Message

From: Glenn Zacher [GZacher@stikeman.com]
Sent: 2017-09-30 8:04:01 PM
To: Michael Boll [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=4811917e15054407b665fe16d12ff415-Michael Bol]
CC: Jeannette Briggs [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=148095610f7242f48a5a9da24b1a8a87-Jeannette B]; Anthony Martinello [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=3fb7d76317b34780b15d96309b995c31-Anthony Mar]; Susan Nicholson [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=f668e601bd2b4865a5c31dca531047c8-Susan Nicho]; Peter Hamilton [PHamilton@stikeman.com]
Subject: Re: EXTERNAL – Funding of financing costs during moratorium
Attachments: stikemanelliott_logo_rgb_120px.png; icon_li4.png; icon_tw4.png; icon_se4.png

Sounds somewhat encouraging

Glenn Zacher

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On Sep 30, 2017, at 4:46 PM, Michael Boll <Michael.Boll@ieso.ca<mailto:Michael.Boll@ieso.ca>> wrote:

FYI - I spoke to Lubna and May late yesterday afternoon about this proposal. They seemed to be exploring the idea that IESO is providing the funding, but ultimately is able to recover what is funded from ratepayers by adding the amount to the variance account.

From: LADAK Lubna -FIN & C CTRL [mailto:lubna.ladak@opg.com]
Sent: September 29, 2017 4:50 PM
To: Michael Boll
Cc: LAURETA LAPIRA May -TREASURY; WONG Leslie -LAWDIV
Subject: FW: EXTERNAL - Funding of financing costs during moratorium

Michael,

We' re discussing the IESO' s obligation to pay interest based on your email below..

Will the interest component of the costs to be recovered by the IESO be included in the same regulatory asset that the principal and other costs go into?

Does the IESO feel it would have a regulatory liability under this scenario? What are the key differences between this approach and the previous approach?

We would like to discuss this if you have some time.

Lubna Ladak | VP Finance| Ontario Power Generation
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From: WONG Leslie -LAWDIV
Sent: Friday, September 29, 2017 12:20 PM
To: LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>
Cc: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LADAK Lubna -FIN & C CTRL <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>
Subject: FW: EXTERNAL - Funding of financing costs during moratorium

May - See below for a write-up of the alternative proposal from the IESO/MOE for interest during the moratorium.

Regards,

Les

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From: Michael Boll [mailto:Michael.Boll@ieso.ca]
Sent: Friday, September 29, 2017 12:11 PM
To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Rehob, James (ENERGY) <James.Rehob@ontario.ca<mailto:James.Rehob@ontario.ca>>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca<mailto:Tim.Christie@ontario.ca>>
Cc: Jeannette Briggs <jeannette.briggs@ieso.ca<mailto:jeannette.briggs@ieso.ca>>; Glenn Zacher (GZacher@stikeman.com<mailto:GZacher@stikeman.com>) <GZacher@stikeman.com<mailto:GZacher@stikeman.com>>
Subject: EXTERNAL - Funding of financing costs during moratorium

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All,

Further to our call this morning, below is a simple description of the regulatory model that is proposed to fund the financing entity' s debt carrying costs during the period of time that clean energy adjustments are not permitted to be recovered from consumers.

1. Pass regulation pursuant to section 19(3) of the FHA entitling the financial services manager/financing entity to charge costs/interest.

2. Pass regulation pursuant to section 26(1) of FHA requiring IESO to fund financing entity' s costs/interest (i.e., funding rebate).

3. Funding rebate amounts paid by IESO are included, along with the IESO deferral, in a variance account (s. 24 (1) of the FHA and s. 16 O. Reg 206/17)

4. All amounts in variance account, including funding rebate amounts, constitute a regulatory asset (s. 25, FHA), which IESO:

· may transfer to the financing entity (s. 26(1), FHA); or

· if any balance remains in variance account, recover through OEB-approved rates from specified consumers on or after May 1, 2021 (s. 25, FHA)

5. Being a regulatory asset, the amounts recorded in the variance account are recoverable by the IESO from specified consumers (s. 25, FHA).

***Note: "funding rebate" means a payment obligation incurred by the IESO as part of the transfer of the regulatory assets". Accordingly, the creation of the regulatory asset (i.e., specified consumers payment obligation/IESO recovery right) is contemporaneous with the payment by the IESO of the costs/interest.

Regards,

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