

Message

From: Anthony Martinello [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=3FB7D76317B34780B15D96309B995C31-ANTHONY MAR]
Sent: 2018-04-19 1:30:16 PM
To: Hamlet Alexanian [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d0fcff8aeea84848ba5a12380ec04460-Hamlet Alex]
Subject: RE: Moody - IESO April 2018

DRAFT for PG:

I will send you a draft AC memo for your review later today / tomorrow morning.

OPG

- is not rated by Moody;
- is rated by DBRS and on April 6, 2018 DBRS confirmed no changes and "stable" outlook
- is rated by S&P and no changes are noted as of yet

Moody

-yes, moody did confirm to me that other government entities that have a link to the government will be impacted in a similar manner, for example OEFC's outlook was changed from stable to negative today too.

DBRS

- I spoke with DBRS and there is no changes expected for the IESO;
- you may recall, DBRS confirmed no changes for the IESO back in March 2018 which was communicated to the IESO AC;
- DBRS issued a report (March 28, 2018) on the Province of Ontario's budget which was in general not a positive report however thus far there is no change to the province's rating or outlook;
- DBRS is slated to conduct their Prov of Ont annual review before June 2018 and a change may be forthcoming, if a change is made, it is highly likely the IESO rating will be impacted in a similar manner;

Regards,

From: Peter Gregg
Sent: April 19, 2018 12:42 PM
To: Anthony Martinello; Kim Marshall; Terry Young; Jessica Savage
Subject: RE: Moody - IESO April 2018

Thanks Anthony. Will other government related entities get similar adjustments to their ratings? OPG perhaps? Will DBRS be issuing something similar?

From: Anthony Martinello
Sent: April 19, 2018 11:17 AM
To: Peter Gregg; Kim Marshall; Terry Young; Jessica Savage
Subject: Moody - IESO April 2018

Moody (the external credit rating agency) contacted me today regarding their change for the IESO.

On Tuesday this week, Moody changed the Province of Ontario's credit outlook from "stable" to "negative", and there was no downgrade of the credit rating (re: Aa2).

Today, Moody is to issue a press release that the IESO's credit outlook will change from "stable" to "negative" and there is no downgrade of the IESO's current credit rating (re: Aa2).

Moody's rationale for this IESO action reflects the action taken on the Province of Ontario to which the IESO is linked.

Moody considers that the Province provides "extraordinary" support to the IESO and has viewed that any change in the Province is normally expected to have a similar change for the IESO.

While this is not positive news, it is generally not a surprise.

The IESO may expect some energy contract counterparties (and maybe the Fair Hydro program stakeholders) to raise this IESO change in outlook as a potential concern.

Moody will be conducting their annual deep analysis of the IESO's financials prior to July 2018, at which time any new changes in either the IESO's a) outlook or b) credit rating may happen.

Regards.