Message

**From**: Christie, Tim (ENERGY) [Tim.Christie@ontario.ca]
**Sent**: 2017-11-10 12:05:11 PM
**To**: Michael Boll [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=4811917e15054407b665fe16d12ff415-Michael Bol]
**Subject**: RE: LC costs

Thanks Michael, appreciate the quick turnaround.

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**From:** Michael Boll [mailto:Michael.Boll@ieso.ca]
**Sent:** November-10-17 12:04 PM
**To:** Christie, Tim (ENERGY)
**Subject:** RE: LC costs

Hi Tim,

This is the answer I received:

We have 66 LDCs as market participants (some LDCs are not market participants as they are embedded).
15 LDCs are rated by credit rating agencies, thus the remainder are not rated (i.e. the backstop ones).

If the IESO is required to provide a commercial letter of credit (i.e. from Royal Bank, TD or BMO etc.) the cost for providing this will be dependent upon the material items of a) interest rates, b) the quantum amount of the letter of credit, and c) the risk perceived by the bank on whether the IESO not being able to repay back the bank. I expect interest rates are to trend higher than today's (as supported by the recent Bank of Canada's raise of 0.5% since July 2017) and so a rough estimate of $1million per year is reasonable but still subject to the 3 key points above.

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**From:** Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
**Sent:** November 10, 2017 10:57 AM
**To:** Michael Boll
**Subject:** LC costs

Hi Michael, I've had a few questions from Cabinet Office about the reg.

1) Is it known how many LDCs require backstops?
2) More questions about the cost. I think we had discussed in the neighbourhood of $1m/year from 2021 to 2047 – anything further to add on this?

Tim