Message

Sent: 2018-04-18 12:55:06 PM
To: Demetriades, Natasha (ENERGY) [Natasha.Demetriades@ontario.ca]
CC: Anthy Lovachis [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=42a8bb25d4b341b6aa9c16b1ddbc0790-Anthy Lovac]
Subject: RE: Globe & Mail question

Hi Natasha,

That timeline identified below is consistent with our understanding of when the IESO was asked to review its accounting policies for our market accounts. The response the IESO provided to Matt around a similar question is below.

Cheers,

Jordan

2. Was the IESO asked to change its accounting policies by the government?

The IESO reviews its accounting policies from time-to-time to ensure our financial reporting best represents our operations and the substance of the accounts we oversee. In early 2017, an internal review of our accounting policies was initiated after a conversation with the Office of the Provincial Controller about the IESO's financial reporting of market accounts but the IESO was not directed to change its accounting policy by government.

The IESO worked with KPMG on the review and determined that there were reporting options for market accounts and regulatory assets and that a choice was required as to whether or not to report these in the IESO financial statements. By analyzing the nature of the accounts, IESO's economic relationship to them, legislative requirements and market rules it was concluded that an appropriate position for either treatment was acceptable. Draft white papers on the reporting options from KPMG were provided to the Provincial Controller on February 21, 2017.

Ultimately, the IESO felt the public reporting of market accounts was relevant to the needs of its financial statement users and enabled greater transparency into the market transactions it oversees, which amounted to over $17 billion last year. The IESO also determined that recognizing regulatory assets would provide more transparency into the substance of certain accounts that we oversee.

From: Demetriades, Natasha (ENERGY) [mailto:Natasha.Demetriades@ontario.ca]
Sent: April 18, 2018 12:33 PM
To: Jordan Penic
Cc: Anthy Lovachis
Subject: Globe & Mail question
Importance: High

Hi Jordan: Highlighted below you will find a question/fact-check sent to TBS from the Globe and Mail.

The question comes from the same reporter working on the story relating to financial/accounting details of the FHP.

Is IESO able to weigh in on the response?

Hoping you can get back to me as soon as possible.

Thanks so much,

Natasha

From: Tharani, Alisha (TBS)
Sent: April-18-18 12:18 PM
To: Demetriades, Natasha (ENERGY)
Cc: Vrancart, Kate (TBS); Blodgett, Scott (MOF)
Subject: RE: Globe & Mail interview request
Importance: High

Hi Natasha,

Matt McClearn had left me a VM requesting a fact check on the following. See below for our proposed response.

Fact Check Request from Matt McClearn (G&M): As he understands, Cindy was on the FHP team at the same time she asked IESO to look at the issue of market accounts. Can we confirm.

Response:
In January 2017, at one of the initial meetings that the Provincial Controller attended to discuss the Fair Hydro Plan, she became aware of the accounting for the market accounts at IESO, and requested management of IESO to review the accounting for these accounts. At the time the request was made, the structure for the Global Adjustment Refinancing of the Fair Hydro Plan had not been determined.

Could you please get back to me **ASAP (by 2pm)** with any concerns?

Thanks,

Alisha