Policy**
Attached for your review is the current IESO Treasury Policy with recommended black-lined changes.
These changes have been sent to the Ontario Financing Authority for their comment (if any), as of yet no comments have been received.

**Recommendation:**

**The IESO Audit Committee to recommend to the IESO Board of Directors approval of:**

1. **the attached revised Treasury Policy and Schedule A; and**
2. **to submit the policy to the Minister of Finance;**

Sincerely,

Anthony Martinello
Director, Treasury and Pension Operations