Message

From: Kim Marshall [/O=IMO/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=KIM MARSHALL9F5]
Sent: 2017-02-25 10:40:11 AM
To: Picard, Michel [mpicard@kpmg.ca]
Subject: Re: New thinking

Ok let's see what response you get. No concern that a significant change in approach at this point looks unprincipled?

Sent from my iPad

> On Feb 25, 2017, at 8:54 AM, Picard, Michel <mpicard@kpmg.ca> wrote:
>
> This approach reduces all the IESO's risks identified by Cindy. It is magic! She is only left with the three OPR's risks.
>
> Sent from my iPhone
>
> On Feb 25, 2017, at 08:20, Kim Marshall <Kim.Marshall@ieso.ca<mailto:Kim.Marshall@ieso.ca>> wrote:
>
>
> ok this is a big change, I will have no credibility with my audit committee on this one.
>
>
>
> ________________________________
> From: Picard, Michel <mpicard@kpmg.ca<mailto:mpicard@kpmg.ca>>
> Sent: February 24, 2017 10:50 PM
> To: Veinot, Cindy (TBS); Petsche, Nadine (TBS); Kim Marshall; MAUTI John -FIN & C CTRL; CHENG Alec -FIN & C CTRL; Calwell, Carolyn (ENERGY/MEDEI/MRI); Imbrogno, Serge (ENERGY); Nelms, Scott (ENERGY); Hume, Steen (ENERGY)
> Cc: Ouellette, Lois A; Betik, Matthew
> Subject: New thinking
>
> *** EXTERNAL email. Please be cautious and evaluate before you click on links, open attachments, or provide credentials. ***
> All,
>
> As you know by now, the OEB believes that they should not be involved with the approval process of the regulatory asset.
>
> In the absence of regulatory accounting, PSAB requires that the energy purchased (the unrecognized regulatory asset) be expensed immediately.
>
> If the sale contract would be set-up in a way that the unrecognized asset is sold to the OPG Trust on a daily basis, then an offsetting revenue would be recorded.
>
> As IESO is an agent for the market participants, IESO is showing the market transactions in the income statement on a net basis.
>
> Therefore, no impact on the income statement and the sale would be recorded as a receivable from the OPG Trust.
>
> The accounting treatment in the IESO's books should not impact the nature of the asset purchased by the OPG Trust, as I believe it would still be considered an intangible asset.
>
> The new accounting approach would:
>
>
> * not require the approval of the OEB;
> * not require IESO to adopt regulatory accounting under PSAB; and
> * permit the legislation to be as tight as possible for the right to collect the intangible asset; and
> * not require the consolidation of the market books.
>
>
> I would appreciate your comments on the proposed approach above.
>
> Ps: Is this the magic that Andrew was expecting!
>
> Michel Picard, CPA, CA

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