Message

From: Jeannette Briggs [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=148095610F7242F48A5A9DA24B1A8A87-JEANNETTE B]
Sent: 2018-04-27 2:01:22 PM
To: Mansoor Ahmad [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7a60875c05674f2db1e7f3cd0e1a8a71-Mansoor Ahm]; Anthony Martinello [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=3fb7d76317b34780b15d96309b995c31-Anthony Mar]
CC: Natalie Schaus [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=58bb43f7d031480696ce362cf240759c-Natalie Sch]
Subject: RE: Draft FS Q1 2018

I realized I copied a sentence without changing customers to consumers. Updated below

Regards,

Jeannette Briggs Director, Settlements - Corporate Services
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From: Jeannette Briggs
Sent: April 27, 2018 11:12 AM
To: Mansoor Ahmad; Anthony Martinello
Cc: Natalie Schaus
Subject: RE: Draft FS Q1 2018

I did some edits directly in the note.

The net position of market accounts will settle to a $nil balance. Should this say "over time"? Clearly we have variance accounts to account for differences between what is collected and what is paid.

We settle between generators and consumers. "Distributors" does not include all our load market participants. There are IESO MPs who are not LDCs and yet are eligible for GA modifier under FHP.

We do not need to connect OESP set to zero to FHP. This was done under a separate decision and order so let just say OEB set rate to zero so the IESO would deplete the variance. Not sure why the reader needs to know that much of RRRP moved to taxpayer under FHP as RRRP is still on our accounts so I got rid of that note (but up to you if you feel it is relevant) and I added the OESP moving to taxpayers at the end of the OESP paragraph.

I included that the OEB changed the rate for RRRP and it has resulted in us paying out more than it is collecting – can we be this blunt?.

If OESP is without interest, why would RRRP not have similar wording? Are they handled differently?

Happy to chat further as required.

Regards,

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From: Mansoor Ahmad
Sent: April 27, 2018 9:06 AM
To: Anthony Martinello; Jeannette Briggs
Cc: Natalie Schaus
Subject: Draft FS Q1 2018

Good Morning,

We are finalizing the Q1 2018 FS and wanted your feedback on the wording of the Market Accounts (Note 2) below.
Can you pls review and let us know if anything needs to be updated. Thanks.
I'll be reviewing these with Natalie and Susan today.

Independent Electricity System Operator
Notes to Financial Statements (unaudited)

March 31, 2018

1) INTERIM FINANCIAL STATEMENTS

The interim financial statements follow the same accounting policies and methods of their application as the 2017 IESO annual financial statements.

The interim financial statements have been prepared on a going concern basis and should be read in conjunction with the 2017 IESO annual financial statements.

2) MARKET ACCOUNTS

As of January 1, 2016 the IESO changed its accounting policy regarding the recognition of market accounts assets and liabilities on the statement of financial position. The IESO-administered markets is a balancing system and includes amounts due from market participants (e.g. LDCs) and amounts due to market participants (e.g. generators). The net position of market accounts will settle to a $nil balance.

In June 2017, the Government of Ontario introduced the Ontario Fair Hydro Plan Act which directs collection of only a portion of Global Adjustment from eligible consumers, in Ontario. The IESO continues to settle the transactions of generators and consumers recording the deferral in the Deferred Global Adjustment Variance account.

The cumulative amount recorded in the Deferred Global Adjustment Variance account to the end of March 2018 was $609,841 thousand. A regulatory asset in the amount of $460,000 thousand was transferred to the Fair Hydro Trust in March 2018. As a result, as at March 31, 2018 the Deferred Global Adjustment Variance account balance was $149,841 thousand, including interest and carrying charges.

On May 1, 2017, the OEB set the Ontario Electricity Support Program (OESP) rate to zero and directed the IESO to fund the program through the credit balance in the Ontario Electricity Support Program Variance account. The balance in the Ontario Electricity Support Program Variance account at March 31, 2018, was in a credit position of $10,301 thousand, net of interest. The Fair Hydro Plan shifts the cost of the OESP costs from ratepayers to a taxpayer-funded program when the Ontario Electricity Support Program Variance account is depleted to zero.
On July 1, 2017 the OEB set a new rate for the RRRP program that has resulted in the IESO paying eligible markets participants more than rate collection permits. The balance in the RRRP variance account to March 31, 2018, was $14,107 thousand net of interest.

Components of the market accounts are as follows:	As at March 31, 2018	As at December 31, 2017
Cash, restricted for market accounts	190,250	454,174
Amounts due from market participants	1,270,730	1,253,417
Interest receivable	223	217
Regulatory assets/liabilities	153,647	187,203
HST receivable	80,056	110,156
Market Debt	(13,766)	(13,252)
Amounts due to market participants	(1,479,690)	(1,855,206)
Other net liabilities	(201,450)	(136,709)
Closing balance	**-**	**-**

Regulatory assets/liabilities consist of the following:	As at March 31, 2018	As at December 31, 2017
Deferred Global Adjustment Variance	149,841	199,475
Regulated Price Plan Variance	-	0
Ontario Electricity Support Program Variance	(10,301)	(24,892)
Rural or Remote Rate Protection Variance	14,107	12,620
Closing balance	**153,647**	**187,203**

Regards, Mansoor

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