

Message

From: Peter Gregg [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=EECB5B8ABE1A4998A2EE7B2D68B31CCC-PETER GREGG]
Sent: 2018-04-20 6:33:26 AM
To: Anthony Martinello [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=3fb7d76317b34780b15d96309b995c31-Anthony Mar]
CC: Kim Marshall [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=b63a22b42bf14587870d93119a054d88-Kim Marshal]; Terry Young [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=872fa3f6e61a48709b11458c0c3b6ca6-Terry Young]; Jessica Savage [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=42171042a4154102bf27418f958141e3-Jessica Sav]; Michael Lyle [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=704afe32c06a42c78cf357ce53a5b319-Michael Lyl]; Dianne Hayes [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=b874689c8678458ca67b60576b7662bd-Dianne Haye]
Subject: Re: Moody - IESO April 2018

Thanks Anthony. It looks good. Once we have clarification from Mike or Darryl I would like to send to the Board.

Sent from my iPhone

On Apr 20, 2018, at 6:18 AM, Anthony Martinello <Anthony.Martinello@ieso.ca> wrote:

Peter,

As requested, please see attached draft memo.

I noted in the draft memo that I need to double check with the IESO contract management group if any IESO energy contracts have any IESO credit rating covenants. I do not expect the IESO has any covenants but am not sure. (e.g. In the past, I have placed credit rating covenants onto vendors as a condition of service back to the IESO.)

Michael Lyle – I will be reaching out to Darryl to confirm from his team and will copy you.

Regards

From: Peter Gregg
Sent: April 19, 2018 12:46 PM
To: Anthony Martinello; Kim Marshall; Terry Young; Jessica Savage
Subject: RE: Moody - IESO April 2018

Also, could you please draft a memo to be sent to the Audit Committee? I think we should make them aware. I would like to review it before it is sent.

Thanks,

Peter

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.

<Memo-Moody Credit Rating Update April 2018 (DRAFT v1).docx>