

Message

From: WONG Leslie -LAWDIV [leslie.wong@opg.com]
Sent: 2017-10-13 2:23:55 PM
To: Michael Boll [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=4811917e15054407b665fe16d12ff415-Michael Bol]
CC: LEE John -TREASURY [john.s.lee@opg.com]; RYFA Ken -TREASURY [ken.ryfa@opg.com]; Ramchandani, Rima [rramchandani@torys.com]; Feldman, Michael [mfeldman@torys.com]
Subject: Fair Hydro - Carrying Costs during Moratorium

Dear Michael,

Further to my voicemail, I note James Rehub's question and request below regarding the timeframe set out in Section 9.1(1) of the regulation dealing with carrying costs during the moratorium.

The following are the reasons that we (OPG and Torys as well as Oslers) are proposing the timeframe set out in Option 1:

- (1) Payment Start Date – December 1, 2017: We want the IESO to be obligated to pay the carrying costs once we close the first financing. Since we are targeting closing early December, we think their obligation should commence in December (not in January). We expect that the IESO should be indifferent because IESO will simply be adding these costs to the variance account and selling it to the trust in the subsequent period.
- (2) Cost Incurrence Date – April 1, 2017: We want to be able to recover carrying costs from the IESO going back to April 1, 2017 (not June 1, 2017) because OPG began incurring costs as early as April.
- (3) Payment end date – June 30, 2021: We want the IESO to pay carrying costs until June 30, 2021 because there will be a lag between the date on which the moratorium ends and the CEA collections are billed and collected during which carrying costs will continue to be payable. Again, the IESO should be indifferent because IESO will simply be adding these costs to the variance account and selling it to the trust in the subsequent period.

Can you confirm that this will work for the IESO (or explain why it wouldn't so we can consider alternatives)?

Regards,

Les

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From: Rehub, James (ENERGY) [mailto:James.Rehub@ontario.ca]
Sent: Friday, October 13, 2017 1:23 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Huang, Jackson (MEDG/MRIS) <Jackson.Huang@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Lightbody, Ava

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Subject: EXTERNAL – FW: OFHPA General Reg - proposed amendments - Timing in s.9.1.

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October 13, 2017

Hi, Les. I'm writing relating to a mismatch between the recommendations OPG/Tory's versus IESO have made relating to proposed 9.1 of our draft amending reg (proposal). I am hoping you and Michael Boll from the IESO can work this through together, and then Michael would get back to us through comments on the next version of the consultation draft due out very shortly.

The date-/timing related issue that I wanted you and Michael to consider is reflected in the three options set out below:

I'll send out the updated consultation draft shortly, and you can include the agreed-upon approach in that version for us, using the Ministry's language for the provision as the basis upon which to blackline your agreed-upon approach to.

Thank you, Les.

James

OPTION 1: OPG/Tory's Version:

IESO to pay, remit amounts

9.1 (1) During the period beginning on **December 1, 2017** and ending on **June 30, 2021**, the IESO shall pay and remit the following amounts to a financing entity:

1. Any amounts charged to the IESO by the financing entity in respect of carrying costs of the financing entity during the period beginning on **April 1, 2017** and ending on June 30, 2021.

OPTION 2: -- IESO/Stikeman's version

IESO to pay, remit amounts

9.1 (1) During the period beginning on January 1, 2018 and ending on June 30, 2021, the IESO shall pay and remit the following amounts to a financing entity:

1. Any amounts charged to the IESO by the financing entity in respect of carrying costs incurred by the financing entity during the period beginning on June 1, 2017 and ending on April 30, 2021. [Note that without the change above, the IESO would not be able to pay amounts after April 30, 2021.]

OPTION 3 -- From the current draft ENERGY is working with:

IESO to pay, remit amounts re carrying costs of financing entity

9.1 (1) During the period beginning on December 1, 2017 and ending on June 30, 2021, the IESO shall pay and remit to a financing entity any amounts charged to the IESO by the financing entity in respect of carrying costs of the financing entity during the period beginning on June 1, 2017 and ending on June 30, 2021.

James P. H. Rehob

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