# IESO Orientation Session

Overview of treasury, pension plan, debt, and insurance

Anthony Martinello
Director, Treasury and Pension Operations

(2) July 2017: Confidential

Connecting Today. Powering Tomorrow.

# 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

- <u>Single Employer</u>

- Multi-Employer : UNIFOR
- Jointly-Sponsored : 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



IESO-N-0025093

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

# 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;



IESO-N-0025093

# Overview of debt - facilities available

| Maximum $ Draw (millions) | Lender | Funds utilized for | Expiry | Comments |
|---|---|---|---|---|
| $475 | OFA | Market | Dec 2019 | 1, 2 or 3 months only |
| [redacted] | | | | |
| $160 | OEFC | Corporate General liquidity | June 2020 | Month-to-month only |
| $120 | OEFC | Corporate SME/CAPEX Costs | June 2020 | Fixed term and rate |
| $2,000 | OFA | Fair Hydro | Sept 2022 | 5 days – 95 days |
| [redacted] | | | | |

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.

ieso
Connecting Today.
Powering Tomorrow.

# 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;



IESO-N-0025093

# 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;



IESO-N-0025093

# 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)

[redacted]



IESO-N-0025093

# Overview of insurance - Policies

[redacted]

Connecting Today.
Powering Tomorrow.

# Overview of insurance

[redacted]