Message

From:	Kim Marshall [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=B63A22B42BF14587870D93119A054D88-KIM MARSHAL]
Sent:	2018-04-19 1:41:29 PM
To:	Anthony Martinello [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=3fb7d76317b34780b15d96309b995c31-Anthony Mar]
Subject:	RE: Moody - IESO April 2018

Good email thx

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

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From: Anthony Martinello
Sent: April 19, 2018 1:41 PM
To: Peter Gregg; Kim Marshall; Terry Young; Jessica Savage
Subject: FW: Moody - IESO April 2018

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

OPG
- is not rated by Moody, so no impact;
- is rated by DBRS and on April 6, 2018 DBRS confirmed no changes and with a "stable" outlook;
- is rated by S&P and thus far no changes are noted or known;
-I have a call in with OPG's VP Treasury for any further insights/comments and I will advise you of any;

Moody
-yes, Moody did confirm to me that other Ontario government entities/agencies that have a link to (or support from) the Ontario government will be impacted in a similar manner as the IESO,... for example OEFC's outlook was changed from stable to negative today too.

DBRS
-I spoke with DBRS and there are no changes expected for the IESO's current rating;
-you may recall DBRS confirmed no changes for the IESO's rating in March 2018 and this information was communicated to the IESO Audit Committee;
-DBRS issued a report (March 28, 2018) regarding the Province of Ontario's 2018 budget which was in general not a positive report/review however thus far there is no changes to the province's rating or outlook;
-DBRS is scheduled to conduct their Province of Ontario annual review sometime before June 2018 and as a result a potential change may be forthcoming (but thus far no mention of a change, I spoke with DBRS today on this point), if a change is made it is highly likely that the IESO's 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.