

Message

From: Kim.Marshall@ieso.ca [Kim.Marshall@ieso.ca]
Sent: 2017-08-23 11:12:11 AM
To: Picard, Michel [mpicard@kpmg.ca]
Subject: Re: EXTERNAL – Revised Term Sheet & summary slides

Thx pls call my ofc 4169696232

Sent from my iPad

> On Aug 23, 2017, at 11:02 AM, Picard, Michel <mpicard@kpmg.ca> wrote:

>

> yep

>

> -----Original Message-----

> From: Kim Marshall [mailto:Kim.Marshall@ieso.ca]

> Sent: Wednesday, August 23, 2017 10:58 AM

> To: Picard, Michel <mpicard@kpmg.ca>

> Subject: Re: EXTERNAL – Revised Term Sheet & summary slides

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> You available at 1:15 today for a call?

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>

> Sent from my iPad

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>>> On Aug 23, 2017, at 10:53 AM, Picard, Michel <mpicard@kpmg.ca> wrote:

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>> When do you want to discuss

>

>>

>

>> Sent from my iPhone

>

>>

>

>>> On Aug 22, 2017, at 09:18, Picard, Michel <mpicard@kpmg.ca<mailto:mpicard@kpmg.ca>> wrote:

>>

>>

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>> My parents left yesterday. Back to the office.

>

>>

>

>> Available to discuss.

>

>>

>

>> From: Kim Marshall [mailto:Kim.Marshall@ieso.ca]

>

>> Sent: Monday, August 21, 2017 8:28 AM

>

>> To: Picard, Michel <mpicard@kpmg.ca<mailto:mpicard@kpmg.ca>>

>

>> Subject: RE: EXTERNAL – Revised Term Sheet & summary slides

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>

>> Should we talk about this this week?

>

>>

>

>> Kimberly Marshall | VP, Corporate Services & CFO

>

>> Independent Electricity System Operator (IESO) | T: (416) 969-6232 | C: (416) 545-7202

>

>> 120 Adelaide Street West, Suite 1600, Toronto, ON M5H 1T1

>

>> Web:
https://na01.safelinks.protection.outlook.com/?url=https%3A%2F%2Furldefense.proofpoint.com%2Fv%2Furl%3Fu%3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dwww.ieso.ca-26data-3D01-257C01-257Ckim.marshall-2540ieso.ca-257C7ebbb60f20924fe2815a08d4ea36aa26-257C7cd55abd63f243c58f4bd38ea458add8-257C0-26sdata-3Dc3-252FvIVA0PEQ3k-252FmhVgKEko19San7hEbucL1k-252B7QD9ME-253D-26reserved-3D0%26d%3DDwIGAq%26c%3D0TzQCY9lgR5hSW-bDg5HA76y7nf4lvOzvVop5GM3Y80%26r%3DDAOe89GuHpPZrOnj_IODmw%26m%3DI2U6sfVwxeSkX7yDVKL1BhIfxbhU9CD1p0PmMcj8bUU%26s%3DCEupNhJwgTma2v1Wu9SMK0xxu8fg5sYnT-Kob8Wwv-8%26e&data=01%7C01%7Ckim.marshall%40ieso.ca%7Cc82b65685d204bc24a0408d4ea37fd3f%7C7cd55abd63f243c58f4bd38ea458add8%7C0&sdata=iYSmo1eFBBfbPsy5H34IGKEYCXZQha7GXRTa8zOH0Y8%3D&reserved=0=
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IESO_Tweets<https://na01.safelinks.protection.outlook.com/?url=https%3A%2F%2Furldefense.proofpoint.com%2Fv%2Furl%3Fu%3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttps-253A-252F-252Furldefense.proofpoint.com-252Fv2-252Furl-253Fu-253Dhttp-2D3A-5F-5Fwww.twitter.com-5Fieso-2D5Ftweets-2526d-253DDwMGAQ-2526c-253D0TzQCY9lgR5hSW-2DbDg5HA76y7nf4lvOzvVop5GM3Y80-2526r-253DDAOe89GuHpPZrOnj-5FIODmw-2526m-253DBAGE-2Ds589bq14cMdDwy25IkgD8QFdj8weadVSXzrDxg-2526s-253Dtxo-2DcrKL7Ok8q1UGvjf-2D4V08obc1drswT890rHWLj24-2526e-26data-3D01-257C01-257Ckim.marshall-2540ieso.ca-257C7ebbb60f20924fe2815a08d4ea36aa26-257C7cd55abd63f243c58f4bd38ea458add8-257C0-26sdata-3DEtvCKNWgkAb-252BJodk7BRMCQ-252FRFZHkzwmpvpb8ZPtQk4I-253D-26reserved-3D0-3D%26d%3DDwIGAq%26c%3D0TzQCY9lgR5hSW-bDg5HA76y7nf4lvOzvVop5GM3Y80%26r%3DDAOe89GuHpPZrOnj_IODmw%26m%3DI2U6sfVwxeSkX7yDVKL1BhIfxbhU9CD1p0PmMcj8bUU%26s%3DWppu_DihkuJvZjvgXvcXoyYCSNZUHQ6pe1H9E69pPK%26e&data=01%7C01%7Ckim.marshall%40ieso.ca%7Cc82b65685d204bc24a0408d4ea37fd3f%7C7cd55abd63f243c58f4bd38ea458add8%7C0&sdata=vn20GwdaSfwJitTogS9fUMWJEJwQchs4dbR7IO6ulV0%3D&reserved=0= > | LinkedIn:
IESO<https://na01.safelinks.protection.outlook.com/?url=https%3A%2F%2Furldefense.proofpoint.com%2Fv%2Furl%3Fu%3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttps-253A-252F-252Furldefense.proofpoint.com-252Fv2-252Furl-253Fu-253Dhttp-2D3A-5F-5Fwww.linkedin.com-5Fcompany-5Fieso-2526d-253DDwMGAQ-2526c-253D0TzQCY9lgR5hSW-2DbDg5HA76y7nf4lvOzvVop5GM3Y80-2526r-253DDAOe89GuHpPZrOnj-5FIODmw-2526m-253DBAGE-2Ds589bq14cMdDwy25IkgD8QFdj8weadVSXzrDxg-2526s-253DwHY9IqPoc3CK5RS29-2DS1Pp5NxdPKf1-5FXkjiI2aykvi4-2526e-26data-3D01-257C01-257Ckim.marshall-2540ieso.ca-257C7ebbb60f20924fe2815a08d4ea36aa26-257C7cd55abd63f243c58f4bd38ea458add8-257C0-26sdata-3DrOUAba2dcZYkwkBLkLScPlupNTp0mbp1130gISgUKbE-253D-26reserved-3D0-3D%26d%3DDwIGAq%26c%3D0TzQCY9lgR5hSW-bDg5HA76y7nf4lvOzvVop5GM3Y80%26r%3DDAOe89GuHpPZrOnj_IODmw%26m%3DI2U6sfVwxeSkX7yDVKL1BhIfxbhU9CD1p0PmMcj8bUU%26s%3DSAO4vx7vqbmJ_ec82YyiT8ptp5XspwJH5tgiyQkv9g%26e&data=01%7C01%7Ckim.marshall%40ieso.ca%7Cc82b65685d204bc24a0408d4ea37fd3f%7C7cd55abd63f243c58f4bd38ea458add8%7C0&sdata=snMYar74n07qoDqQxDBq5rn4XwiI4vy6J8jE%2BDI4go%3D&reserved=0= >
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>> Corporate Services collaborates with you to deliver solutions and expertise that enable the IESO to achieve its goals.
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>> Conservation:
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LinkedIn:
saveONenergy<https://na01.safelinks.protection.outlook.com/?url=https%3A%2F%2Furldefense.proofpoint.com%2Fv2%2Furl%3Fu%3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttps-253A-252F-252Furldefense.proofpoint.com-252Fv2-252Furl-253Fu-253Dhttps-2D3A-5F-5Fwww.linkedin.com-5Fcompany-5Fsaveonenergy-2D2Dontario-2526d-253DDwMGaQ-2526c-253D0TzQCy9lgR5hSW-2DbDg5HA76y7nf4lvOzvVop5GM3Y80-2526r-253DDAOe89GuHpPZrONj-5FIODmw-2526m-253DBAGE-2Ds589bq14cMdDwY25IkgD8QFdj8weadVSXzrDxg-2526s-253DVH2H5eBavt9L6xuI6e5-2D-5FWgOe0qwQOn92e5hYArRHss-2526e-26data-3D01-257C01-257Ckim.marshall-2540ieso.ca-257C7ebbb60f20924fe2815a08d4ea36aa26-257C7cd55abd63f243c58f4bd38ea458add8-257C0-26sdata-3DCsIizqABt3XcRO7Vsju-252BhwHYpa-252BSZkf2g9D-252B-252Bei0hAo-253D-26reserved-3D0-3D%26d%3DDwIGaQ%26c%3D0TzQCy9lgR5hSW-bDg5HA76y7nf4lvOzvVop5GM3Y80%26r%3DDAOe89GuHpPZrONj_IODmw%26m%3DI2U6sfVwxeSkX7yDVKL1BhIfxbhU9CD1p0PmMcyj8bUU%26s%3D0avdAAFsds2L5XJ1n8n-Ohtl56DF9NL5vU7VQEnJAPE%26e&data=01%7C01%7Ckim.marshall%40ieso.ca%7Cc82b65685d204bc24a0408d4ea37fd3f%7C7cd55abd63f243c58f4bd38ea458add8%7C0&sdata=%2B%2BpFuwk69wypB3ZFJnFuh0HS3CqawNtZ0b31NDqr6U%3D&reserved=0= >
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>
> From: Picard, Michel [mailto:mpicard@kpmg.ca]
>
> Sent: August 15, 2017 6:44 PM
>
> To: Michael Boll
>
> Cc: Kim Marshall
>
> Subject: RE: EXTERNAL - Revised Term Sheet & summary slides
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>
> Hi Michael,
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> We do not believe that it is a problem necessarily: when you do the risk and reward analysis, you look at the risks/rewards associated with ownership of the asset. Those are risks that are inherent in the financial asset (or regulatory asset) that is being transferred. We know that 'late-payment risk' is problematic, however, it's normally thought of in the context of the obligor being late in paying. It's not normally thought of in the context of the cash having been collected is not remitted by the party to which it has been remitted. The Term Sheet says that IESO "will agree to remit to the Financing Entity any clean energy adjustment amounts collected by the LDC, regardless of whether the LDC remitted those amounts to the IESO for remittance to the Financing Entity." This strikes us as more analogous to liquidity risk. Here's what the KPMG guidance says (Insights into IFRS) says about liquidity risk:
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> <image001.jpg>
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> We think it's key that IESO only would be required to 'fund' the amounts actually collected but not remitted.
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> Neither EY nor PWC provide any guidance on the definition of risks. However, Deloitte has the following observation:
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> The overall securitization has liquidity risk associated with the fact that there is a mismatch in the timing of cash inflows and outflows. It is important to recognize that liquidity risk arising in the structured entity from differences in the contractual timing of cash flows of the assets and the notes issued to acquire the assets is not part of the transferred assets. This compares to late payment risk and credit default risk which is inherent in the assets. However, if the asset pays late, the transferee may not be able to meet its obligations under the notes. This liquidity risk only arises when the assets are placed inside the securitization structure. The liquidity risk associated with late payment risk is therefore not included in the transferor's risk and rewards assessment in determining derecognition for the transferor. However, the impact of liquidity risk will be included in determining whether the entity

should consolidate that structured entity, in particular in the assessment of whether the entity is exposed, or has variable returns from its involvement with the structured entity.

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>> What recourse IESO would have if it was required to draw on the LC or forgo the cash if in a reserve account?
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>
>> Regards,
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>> Michel
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>
>> From: Michael Boll [mailto:Michael.Boll@ieso.ca]
>
>> Sent: Tuesday, August 15, 2017 12:21 PM
>
>> To: Picard, Michel <mpicard@kpmg.ca<mailto:mpicard@kpmg.ca>>
>
>> Cc: Kim Marshall <Kim.Marshall@ieso.ca<mailto:Kim.Marshall@ieso.ca>>
>
>> Subject: FW: EXTERNAL – Revised Term Sheet & summary slides
>
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>
>> Michel,
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>
>> Please look at the attached term sheet and presentation, which contains OPG's proposals for addressing certain financing entity risks. Specifically, please look at the commingling risk mitigant on page 4 of the term sheet. The proposal, which we have just seen for the first time, is that the IESO would either (A) post a letter of credit, or deposit funds into a reserve account; or (B) contractually assume responsibility for LDC defaults. The risk being addressed is default by an LDC to remit to the IESO clean energy adjustment amounts collected from consumers.
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>
>> Does this raise any concerns for you regarding the IESO's ability to de-recognize the regulatory asset?
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>> Please let us know if you would like to discuss.
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>
>> Regards,
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>> Michael
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>>
>
>> From: Kim Marshall
>
>> Sent: August 14, 2017 6:54 PM
>
>> To: Michael Boll
>
>> Subject: Fwd: EXTERNAL – Revised Term Sheet & summary slides
>
>>
>
>>
>
>>
>
>> Sent from my iPhone
>
>>
>

>> Begin forwarded message:

>

>> From: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

>

>> Date: August 14, 2017 at 6:37:13 PM EDT

>

>> To: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>

>

>> Cc: James Devine <James.Devine@ofina.on.ca<mailto:James.Devine@ofina.on.ca>>, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>, Carlos Yep <Carlos.Yep@ofina.on.ca<mailto:Carlos.Yep@ofina.on.ca>>, Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>, RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>, "WONG Leslie -LAWDIV" <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>, LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>, LIU Sheen -TREASURY <sheen.liu@opg.com<mailto:sheen.liu@opg.com>>, "HAHN PARKER Janet -TREASURY" <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>, "'Nelms, Scott (MOF)'" <Scott.Nelms@ontario.ca<mailto:Scott.Nelms@ontario.ca>>, "Keley.Katona@ontario.ca<mailto:Keley.Katona@ontario.ca>" <Keley.Katona@ontario.ca<mailto:Keley.Katona@ontario.ca>>, 'Kim Marshall' <Kim.Marshall@ieso.ca<mailto:Kim.Marshall@ieso.ca>>

>

>> Subject: RE: EXTERNAL – Revised Term Sheet & summary slides

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>> Ken:

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>> As requested attached are the summary slides and the revised term sheet from the dealer group for your consideration.

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>> John

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>> From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

>

>> Sent: Friday, August 11, 2017 11:29 AM

>

>> To: LEE John -TREASURY

>

>> Cc: James Devine; Mike Manning; Carlos Yep; Anna Strathy

>

>> Subject: RE: EXTERNAL – Revised Term Sheet

>

>>

>> Thanks John

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>>

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>> Ken k

>

>>

>

>> From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

>

>> Sent: Friday, August 11, 2017 11:28 AM

>

>> To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>

>

>> Cc: James Devine <James.Devine@ofina.on.ca<mailto:James.Devine@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Carlos Yep <Carlos.Yep@ofina.on.ca<mailto:Carlos.Yep@ofina.on.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>

>

>> Subject: RE: EXTERNAL – Revised Term Sheet

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>>

>

>> Yes, they are working to that timeline.

>

>>

>

>> From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

>

>> Sent: Friday, August 11, 2017 11:24 AM
>
>> To: LEE John -TREASURY
>
>> Cc: James Devine; Mike Manning; Carlos Yep; Anna Strathy
>
>> Subject: EXTERNAL - Revised Term Sheet
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>
>> *** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***
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>> _____
>
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>
>> Hi John
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>> Just to follow up on Andrew Maciel's commitment to provide us with a revised term sheet for the guarantee reflecting yesterday's discussion, I was wondering if that can be done EOD Monday. I had a chat with Gadi and given some upcoming internal meetings at senior levels it would be helpful to provide the revised guarantee in front of decision makers.
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