

# IESO

## Orientation Session

Overview of treasury, pension plan,  
debt, and insurance

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# IESO - Treasury and Pension

Corporation

the Markets

Pension/SERP

Liquidity

Cash & Debt  
management

Financial Risks

Credit, Insurance,  
Foreign Currency,  
Interest Rates,  
Collateral

Investments

Short Term &  
Long Term,

# Pension: Employment - Types of Plans

## Employment – Defined Benefit

- Single Employer



- Multi-Employer :
- Jointly-Sponsored :

UNIFOR  
OMERS, HOOPP  
(deficits are co-contributed)

# Pension – Governance Structure

(a “Terms of Reference” document outlines each roles)

IESO Board of Directors

Board: Audit Committee

Board: HR Committee

IESO Governance & Policies Framework

Pension Management Committee

Treasury

Human Resources



















# Overview of debt

IESO Corporate Debt – typical borrowing for:

- capital expenditures, Smart Meter capital and operating expenditures, Market Renewals, Pension contributions, general working capital, MACD market operations

IESO Markets Debt – typical borrowing for:

- RPP (Fair Hydro) and other regulated variances;
- Market payment defaults, GA timing differences, HST timing, other;

# Overview of debt - facilities available

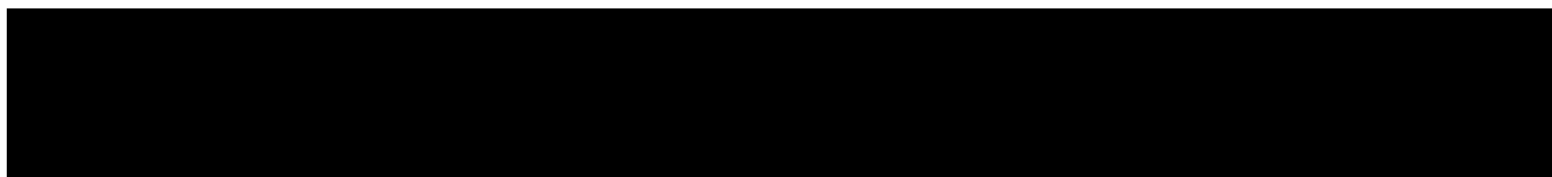
| Maximum \$<br>Draw<br>(millions) | Lender | Funds utilized for | Expiry   | Comments              |
|----------------------------------|--------|--------------------|----------|-----------------------|
| \$475                            | OFA    | Market             | Dec 2019 | 1, 2 or 3 months only |



|       |      |                                |           |                     |
|-------|------|--------------------------------|-----------|---------------------|
| \$160 | OEFC | Corporate<br>General liquidity | June 2020 | Month-to-month only |
|-------|------|--------------------------------|-----------|---------------------|

|       |      |                              |           |                     |
|-------|------|------------------------------|-----------|---------------------|
| \$120 | OEFC | Corporate<br>SME/CAPEX Costs | June 2020 | Fixed term and rate |
|-------|------|------------------------------|-----------|---------------------|

|         |     |            |           |                  |
|---------|-----|------------|-----------|------------------|
| \$2,000 | OFA | Fair Hydro | Sept 2022 | 5 days – 95 days |
|---------|-----|------------|-----------|------------------|



Note: the IESO receives via the IESO fee an OPEB expense amount which is utilized as a source of funding in a similar manner as a debt.

# Overview of Credit risk

## IESO Markets:

- Manage +\$1billion credit risk collateral framework (prudentials) and market rules;
- Includes monitoring, margin calls, capital calls;
- Includes managing bankruptcy, CCAA court actions, remedy/recovery methods, negotiate settlements with IESO legal assistance;

## IESO Corporate

- Oversee material vendors' assessments, RFPs' financial stability / credit risks assessments;

# Overview of Liquidity (Treasury)

## IESO Markets / IESO Corporate:

- Manage the cash-flows of over \$1.5 billion per month. Ensure funds are managed, invested, and applied to ensure settlements are proper;
- IESO Treasury Policy – adherence, & approved by IESO Board and Minister of Finance;
- Key relationships with TD, RBC, CIBC, BMO

## IESO Pension, SERP:

- Manage the cash-flows, direct investment managers, daily funds & settlements;

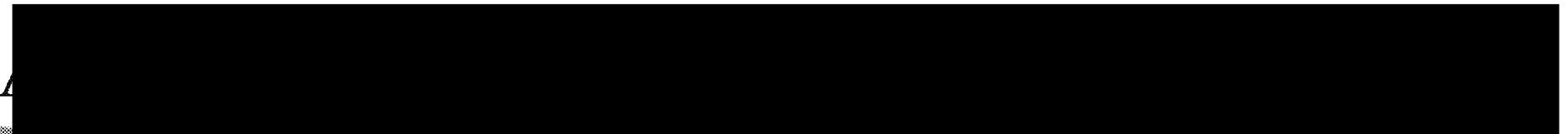
# Overview of insurance

Policies period: July 1 – June 30 annual

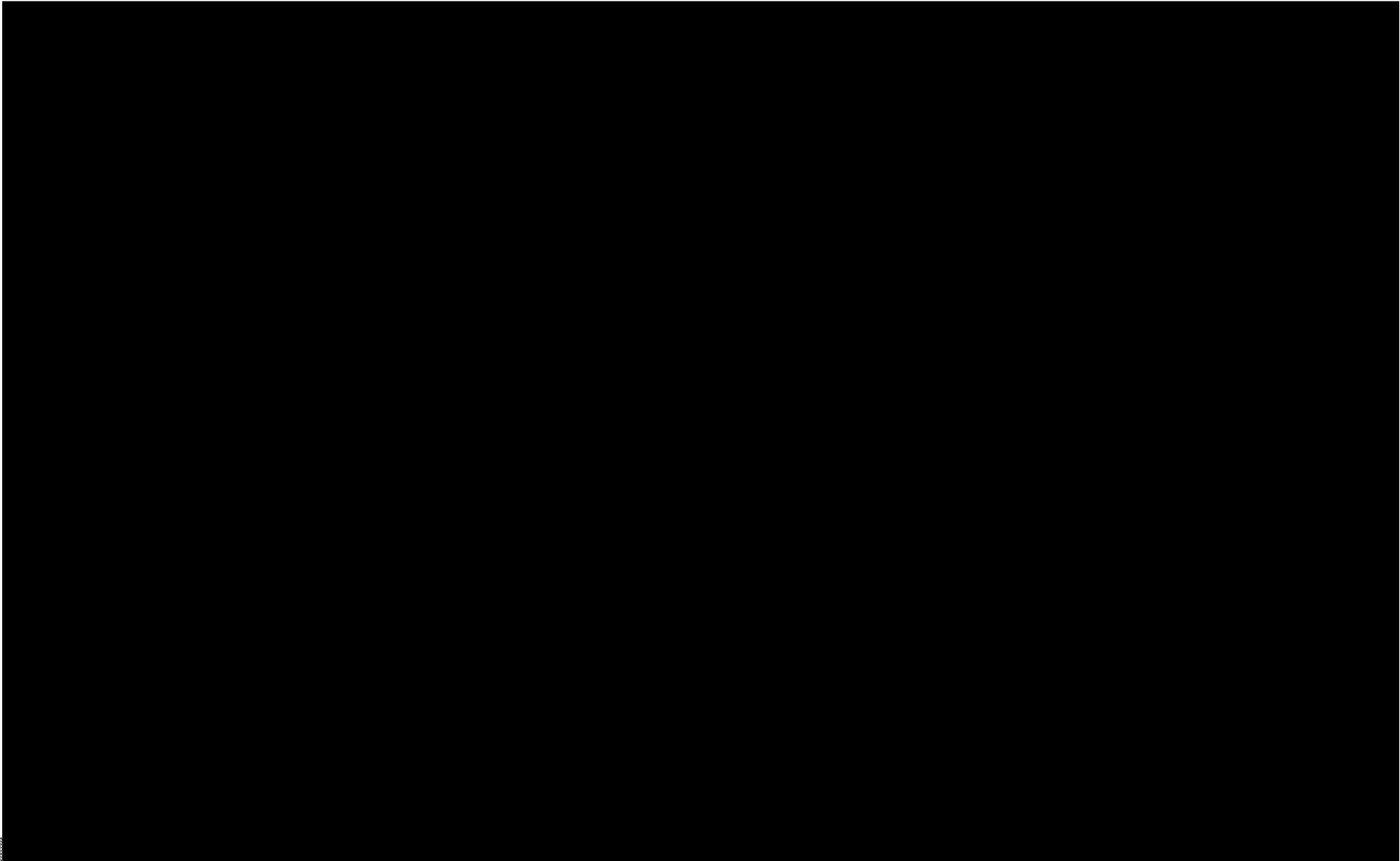
- Consistent with most organizations, the IESO utilizes insurance coverages as risk-mitigation instruments

Insurance broker: Marsh Canada

Claims payout experience: low, minor  
(work with IESO Legal on all claims/notices)



# Overview of insurance - Policies



# Overview of insurance

