Financial Services Manager Fee – Approved by OEB, initial methodology to be submitted no later Aug, 2017, updates to methodology defined in regulation

- Variable/fix rate of return based on allowable basis point against OPG investment
- Labour costs
- Other permitted costs

Clean Energy Adjustment – Recovery post 2021- OEB to take as submitted when setting rates for recovery

- Cost of deferral including interest, taxes etc.
- Principal deferral returned as allowed under the forward curve of fair allocation amount
- Expenses including FSM costs (we believe)

Variance Account

- RPP shortfall (current wording of Act says "on or after" does this include current balance as of April 30th – 23(1))
- The RPP variance balance (including interest) immediately preceding the FH program start
- GA shortfall for OFHPA eligible rate payers (23(1))
- Interest on borrowing in capacity as long as it relates to this variance account activity (24 (1))
- Trust costs (if we fund immediately until 2021 and who would approve us doing this, no one if we get the regulation to include these costs? Will we know what is reasonable based on the OEB approved methodology, or do we care? 24(1))
- Capital Reserve Deposits and Finance Reserve Deposits – up to 2021
- NTD – JB asks Anthony are there any other costs (24(1)) – tax liabilities (no principal as this will not allow "derecognition" by IESO)

Variance account balance becomes regulatory asset which is transferred to FSM Trust then securitized. So the FSM cost paid now will be part of the interest bearing asset sold. Do FSM costs paid by IESO stop in 2021 so as to be included in CEA directly paid by ratepayers – as long as there is sufficient room with the financing plan, otherwise IESO may still need to pay so costs post 2021.

Draft language for regulation:

xx. the IESO will determine the IESO deferral monthly, which IESO deferral may include the following amounts:

1. The difference between Global Adjustment for a month, and the amount collected from electricity vendors as a result of rates determined pursuant to Sections 7 and 8 of the Act;
2. borrowing costs related to amounts borrowed to fund the difference referred to in paragraph 1;
3. Residual RPP variance amounts from the period preceding the implementation of the rates under Sections 7 and 8 of the Act;

4. Any amounts the IESO pays to a Financing Entity for amounts that would otherwise would have been recoverable as a Clean Energy Adjustment during a period when all or part of the Clean Energy Adjustment is not able to be recovered from specified consumers.