

BRIEFING NOTE:

DM Monthly Meeting

April 28, 2017

2. Ontario Fair Hydro Plan

Key Facts

- * IESO is working with OPG regarding the purchase and sale of regulated assets
- * We are in the process with accounting opinion, meeting with OEB next week and need clarity on their role of setting rates which creates the asset
- * We met with the Auditor General earlier this week and presented an overview of the change in regulatory accounting
- * IESO will issue a final form of a draft letter [2 hard copies enclosed] focused on seeking formal steps regarding backstop and indemnification that has been informally promised to the IESO by the Ministry.

Commented [DJB3]: Status?

Commented [RG4]: Who is meeting with the OEB and when??? I don't have anything in Bruce's calendar?

Commented [DJB5]: Did this occur?

Please contact Kim Marshall for further detail.

Background:

- * The IESO will work with OPG to facilitate the refinancing of global adjustment over a 30-year term.
 - o This will involve the IESO collecting less money from LDCs and transferring the outstanding amount to OPG as an "asset" they will manage
 - o Current forecasts indicate this will be about \$2.5B per year over the first ten years, with annual interest costs not exceeding \$1.4B
 - o Legislation will be introduced that will enable IESO and OPG to refinance GA
 - o IESO contract holders will not be affected
- * The Industrial Conservation Initiative is being expanded by reducing the threshold from 1MW to 500kW and targeting more small manufacturing and industrial customers

- * The Rural or Remote Rate Protection will be broadened to cover more customers and its costs will be now be recovered through the tax base
- * Market Renewal has been cited by the Minister as another solution to mitigate rates
 - o Media back grounder saying Market Renewal is “estimated to save at least \$200M per year, starting in 2021”

3. Ontario Fair Hydro Plan

Key Facts

- IESO is working with OPC regarding the purchase and sale of regulated asset
- We are in the process with accounting opinion; meeting with OEB next week and need clarity on their role of setting rates which creates the asset
- We are still planning to reach out to the Auditor General after Easter with 2016 financial statements with regulatory accounting
- IESO will issue a letter to the Deputy Minister (NTD ready to bring Friday April 28) focused on seeking formal steps regarding backstop and indemnification that has been informally promised to the IESO by the Ministry.

Commented [DJB9]: Status?

Commented [RG10]: Who is meeting with the OEB and when??? I don't have anything in Bruce's calendar?

Commented [DJB11]: Did this occur?

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Please contact Kim Marshall for further detail.

Background:

- The IESO will work with OPC to facilitate the refinancing of global adjustment over a 30-year term.
 - This will involve the IESO collecting fees money from LDCs and transferring the outstanding amount to OPC as an "asset" they will manage

- Current forecasts indicate this will be about \$2.5B per year over the first ten years, with annual interest costs not exceeding \$1.4B
- Legislation will be introduced that will enable IESO and OPC to refinance CA
- IESO contract holders will not be affected
- ◆ The Industrial Conservation Initiative is being expanded by reducing the threshold from 1MW to 500kW and targeting more small manufacturing and industrial customers
- ◆ The Rural or Remote Rate Protection will be broadened to cover more customers and its costs will be now be recovered through the tax base
- ◆ Market Renewal was cited by the Minister during this morning's press conference and in a media backgrounder as another solution to mitigate rates
 - The backgrounder saying it is "estimated to save at least \$200M per year, starting in 2021"



