Message

**From:** Anthony Martinello [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=3FB7D76317B34780B15D96309B995C31-ANTHONY MAR]
**Sent:** 2018-01-31 1:29:10 PM
**To:** Jeannette Briggs [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=148095610f7242f48a5a9da24b1a8a87-Jeannette B]; Susan Nicholson [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=f668e601bd2b4865a5c31dca531047c8-Susan Nicho]
**CC:** Olga Whiteley [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=a8aa010dbbc243af97222fcd3f2ae4a0-Olga Whitel]
**Subject:** RE: market accounts note in financial statements

The GA variance (aka FH variance):

- The December FH sale of $1.179B included interest expense YTD and carrying costs YTD and remember the sale did not include about $971K that was not sold to the FHT;
- So the amount on the IESO website of $1.378B (which is rounded) includes the LTD carrying costs and interest exp;
- So Susan, your $195.8 does not include interest and carrying costs.

For OESP, the bank account = $24,891,847.84 after the mid-Jan settlement which is the same as reported to OEB. Recall that about $11.2million was settled and paid to the market in mid-January.

Regards.

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**From:** Jeannette Briggs
**Sent:** January 30, 2018 6:07 PM
**To:** Susan Nicholson; Anthony Martinello
**Subject:** RE: market accounts note in financial statements

Based on what is on our website, I have the total number at $1.378B before deferral in my Audit Committee document. Does the posted number include interest Anthony?

Susan see attached on OESP - if I take the interest away I do not get your number. I was just on a Ministry call so the numbers were stuck in my head but maybe you have something different for F/S reporting versus what we have been giving the government?

*Regards,*

*Jeannette Briggs* Director, Settlements - Corporate Services
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**From:** Susan Nicholson
**Sent:** January 30, 2018 5:51 PM
**To:** Jeannette Briggs; Anthony Martinello

**Cc:** Susan Nicholson; Natalie Schaus
**Subject:** market accounts note in financial statements

Hi there, here is the first draft at the note for the financial statements. Can you please confirm that these figures agree with your numbers.

I believe the under collection for the Global Adjustment (deferred GA variance) would be $1.375 billion ($1.179 + $0.196) before interest and carrying charges.

I appreciate any comments/corrections. Thank you.

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## 1. MARKET ACCOUNTS

a) In March 2017, the Government of Ontario announced its Fair Hydro Plan (FHP). Under this Plan, the IESO continues to settle the transactions between generators and distributors, but collects only a portion of the Global Adjustment from eligible customers, identified in the Ontario Fair Hydro Plan Act. The FHP also shifted the cost of the Ontario Electricity Support Program (OESP) and most of the Rural or Remote Rate Protection (RRRP) program costs from ratepayers to taxpayer-funded programs.

As at December 31, **Deferred Global Adjustment Variance** was $195,855 thousand. The under collection in the account to the end of December 2017 was $xyz thousand. On December 21, 2017 $1.179 billion was transferred to the Fair Hydro Trust. This amount included OPG carrying costs.

With the implementation of the FHP on May 1, 2017, only payments to **OESP** eligible customers are currently being made and the balance at December 31, 2017 was in a credit position of $26,352 thousand, net of interest.

A new rate for the **RRRP** program under the FHP was effective July 1, 2017. The balance in the RRRP variance account to June 30, 2017 was $6,626 thousand. The new rate has resulted in an under collection of $5,994 thousand (net of interest) in the second half of the year for the RRRP settled through the market accounts, resulting in balance in the variance of $12,620 thousand as at December 31, 2017.

**Components of the market accounts are as follows:**

| As of December 31 (in thousands of Canadian dollars) | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Cash, restricted for market activities | 543,391 | 244,755 |
| Amounts due from market participants | 1,186,326 | 1,391,260 |
| Interest receivable | 217 | 186 |
| Regulatory assets/liabilities | 182,123 | 37,873 |
| **Total Market Assets** | **1,912,057** | **1,674,074** |
| Market Debt | (13,252) | (150,501) |
| HST receivable | 110,162 | 25,531 |
| Amounts due to market participants | (1,867,757) | (1,387,971) |
| Other net liabilities | (141,210) | ( 161,133) |
| **Total Market Liabilities** | **(1,912,057)** | **(1,674,074)** |
| **Closing balance** | - | - |

**Regulated assets consist of the following:**

| As of December 31 (in thousands of Canadian dollars) | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Deferred Global Adjustment Variance | 195,855 | - |
| Regulated Price Plan Variance | - | 134,988 |

| | | |
|---|---|---|
| Ontario Electricity Support Program Variance | (26,352) | (92,443) |
| Rural or Remote Rate Protection variance | 12,620 | (4,672) |
| **Closing balance** | **182,123** | **37,873** |

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