

Message

From: Kim Marshall [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=B63A22B42BF14587870D93119A054D88-KIM MARSHAL]
Sent: 2017-09-13 4:28:25 PM
To: LEE John -TREASURY [john.s.lee@opg.com]
CC: WONG Leslie -LAWDIV [leslie.wong@opg.com]; LAURETA LAPIRA May -TREASURY [may.lapira@opg.com]; RYFA Ken -TREASURY [ken.ryfa@opg.com]; Michael Boll [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=4811917e15054407b665fe16d12ff415-Michael Bol]; GO Matthew -TREASURY [matthew.go@opg.com]; 'Nelms, Scott (ENERGY)' [Scott.Nelms@ontario.ca]
Subject: RE: Proposed IESO LC for LDC default

John, can we pls have one more conversation re this on Monday morning to clarify details. The lawyers have raised some issues. Thanks

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: www.ieso.ca | Twitter: [IESO_Tweets](https://twitter.com/IESO_Tweets) | LinkedIn: [IESO](https://www.linkedin.com/company/ieso)

Corporate Services collaborates with you to deliver solutions and expertise that enable the IESO to achieve its goals.

Conservation: www.saveONenergy.ca | Twitter: [saveONenergyOnt](https://twitter.com/saveONenergyOnt) | LinkedIn: [saveONenergy](https://www.linkedin.com/company/saveONenergy)

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: September 13, 2017 11:39 AM
To: Kim Marshall
Cc: WONG Leslie -LAWDIV; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Michael Boll; GO Matthew -TREASURY; 'Nelms, Scott (ENERGY)'
Subject: Proposed IESO LC for LDC default

Kim:

Further to our discussion this morning, I am confirming that in the interest of moving the Rating agency process forward in order to meet the timeline for the planned debt issuance in November, the interim solution is to reflect in the MTS agreement the concept that the IESO will provide an LC if required to support the credit obligations for unrated LDC and such amount could be up to 1 month of the anticipated of collections relating to the FHP. By including this concept in the agreement it will allow all of us time to assess alternatives during the moratorium period without holding up the Credit rating process and the planned debt issuance.

John

From: WONG Leslie -LAWDIV
Sent: Tuesday, September 12, 2017 2:26 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; Hill, Krista <khill@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; 'Feldman, Michael' <mfeldman@torys.com>; Myers, Jonathan <jmyers@torys.com>
Subject: Fw: EXTERNAL – proposed IESO LC for LDC default

Please see below for some questions from the IESO on the L/C.

Regards,

Les:

Sent from my BlackBerry 10 smartphone on the Bell network.

From: Michael Boll <Michael.Boll@ieso.ca>
Sent: Tuesday, September 12, 2017 9:22 AM
To: WONG Leslie -LAWDIV
Subject: EXTERNAL – proposed IESO LC for LDC default

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Hi Les,

Anthony (IESO) has had a couple discussions with May (OPG) about this proposed LC. I have a few questions I hope you can help answer to assist us in our review.

1. What would be the trigger for a payment under the LC? As much detail as possible would help us, particularly with accounting review.
2. Does it need to be an LC, or could it be a guarantee with a dollar cap? Not sure if this would work from an IESO perspective, but it would be less expensive than posting an LC, so would be good to know if this was an option from OPG/dealers perspective.
3. When does this need to be in place, and for how long? Is this only required when LDCs start to collect clean energy adjustments from consumers?
4. Further detail on why a reserve account held by the financing entity could not be used to address this risk. Last week you mentioned this would not work due to accounting reasons. Can you please elaborate on those accounting reasons?

As mentioned previously, we will need a regulation change in order to be able to recover IESO costs of implementing this option.

Thank you
Michael

Michael Boll | Associate General Counsel

Independent Electricity System Operator (IESO) | T: (416) 969-6023
120 Adelaide Street West, Suite 1600, Toronto, ON, M5H 1T1

This email message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.