Ontario Power Generation

SPECIAL COMMITTEE OF THE BOARD **_OPG Confidential Exclusive_**

Minutes of a meeting of the Special Committee of the Board of Directors of Ontario Power Generation, held by teleconference call, on July 28, 2017, at 7:00 a.m.

Present	
George Lewis	Committee Chair
Bill Coley	Member
Lisa DeMarco	Member
Bernard Lord	Member
Peggy Mulligan	Member
Yezdi Pavri	Member

being a quorum of the Directors of the Committee, and

Catriona King	Vice President, Corporate Secretary
Carlton Mathias	Assistant Corporate Secretary

Regrets	
Jeffrey Lyash	President and Chief Executive Officer

The following individuals were in attendance:

Ken Hartwick	Chief Financial Officer and SVP - Finance
Carlo Crozzoli	SVP Corporate Business Development & Strategy
John Lee	Vice President, Treasurer
Jennifer Rowe	Senior Vice President, Corporate Affairs
John Mauti	Vice President, Chief Controller and Accounting Officer
Les Wong	Senior Counsel, OPG Law Division
Aaron Atkinson	Fasken Martineau

1. Constitution of Meeting/Approval of Agenda

   Notice of the meeting having been given to all the members of the Special Committee and a quorum of the members being present, the Committee Chair declared the meeting regularly constituted for the transaction of business on July 28, 2017 at 7:00 am.

   a) Approval of Agenda

      Upon a motion duly made, seconded and unanimously agreed to, it was RESOLVED THAT:

      - The agenda for the July 28, 2017 meeting of the Special Committee was approved.

   b) Declaration of Conflicts of Interest

      The Committee Chair asked if there were any real, potential, or perceived conflicts of interest to disclose and none were declared.

2. Minutes of Meeting/Actions Arising from the Minutes

   Upon a motion duly made, seconded and unanimously agreed to, it was RESOLVED THAT:

   - The minutes of the June 26, 2017 meeting of the Special Committee were approved.

There were no outstanding actions.

3. Update from Ministry Rate Mitigation Working Group Meeting

Mr. Hartwick gave a verbal update on the meetings of this Working Group. He noted that generally speaking, things were moving well but slowly. A large part of the reason for this is that the government needs to achieve alignment and internal consistency with respect to those parts of the anticipated Long Term Energy Plan and the Fair Hydro Plan that intersect. Mr. Hartwick also indicated that in respect of the items of importance to OPG, OPG has been consistent in its positions as to OPG's requirements for participation in the Fair Hydro Plan as informed by the desired accounting treatment.

Mr. Hartwick indicated that the initial plan for OPG's participation anticipated that OPG would begin purchasing the IESO debt by September 30, 2017. However, OPG has advised the government that OPG will be able to begin the purchases when OPG's conditions are satisfied. If that occurs after September, OPG anticipates that debt that the IESO has and continues to warehouse will be supported by a line of credit extended by the Ontario Electricity Finance Corporation. Mr. Hartwick indicated that if the debt continues to be on the IESO balance sheet after September 30, 2017, the Auditor General may further question the IESO's accounting treatment of the debt.

Updates were also given on the following five topic areas:

Redacted - S/C Priv.

- The Fair Allocation Amount / Curve
  - Mr. Crozzoli reported that OPG met with Navigant Consulting and the Ministry of Energy the previous week. No written documentation was provided to OPG, only a verbal high level view as to the methodology to be used in establishing the Curve. OPG expects that in about mid-August, the government will issue a letter that sets out what the Curve is, with underlying data and assumptions.

    The Committee asked why the government was not making full disclosure to OPG. Mr. Hartwick responded that it's likely because some of the disclosure would relate to the government's confidential information in developing the LTEP. In respect of the LTEP, OPG is likely regarded as a potential proponent similar to the many other proponents in the electricity sector. In response to a question as to whether OPG has seen the draft Navigant report, Mr. Hartwick said OPG has not because the document is a government privileged document

Redacted - Commercially Sensitive

Redacted - Commercially Sensitive

- Accounting Treatment
  - Mr. Hartwick indicated that there were no changes with respect to OPG's requirements in order for the Province to obtain the desired accounting treatement for the debt
- Agreements to implement the GA financing
  - Mr. Hartwick indicated as much work as possible continues on the agreements. However, they cannot be finalized until OPG's conditions are satisfied and the Minister issue the expected letter on the Fair Allocation Curve

Mr. Lewis stated that based on the update received, the Committee will not be in a position to make any recommendations to the Board at the next scheduled Board meeting on August 11, 2017. In that case, the meeting of the Committee contemplated for August 4th is not necessary and it will be necessary for the Committee to seek Board approval to have its term and mandate extended, with which the rest of the Committee agreed.

4. Termination

The meeting terminated at 7:40 a.m.

Special Committee Chair Vice President, Corporate Secretary

Asterisk (*) denotes action to be taken