Fair Hydro Plan Trust Rollout
Briefing for Minister of Energy

December 14, 2017

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Background

- As Financial Services Manager (FSM), OPG is preparing to establish and finance the Fair Hydro Plan Trust over the next two months
- The purpose of this presentation is to outline the process for the following steps:
  - Establishing the Trust and Initiating Financing
  - Marketing the Trust Assets
  - Closing the Deal
  - Reporting on Trust Activities
  - Subsequent Tranches

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Establishing the Trust and Initiating Financing

Activity	Timing	Confidentiality	Comments
Trust established	Week of Dec. 11	Confidential	• Legal documents filed to establish the Trust
Warehouse credit rating	Week of Dec. 18	Confidential	• Credit rating shared with banks to finance debt for FHP Trust to purchase asset from the IESO
Purchase of asset/warehousing	Week of Dec. 18	Confidential	• FHP Trust will issue short-term debt from warehouse and purchase asset from the IESO (~$1.2 Billion)

- During this period, activities are confidential and OPG will not be communicating about the Trust externally
- Government can refer questions about the Trust to OPG as the Financial Services Manager (FSM)

Marketing the Trust Assets

Activity	Timing	Confidentiality	Comments
Announce transaction and provide marketing material	Week of Jan. 22	Publicly Available	• Dealers formally announce the FHP Trust plans to issue debt • Documents (i.e. Credit ratings, Offering memo, Investor presentations etc.) will be distributed by email to potential investors
Marketing Road show	Week of Jan. 29	Publicly Available	• Deliver presentations and respond to questions from potential investors

- While not publicly disclosed, this information is distributed widely enough that it could become public
- OPG will be actively working with dealers to market the Trust assets during this period
- Given the sensitivity of any financing transaction, it would be best for Government to observe a quiet period during the marketing process – can refer questions to OPG as FSM

Initial Offering

- FHT will be targeting to place $500M – 15 year term debt
  - Minimum will be $300M to ensure sufficient market liquidity
  - Maximum of $600M which will fund the total balance
- Factors which will influence the size of the offering
  - Market receptivity for a 15 year term which is considered long term for an ABS debt offering
  - Unconventional nature of the underlying assets supporting the financing program
  - Management of the spread premium over Province.
    - Striking the right balance between size of the offering, investor participation and establishing a "tight" spread which will be the reference point for future offerings.

Closing the Deal

Activity	Timing	Confidentiality	Comments
Deal closes	Week of Feb. 12	Confidential	• Warehouse is replaced with long-term debt • Agreements are signed and funds are transferred
Technical briefing	Within 2-3 days after deal closes (week of Feb. 12 or 19)	Publicly Disclosed	• Update the media and stakeholders on the results of the first debt offering

- Outcome of deal will be made public through technical briefing to be held 2-3 days after the deal closes
- Appropriate for Government to communicate success of initial finding

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Reporting on the Trust

Activity	Timing	Confidentiality	Comments
OPG Issues 2017 financial report	Week of March 5	Publicly Disclosed	• Trust reported in OPG's Q4 financial report • OPG issues a news release and financial information is filed with the Ontario Securities Commission

- OPG will report Trust financials and activities as part of its regular quarterly and annual reporting process
- Trust activities will be included in OPG's standard news release

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Subsequent Offerings

Activity	Timing	Confidentiality	Comments
Second tranche of debt issued and asset purchased from IESO	Placeholder: March – May 2018	Confidential	• Actual timing tbd based on results of first tranche

- Timing and size of second tranche will depend on:
  - cumulative amount of regulatory asset with the IESO
  - market conditions
- Expect to go to market 3-4 times a year