Agenda Item - Summary

Date: May 5, 2017

Agenda Item: Update on IESO Role in Global Adjustment Smoothing

Strategic Priority: IESO Core Business

Executive Summary: Please find attached the KPMG opinion on the accounting to be used with respect to global adjustment smoothing. This is presented at this time to the Audit Committee for its information, in advance of the legislation being introduced.

These opinion addresses the following three issues:

1. Can the IESO recognize a regulatory asset related to the variance account created by the proposed Act?

2. Is the trust to be established by Ontario Power Generation (the "OPG Trust') controlled by the IESO according to the guidance issued under PSAS 1300 *Government Reporting Entity* and therefore subject to consolidation by IESO?

3. What is the accounting treatment for the derecognition of the regulatory asset upon transfer of the variance account to the OPG Trust?

Significant Issues: Potential risk surrounding Provincial Comptroller's and Auditor General's opinions on accounting policy

Decision being Sought: None

Attachments:

1. Memo entitled Update on IESO role in global adjustment smoothing
2. KPMG Accounting Opinion

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