INDEPENDENT ELECTRICITY SYSTEM OPERATOR PENSION PLAN
(Ontario Registration Number 1059112)

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2017

Management's Responsibility for Financial Reporting

The consolidated financial statements of the Independent Electricity System Operator Pension Plan are the responsibility of management of the Independent Electricity System Operator, as the administrator of the plan, and have been prepared in accordance with Canadian accounting standards for pension plans. The significant accounting policies followed by the Independent Electricity System Operator Pension Plan are described in the Summary of Significant Accounting Policies contained in Note 3 in the consolidated financial statements. The preparation of the consolidated financial statements necessarily involves the use of estimates and assumptions based on management's judgment.

Management maintained a system of internal controls designed to provide reasonable assurance that the assets were safeguarded and that reliable financial information was available on a timely basis. The system included formal policies and procedures and an organizational structure that provided for appropriate delegation of authority and segregation of responsibilities.

The consolidated financial statements have been examined by KPMG LLP, a firm of independent external auditors appointed by the Independent Electricity System Operator's Board of Directors. The external auditors' responsibility is to express their opinion on whether the financial statements are fairly presented in accordance with Canadian accounting standards for pension plans. The Auditors' Report outlines the scope of their examination and their opinion.

Independent Electricity System Operator

Peter Gregg
President and Chief Executive Officer
Toronto, Canada
June 13, 2018

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Vice President, Corporate Services and
Chief Financial Officer
Toronto, Canada
June 13, 2018

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INDEPENDENT AUDITORS' REPORT

(insert report when completed)

Chartered Accountants, Licensed Public Accountants

June 13, 2018
Waterloo, Canada

INDEPENDENT ELECTRICITY SYSTEM OPERATOR PENSION PLAN
(Ontario Registration Number 1059112)

Consolidated Statement of Financial Position
As at December 31

(in thousands of Canadian dollars)	2017	2016
	$	**$**
Assets		
Employees' contributions receivable	233	213
Accrued interest and dividends	198	172
Other receivables	108	450
Investments (*Note 8*)	572,083	519,437
Total Assets	572,622	520,272
Liabilities		
Accounts payable *(Note 10)*	938	660
Net Assets Available for Benefits	571,684	519,612
Pension Obligations	528,473	493,887
Surplus	43,211	25,725

See accompanying Notes to Consolidated Financial Statements

On behalf of the Independent Electricity System Operator

Timothy O'Neil
Chair, Board of Directors
Toronto, Canada

Carole Workman
Chair, Audit Committee
Toronto, Canada

INDEPENDENT ELECTRICITY SYSTEM OPERATOR PENSION PLAN
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Consolidated Statement of Changes in Net Assets Available for Benefits
For the Year Ended December 31

(in thousands of Canadian dollars)	2017	2016
	$	$
Increase in Net Assets		
Change in fair value of investments (*Note 11*)	45,602	18,755
Investment income (*Note 13*)	14,117	15,305
Employer's contributions (*Note 12*)	12,475	12,166
Employees' contributions *(Note 14)*	7,548	6,656
	79,742	52,882
Decrease in Net Assets		
Benefit payments *(Note 15)*	25,768	21,108
Administrative expenses *(Note 16)*	1,902	1,515
	27,670	22,623
Increase in Net Assets Available for Benefits	52,072	30,259
Net Assets Available for Benefits, Beginning of Year	519,612	489,353
Net Assets Available for Benefits, End of Year	571,684	519,612

See accompanying Notes to Consolidated Financial Statements

INDEPENDENT ELECTRICITY SYSTEM OPERATOR PENSION PLAN
(Ontario Registration Number 1059112)

Consolidated Statement of Changes in Pension Obligations
For the Year Ended December 31

(in thousands of Canadian dollars)	2017	2016
	$	**$**
Changes in Pension Obligations		
Interest on accrued benefits	28,632	28,434
Changes in economic assumptions losses	19,808	1,113
Benefits accrued	16,940	16,553
Changes in mortality assumptions losses	3,526	-
Service transferred in and buybacks	979	998
Experience gains	(9,531)	-
Benefit payments *(Note 15)*	(25,768)	(21,108)
Net Increase in Pension Obligations	34,586	25,990
Pension Obligations, Beginning of Year	493,887	467,897
Pension Obligations, End of Year	528,473	493,887

See accompanying Notes to Consolidated Financial Statements

1. Description of the Plan

The Independent Electricity System Operator Pension Plan ("the Plan") is a contributory defined benefit plan, under which the benefits to be received by plan beneficiaries are determined by a specified formula based primarily on pensionable earnings and length of service. The Plan is a Registered Pension Plan as defined in the *Income Tax Act (Canada)*, and as such the investment returns generated within the pension fund are not subject to income tax. The Independent Electricity System Operator was established pursuant to the *Electricity Act, 1998*. ~~The predecessor Independent Electricity System Operator and the Ontario Power Authority ("OPA") were amalgamated by statute effective on January 1, 2015, and continued as the Independent Electricity System Operator ("IESO")~~.

A complete description of the Plan is contained in the Independent Electricity System Operator Pension Plan Rules and official Plan document.

Retirement

A pension is payable to eligible retired members for life from the member's normal retirement date. The Plan's normal retirement age is 65. A member's pension may commence before or after the normal retirement date if certain conditions are met. Pensions cannot begin later than December 1 of the calendar year a member turns age 71. A bridge pension may be payable to age 65 to eligible members who retire and begin receiving their pension prior to the normal retirement date. The member's life pension and bridge benefit may be subject to reductions for early retirement, depending on the employee's age and years of continuous service at retirement.

Annual Life Pension Formula for Represented Staff

The formula is 2% per year of pensionable service, to a maximum of 35 years, multiplied by the highest annual average of pensionable earnings over 36 consecutive months, subject to a reduction with respect to integration with the Canada Pension Plan.

Annual Life Pension Formula for Non-Represented Staff

For former IESO management staff hired prior to January 1, 2007, the formula is 2% per year of pensionable service, to a maximum of 35 years, multiplied by the highest annual average of pensionable earnings over 36 consecutive months (60 months for pensionable service after December 31, 2016), subject to a reduction with respect to integration with the Canada Pension Plan.

For former IESO management staff hired after December 31, 2006 and all former OPA management staff, the formula is 2% per year of pensionable service, to a maximum of 35 years, multiplied by the highest annual average of pensionable earnings over 60 months, subject to a reduction with respect to integration with the Canada Pension Plan.

For former IESO management staff hired prior to April 1, 2015, a pension adjustment ratio is applied to the pensionable earnings accrued on or after January 10, 2013 (January 1, 2015 for certain former IESO executives) for service prior to 2018.

For a former IESO management member hired prior to April 1, 2015 and who on or after April 1, 2015 is promoted from a position in which the member was represented by a collective bargaining agent to a position as a Management Group Employee or from one Management Group Employee position to another Management Group Employee position, the pension adjustment ratio does not apply to earnings after the promotion date.

Pension Indexing for Represented Staff
The pension is indexed at 100% of the increase in the Ontario Consumer Price Index, subject to an annual maximum of 8% per year and with a carry forward provision.

Pension Indexing for Non- Represented Staff
For former IESO management staff hired prior to January 1, 2007, the pension is indexed at 100% of the increase in the Ontario Consumer Price Index, subject to an annual maximum of 8% per year and with a carry forward provision for their service accrued up to December 31, 2016. For their service accrued after January 1, 2017, the pension is indexed at 75% with a 5% per year annual maximum and no carry forward.

For former IESO management staff hired after December 31, 2006 and all former OPA management staff, the pension is indexed at 75% with a 5% per year annual maximum and no carry forward.

Pre-Retirement Death Benefits
Upon the death of a member before retirement, one or a combination of the following pre-retirement death benefits is payable: a payment of the commuted value of the member's deferred pension; an immediate survivor's pension; a deferred survivor's pension.

The specific benefits available depend on the length of pension plan membership and continuous employment, whether the member has an eligible spouse, or dependent child or children, and the period during which the benefits were accrued.

Post-Retirement Death Benefits
Post-retirement death benefits depend on the status of the member at retirement. The pension of a member who has an eligible spouse at retirement date will be paid in a joint and survivor form unless the spouse waives the right to the survivor's pension. If the member does not have an eligible spouse at retirement date, the normal form of pension is a five-year guarantee. Under this guarantee, if a retired member dies before having received a pension for at least five years, the balance will be paid to the beneficiary or estate. Optional forms of pension are available on an actuarial equivalent basis.

Termination of Employment

Upon termination of employment, one or a combination of the following termination benefits is payable: a payment of the commuted value of the member's deferred pension; a deferred pension; a reciprocal transfer of pension benefits to an organization with which the IESO has a reciprocal transfer agreement. The indexing provisions apply to the deferred pension (except for the period between termination and access to the deferred pension for employees hired after December 31, 2006 who were at that time, or subsequently become, management members and, effective January 1, 2017, for management members who were hired prior to January 1, 2007, except for the period between termination and access to the deferred pension with respect to the deferred pension for established service after 2016) and are reflected in the commuted value. The specific benefits available depend on the length of pension plan membership and continuous employment, the member's age, and the period during which the benefits were accrued. The amount transferable to another registered plan and the amount that is locked in are governed by the *Income Tax Act (Canada)* and the *Pension Benefits Act (Ontario)*.

Vesting

Benefits are vested immediately.

Maximum Pension

The benefits in respect of pensionable service accrued after 1991 are limited to the maximum allowable under the *Income Tax Act (Canada)*.

2. Basis of Preparation

These consolidated financial statements of the Plan are prepared in accordance with Canadian accounting standards for pension plans. In selecting accounting policies that do not relate to its investment portfolio or pension obligations, the Plan has elected to comply with Canadian accounting standards for private enterprises.

These financial statements also comply with the requirements prescribed by the Financial Services Commission of Ontario for financial statements under Section 76 of the Regulations to the *Pension Benefits Act (Ontario)*.

A selected number of the Plan's investments are owned and managed on behalf of the Plan by 2584347 Ontario Inc., a wholly owned investment holding subsidiary that is consolidated. ~~Under Section 4600, investment assets are presented on a non-consolidated basis even when the investment is in an entity over which the Plan has control or can exercise significant influence~~.

3. Summary of Significant Accounting Policies

Use of Estimates and Assumptions
The preparation of the financial statements requires management to make estimates and assumptions based on information available as at the date of the financial statements. Such estimates and assumptions may affect the reported amounts of assets and liabilities, income and expenses, pension obligations and related disclosures. Significant estimates are used primarily in the determination of pension obligations and the fair value of certain investments. Actual results could differ from those estimates and assumptions.

Foreign Currency Translation
Transactions in foreign currencies are translated into Canadian dollars at the exchange rate at the dates of the transactions. Investments, other assets, and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange on the reporting date. Foreign exchange gains and losses on the sale of investments are included in net realized gain or loss on sale of investments. Unrealized foreign exchange gains and losses on investments held are included in net unrealized gain or loss on investments.

Investment Income
Investment income consists primarily of interest and dividends. Interest is recognized on the accrual basis and dividends are recognized at the ex-dividend date.

Non-derivative and Derivative Financial Instruments
Non-derivative and derivative financial instruments are recognized initially on the trade date, which is the date that the Plan becomes a party to the contractual provisions of the financial instrument. Subsequent to initial recognition, the financial instruments are measured at fair value, and all changes are recognized immediately in the statement of changes in net assets available for benefits.

Fair Value Measurement
The best evidence of the fair value of a financial instrument at initial recognition is the transaction price.

All changes in fair value, other than interest and dividend income and expense, are recognized in the statement of changes in net assets available for benefits as part of the change in fair value of investments.

Bonds and equities are valued at year-end quoted closing market prices when available. When quoted prices are not available, estimated fair values are calculated using comparable securities.

Short-term notes and deposits maturing within a year are stated at cost, which together with accrued interest income approximates fair value.

Pooled funds are valued at the unit values supplied by the pooled fund administrator, which represent the Plan's proportionate share of underlying net assets at fair values determined using closing market prices.

Forward foreign exchange contracts are valued at year-end market prices.

Transaction Costs
All transaction costs are recognized within administrative expenses in the statement of changes in net assets available for benefits when incurred.

4. Financial Instruments Risks

The Plan's primary objective is to provide sufficient assets to meet the pension benefit obligations. The Plan's assets are exposed to a variety of financial risks as a result of the investment activities.

a) Fair Value Measurement Risk:
Fair value measurements recognized in the statement of changes in net assets available for benefits are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values.

- Level 1 : unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for assets and liabilities that are not based on observable market data.

There were transfers from Level 1 and Level 2 to Level 3 during fiscal 2017. These 2017 transfers were implemented as a result of the Plan's formal changes in real estate and infrastructure asset classes.

The following tables illustrate the classification of the Plan's financial instruments within the fair value hierarchy as at year-end:

Fair value as at December 31, 2017
(in thousands of Canadian dollars)

	Level 1	Level 2	Level 3	Total
Canadian Cash and Short Term Investments	5,988	-	-	5,988
Canadian Bonds	-	194,512	-	194,512
Canadian Equities	113,312	-	-	113,312
Global Equities	-	220,642	-	220,642
Canadian Real Estate	-	-	12,011	12,011
Infrastructure	-	-	26,312	26,312
Forward Foreign Exchange Contracts	-	(694)	-	(694)
	119,300	**414,460**	**38,323**	**572,083**

Fair value as at December 31, 2016
(in thousands of Canadian dollars)

	Level 1	Level 2	Level 3	Total
Canadian Cash and Short Term Investments	6,667	-	-	6,667
Canadian Bonds	-	192,986	-	192,986
Canadian Equities	104,831	-	-	104,831
Global Equities	-	214,705	-	214,705
Forward Foreign Exchange Contracts	-	248	-	248
	111,498	**407,939**	**-**	**519,437**

b) Market Risk:

Market risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The Plan utilizes various investment policies and strategies such as diversification and hedging to mitigate market risk.

The Plan's market risk is affected by changes in the level or volatility of market rates or prices, such as foreign currency exchange rates, interest rates, and equity prices. The sensitivity analysis provided below discloses the effect on the Plan's assets as at year-end, assuming that a reasonably possible change in the relevant risk variable has occurred at year-end and has been applied to the risk exposures in existence at that date to show the effects of reasonably possible changes.

i. *Foreign Currency Risk*

Foreign currency risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Plan invests in financial instruments and enters into transactions denominated in various foreign currencies. Consequently, the Plan is exposed to risk that the exchange rates of the various currencies may change in a manner that has an adverse effect on the value of the portion of the Plan's assets or liabilities denominated in currencies other than the Canadian dollar. The Plan manages foreign currency risk by using foreign exchange forward contracts.

The following sensitivity analysis summarizes the impact on the Plan's net assets available for benefits, following reasonably possible changes in foreign currency exchange rates with all other variables held constant, for each currency to which the Plan has a significant exposure.

(in millions of Canadian Dollars)	Change in currency exchange rates	Change in net assets available for benefits (excluding the impact of hedging) as of:	
		December 31, 2017	December 31, 2016
United States Dollar	5% change	7.3	6.0
Euro	5% change	1.3	1.1
Japanese Yen	5% change	0.9	0.9
Great Britain Pound	5% change	0.6	0.7
Other currencies	5% change	0.9	2.1
Total		11.0	10.8

ii. Interest Rate Risk

The Plan's assets are subject to interest rate risk due to fluctuations in the prevailing levels of market interest rates on interest rate sensitive investments. The Plan has interest bearing asset guidelines on concentration and duration which are designed to mitigate the risk of interest rate volatility.

As at December 31, 2017, had interest rates changed by 100 basis points uniformly across the yield curve and assuming all other variables remain unchanged, the Plan's net assets available for benefits would have changed by approximately $29 million (2016 : $25 million).

iii. Market Price Risk

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to an individual investment, its issuer, or by factors affecting all similar instruments traded in the market. As all of the Plan's financial instruments are carried at fair value with fair value changes recognized in the statement of changes in net assets available for benefits, all changes in market conditions will directly result in an increase (decrease) in net assets.

Market price risk is managed by the Plan through construction of a diversified portfolio of instruments traded on various markets and across various industries.

The following sensitivity analysis summarizes the impact on the Plan's net assets available for benefits, following reasonably possible changes in equity prices with all other variables held constant, for each stock market benchmark to which the Plan has a significant exposure.

(in millions of Canadian Dollars)	Benchmark	Change in prices index	Change in net assets available for benefits (excluding the impact of hedging) as of:	
			December 31, 2017	December 31, 2016
Global Equities	MSCI All Country World Index	10% change	22.1	21.5
Canadian Equities	S&P / TSX Capped 10% Index	10% change	11.3	10.5
Total			33.4	32.0

c) Credit Risk:

Credit risk refers to the risk that one party to a financial instrument may cause a financial loss for the other party by failing to meet its obligations under the terms of the financial instrument. Credit risk can also lead to losses when issuers and debtors are downgraded by credit rating agencies, usually leading to a decrease in the market value of the debtors' obligations. The Plan has put in place investment policies and procedures that have established investment criteria designed to manage credit risk by setting limits to credit exposures. The credit quality of financial assets is generally assessed by reference to external credit ratings when available, or to historical information about counterparty default rates.

The breakdown of the pooled Canadian bond fund's securities portfolio by credit rating as at year-end is:

Credit Rating	2017	2016
AAA	27%	29%
AA	42%	29%
A	22%	33%
BBB	9%	9%
Total	100%	100%

The Plan also invests in pooled funds that may participate in a securities lending program where they lend securities to a third party for a fee. Each pooled fund is required to set limits on credit risk exposure and to hold collateral that is acceptable to the Plan.

d) Liquidity Risk:

Liquidity risk refers to the risk that the Plan may be unable to meet payment obligations in a timely and cost-effective manner or the risk of unexpected increases in the cost of funding the portfolio at appropriate maturities or rates.

Management of liquidity seeks to ensure that, even under adverse conditions, the Plan has access to immediate funds necessary to cover benefits payable, withdrawals, and other liabilities. Liquidity risk is managed through ongoing cash flow forecasting and investment limits on unlisted securities.

The Plan's investments are in liquid securities traded in public markets and pooled funds. Although market events could lead to some securities becoming illiquid or pooled funds restricting withdrawals, the diversity of the Plan's portfolio should ensure that liquidity is available for benefit payments. The Plan also maintains cash and short-term investments on hand for liquidity purposes and to pay accounts payable and accrued liabilities.

The following is a maturity summary of the Plan's cash and interest-bearing financial instruments that may be utilized for managing the Plan's liquidity risk:

(in millions of Canadian Dollars)	Maturity Periods	Fair Value as at:	
		December 31, 2017	December 31, 2016
Cash and Short-term Investments	Less than 1 year	6.0	6.7

5. Capital Management

The capital of the Plan is represented by the net assets available for benefits. The Plan's objective when managing the capital is to safeguard its ability to continue as a going concern in order to maintain adequate assets to support the activities of the Plan. The Plan is subject to regulation by the *Financial Services Commission of Ontario*, which requires the maintenance of sufficient funded ratios and the filing of actuarial valuations at least once every three years.

The Plan's administrator has adopted a Statement of Investment Policies and Procedures (SIP&P) which states the investment objectives, permitted categories of investments, and asset allocation diversification. The SIP&P was established in 2001 and was last amended July 18, 2017.

Management has chosen set of benchmarks to measure against each asset category's annual rate of return. The total investments annual rate of return is measured against a composite index made up of the weighted average of each category's benchmark rate of return during the period. The following table presents the Plan's asset allocation and annual rates of return.

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Asset Category	Benchmark	Asset Allocation (%)					Annual Rate of Investment Return (%)			
		SIP&P Range			As of December 31		Benchmark		Actual (gross of fees)	
		Target	Mini-mum	Maxi-mum	2017	2016	2017	2016	2017	2016
Cash & Cash Equivalents	FTSE TMX 91 Day T- Bill	0	0	10	1	1	0.6	0.5	0.6	0.5
Canadian Long Bonds	FTSE TMX Long Term Bond	30	20	50	34	37	7.0	2.5	7.0	2.5
Infrastructure	CPI Index + 4%	10	0	20	5	0	n/a	n/a	n/a	n/a
Real Estate	IPD Canada	10	0	20	2	0	n/a	n/a	n/a	n/a
Canadian Equity	S&P / TSX Capped 10%	15	5	30	20	21	9.1	21.1	8.9	16.7
Global Equity (including the impact of hedging)	MSCI ACWI	35	10	50	38	41	17.7	6.4	18.6	7.2
Total Investments		100			100	100	11.5	7.7	11.5	7.0

6. Related Party Transactions

The IESO provides certain administrative and investment management services to the Plan. The IESO has charged the Plan $165,000 in 2017 ($164,000 in 2016) for these services.

7. Pension Obligation

The IESO filed an Actuarial Cost Certificate as at January 1, 2018 with the *Financial Services Commission of Ontario*. The pension obligation was estimated as at year-end based on a projection of the actuarial valuation completed for the Actuarial Valuation as at January 1, 2017. The effective date of the next required actuarial valuation is January 1, 2020. The most recent completed actuarial reports filed with the *Financial Services Commission of Ontario* are as follows:

Report	Name of Actuary Firm
Actuarial Valuation as at January 1, 2017	Aon
Actuarial Cost Certificate as at January 1, 2018	Aon

The actuarial present value of the accrued pension benefits was determined by the actuary, using the following significant assumptions:

	2017	2016
End of year rate used to discount future pension benefits	5.50% p.a.	5.75% p.a.
Salary escalation rate	3.50% p.a.	3.50% p.a.
Average long-term rate used to estimate cost-of-living improvements in pension benefits	2.00% p.a.	2.00% p.a.
Mortality	2014 Canadian Pensioner Mortality Public Table with MI-2017 Generational Mortality Improvements	2014 Canadian Pensioner Mortality Public Table with CPM-B Generational Mortality Improvements

8. Investments

(in thousands of Canadian dollars)	As at December 31, 2017 Fair Value	As at December 31, 2017 Historical Cost	As at December 31, 2016 Fair Value	As at December 31, 2016 Historical Cost
Global Equity	220,642	185,657	214,705	160,119
Canadian Bonds	194,512	187,871	192,986	189,521
Canadian Equity	113,312	81,896	104,831	77,577
Global Infrastructure	26,312	26,264	-	-
Canadian Real Estate	12,011	11,502	-	-
Cash and Short Term Investments	5,988	5,979	6,667	6,667
Forward Foreign Exchange Contracts	(694)	-	248	-
Total	572,083	499,169	519,437	433,884

Fair value and historical cost of investments exceeding 1% of the fair value or historical cost of total investments as at December 31, 2017 were as follows:

(in thousands of Canadian dollars)	Fair Value	Historical Cost
Pooled Funds or Pooled Fund Equivalents:		
TD Emerald Long Bond Broad Market Pooled Fund Trust	194,512	187,871
TD Emerald Pooled U.S. Fund	62,263	47,436
TD Emerald International Equity Index Fund	39,110	26,886
Ardevora Global Long-only Equity Fund	52,444	48,024
Arrowstreet Global All-Country Fund I	52,680	52,087
JP Morgan Infrastructure Investments Fund	26,312	26,264
Greystone Real Estate Fund Inc.	12,011	11,502
Exchange Traded Fund:		
Vanguard FTSE Emerging Markets	14,145	11,224
Canadian Corporate Shares:		
Toronto-Dominion Bank	10,348	5,543
Royal Bank of Canada	9,875	6,118
Suncor Energy Inc.	5,743	4,819

9. Derivative Financial Instruments

Derivatives are financial contracts, the value of which is derived from the value of underlying assets, interest rates or exchange rates. The Plan utilizes such contracts for managing exposure to foreign currency volatility.

The Plan utilizes forward foreign exchange contracts to mitigate exposure to foreign currency exchange rate fluctuations on underlying assets in the pooled funds. As at year-end, the Plan held contracts to sell and buy foreign currencies as follows:

(in thousands of Canadian dollars)	Notional Amount		Fair Value	
	2017	2016	2017	2016
Net foreign exchange forward sell contracts	111,081	102,727	(694)	248

10. Accounts Payable

(in thousands of Canadian dollars)	As at December 31, 2017	As at December 31, 2016
Administrative Expenses	448	484
Purchases Pending Settlement	304	-
Plan Member Terminations	186	176
Total	938	660

11. Change in Fair Value of Investments

(in thousands of Canadian dollars)	Year ended December 31, 2017	Year ended December 31, 2016
Net realized gain on sale of investments	58,241	13,508
Net unrealized gain (loss) on investments	(12,639)	5,247
Total Increase in Fair Value of Investments	45,602	18,755

12. Employer's Contributions

The IESO is required under the *Pension Benefits Act (Ontario)* to pay contributions, based on actuarial valuations, necessary to meet the pension benefit obligations to the extent not funded by members' contributions. The IESO has established a funding policy to assist the IESO in determining the level of employer contributions. The employer's contribution to the Plan may be affected or limited by a combination of requirements such as the *Pension Benefits Act (Ontario)*, the *Income Tax Act (Canada)*, and the Plan's text. No employer's contributions remain past due as of the end of the period covered by the financial statements.

Employer's Contributions

(in thousands of Canadian dollars)	Year ended December 31, 2017	Year ended December 31, 2016
Current Service	12,475	12,166
Special	-	-
Total Employer's contributions	12,475	12,166

13. Investment Income

(in thousands of Canadian dollars)	Year ended December 31, 2017	Year ended December 31, 2016
Interest	7,207	7,311
Dividends	6,910	7,994
Total	14,117	15,305

14. Employees' Contributions

Employees' contributions are established as a fixed percentage of their pensionable earnings for the year. The employees' contribution fixed percentages are affected by whether the IESO is making employer contributions.

(in thousands of Canadian dollars)	Year ended December 31, 2017	Year ended December 31, 2016
Required	6,569	5,658
Service transferred in and buybacks	979	998
Total Employees' Contributions	7,548	6,656

15. Benefit Payments

(in thousands of Canadian dollars)	Year ended December 31, 2017	Year ended December 31, 2016
Retirement	21,217	20,087
Plan Member Terminations	4,551	1,021
Total	25,768	21,108

16. Administrative Expenses

(in thousands of Canadian dollars)	Year ended December 31, 2017	Year ended December 31, 2016
Investment Management Fees	523	461
Administrative Services	325	364
Trustee and Custodial Fees	54	49
Transaction Costs	37	28
Audit Fees	17	17
Other Professional and General Services	946	596
Total	1,902	1,515

17. Commitments

As part of normal business operations, the Plan enters into commitments related to the funding of investments. The Plan or its subsidiaries have committed to either purchase limited partnership units or shareholder capital to fund real estate and infrastructure investments. These commitments will be funded over the next several years in accordance with agreed terms and conditions. As at December 31, 2017, these commitments total $41.5 million related to real estate investments and $27.0 million related to infrastructure investments (2016: nil). Commitments that are deemed not material have not been disclosed.