

Accepted_ Navigant Report.pdf

From: [Murray, Maud \(ENERGY\)](#)
To: CATHY.BEAGANFLOOD@blakes.com
Subject: Accepted: Navigant Report

FHP Trust Offering.pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Whytock, John \(ENERGY\)](#)
Cc: [Hume, Steen \(ENERGY\)](#); [Nucciarone, Michael \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Armstrong, Hillary \(ENERGY\)](#)
Subject: FHP Trust Offering
Date: February 8, 2018 11:16:51 AM
Attachments: [Interest rate QA \(2\) \(2\).docx](#)

Hi John,

Attached is the QA that Steen mentioned regarding OPGs first debt offering. The Deputy agrees about sharing the attached QA with TBS for inclusion in our materials for tomorrow's meeting.

Can you please share this?

Thanks,
Martin

Interest rate QA (2) (2).pdf

Q&A Response

Q. How does the 3.357% price of the Ontario Power Generation's Fair Hydro Trust's first issuance of senior notes compare with the Ministry of Energy's Fair Allocation Amount (FAA) assumptions?

A number of inputs will vary over the thirty-year life of the Global Adjustment (GA) refinancing program and will continue to be revised to reflect changing conditions (e.g., changes in interest rates).

The Ministry analysis underpinning the *2017 Fair Allocation Amount* (2017 FAA) included a 5.0% average interest rate over the life of the GA refinancing program (i.e., 30 years). Note: Navigant's modelling of GA refinancing assumed an interest rate of 4.5%. In the development of the 2017 FAA the interest rate assumptions were revised to 5% based on consultations with OPG.

On February 6, 2017, OPG announced that it was able to secure an interest rate of 3.357% for the senior debt on its first issuance that has a 15 year term and a value of \$500 million.

OPG advises that the remainder of the debt is split between "subordinated" and "junior subordinated" debt. The effective interest rate will be the weighted average of these three series of debt (i.e., senior, subordinated and junior subordinated). OPG is expected to finalize the pricing for the subordinated and junior subordinated debt within the next 48 hours. The pricing will be based in part on the pricing of the senior series.

FW_ By Wednesday at 3 pm -Rate Mitigation Imple....pdf

From: [Edwards, Matthew \(ENERGY\)](#)
To: [Syed, Usman \(ENERGY\)](#); [Colalillo, Sam \(ENERGY\)](#); [Johnson, Paul \(ENERGY\)](#)
Cc: [Defrancesco, Anna \(ENERGY\)](#); [Ieraci, Vanessa \(ENERGY\)](#); [Kolodziej, Monika \(ENERGY\)](#); [Schwab-Pflug, Emma \(ENERGY\)](#); [Edwards, Matthew \(ENERGY\)](#)
Subject: FW: By Wednesday at 3 pm -Rate Mitigation Implementation Meeting
Date: November 21, 2017 10:35:46 AM
Attachments: [Action Items Nov 1 v2.docx](#)
[2017-10-27 OFHP Matrix - Week of Oct 31_Clean.docx](#)
[20171109_OFHP_Update_for_Minister_EPE_Clean.pptx](#)

ESP has sent the OFHP Matrix for update. Please update for tomorrow at noon – file to update starts with 2017-10-27 OFHP Matrix.

Note, ESP has sent the following as FYI – to help with your updates:

1. Last week's OFHP Minister's update (ppt)

From: Cox, Hilary (ENERGY)
Sent: November 20, 2017 6:33 PM
To: Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: FW: By Wednesday at 3 pm -Rate Mitigation Implementation Meeting

Hi All –

Please use attached action items and OFHP matrix from the last OFHP morning group meeting to update for this Thursday's group. I've also attached the OFHP update for Minister from last week as that is likely even more recent than these materials.

We'll also need to update the business issues list per OFHP Minister's update and next steps. Will get back to everyone tomorrow with who should update on what business issues.

Appreciate this back by Wednesday at 3 pm please.

HC

Action Items_ Nov 1_v2.pdf

Action Items

November 1, 2017

Agenda

1) GA Refinancing

- o General Business Update (OPG / IESO / ENERGY)
 - Rating agencies (i.e., DBRS) would like to interview IESO as part of the ratings process
 - Energy to prepare a letter to OPG to clarify that although the FAA Letter includes negative amounts, OPG can still incur charges (e.g., interest). Alternatively, this matter could be address through regulation
 - IESO meeting with OPG and dealers tomorrow to finalize outstanding issues (e.g., agreement, security)
 - OPG Board meeting on Novermeber 15 to approve critical business items
 - By the end of November IESO has to post its quarterly financial statements up to the end of September, which will include a regulatory asset of approximately \$800 million
 - OFA has intercept letter for ENERGY and IESO to sign for enhanced Line of Credit
- o Provincial Protection and Assurances Agreement (OFA / OPG)
 - OFA working with OPG, MOF, ENERGY, Blakes and Tories to finalize agreement by the end of the week
- o Commercial Agreement (OPG/ IESO)
 - Work ongoing between OPG and IESO
- o OPG's Financing Plan (OPG)
 - OPG to share draft with Ministry as soon as possible. OPG expects to have draft document by the end of next week
 - OPG expects to go to market by end of November – to include an offering memorandum, which goes to identified investors. OPG to prepare a process “road map” that outlines the diffent steps of going to market
 - Ministry to determine whether a NR or statement would need to be issued about a quiet period while OPG goes to market
 - Potential Technical Media briefing on OPG financing plan in early December – OPG to work on outline of deck
- o Regulatory Amendments (ENERGY)
 - To enable IESO to recove from the GA its carrying costs associated with the Letter of Credit
 - To the General regulation to address methodology for recovery in the event of default (i.e., acceleration) and potentially negative FAA amounts
 - Energy to prepare a Minister letter to OPG outlining the policy intent of proposed amendments and indicate that the ministry's plan to obtain approval of the ammendents at LRC on November 20 or Decemeber 11

2) Sepcial Report – Debrief

3) Other OFHP Initiatives

- o RRRP, OESP and FN (SNAP)
 - Reg tracking to LRC in December for OESP
- o Affordability Fund (CRED)
 - Next Trustees meeting is November 2nd.

2017-10-27 OFHP Matrix - Week of Oct 31_Clean.pdf

Implementation of Ontario's Fair Hydro Plan

Week of October 31, 2017

Item	Key Deliverables / Considerations	Timing / Next Steps
1) Refinancing the Global Adjustment (ESP/IGS/LSB)		
ENERGY, LSB, IESO, OPG, OEB, TBS and MOF	<u>Recent Action Items</u> - OPG continuing to work with rating agencies - Ongoing Business Items: - Provincial Protection and Assurance Agreement - OFA / OPG / MOF / ENERGY and OPGD working to finalize Agreement. Note: Term Sheet has been approved by TB/CAB - Commercial Agreement - OPG and IESO working to finalize Agreement - Ongoing discussions regarding the "letter of credit" to backstop smaller LDCs without ratings or using a reserve account - ENE and IESO considering amendments to O. Reg. 429/04 to enable IESO recovery of cost associated with the letter of credit - OPG Financing Plan - OPG to provide ENERGY a draft - Acceleration and negative FAA - ENE and OPG considering further amendments to O. Reg. 206/17 - Subordinate Debt Loan Agreement - Equity Injection Process - OPG seeking Board approval of Master Subscription Agreement on September 29. - Province to finalize internal mechanisms by October - Payment in Lieu of Taxes Exemption - MOF/Tax Policy working on comfort letter/regulation regarding PILs for OPG	- October 30, 2017 – LRC for regulatory amendments package (i.e., to address management fees and interest and fees collection during the Inflationary Cap period) - Week of November 6, 2017 – OPG Draft Financing Plan - November 20, 2017 (TBD) – LRC additional amendments to O. Reg. 206/17 (General) to address acceleration and negative FAA issues and IESO carrying cost for the letter of credit - November 13, 2017 – OPG Board meeting - Late November or early December – OPG Initial debt issuance - December (TBD) – LRC

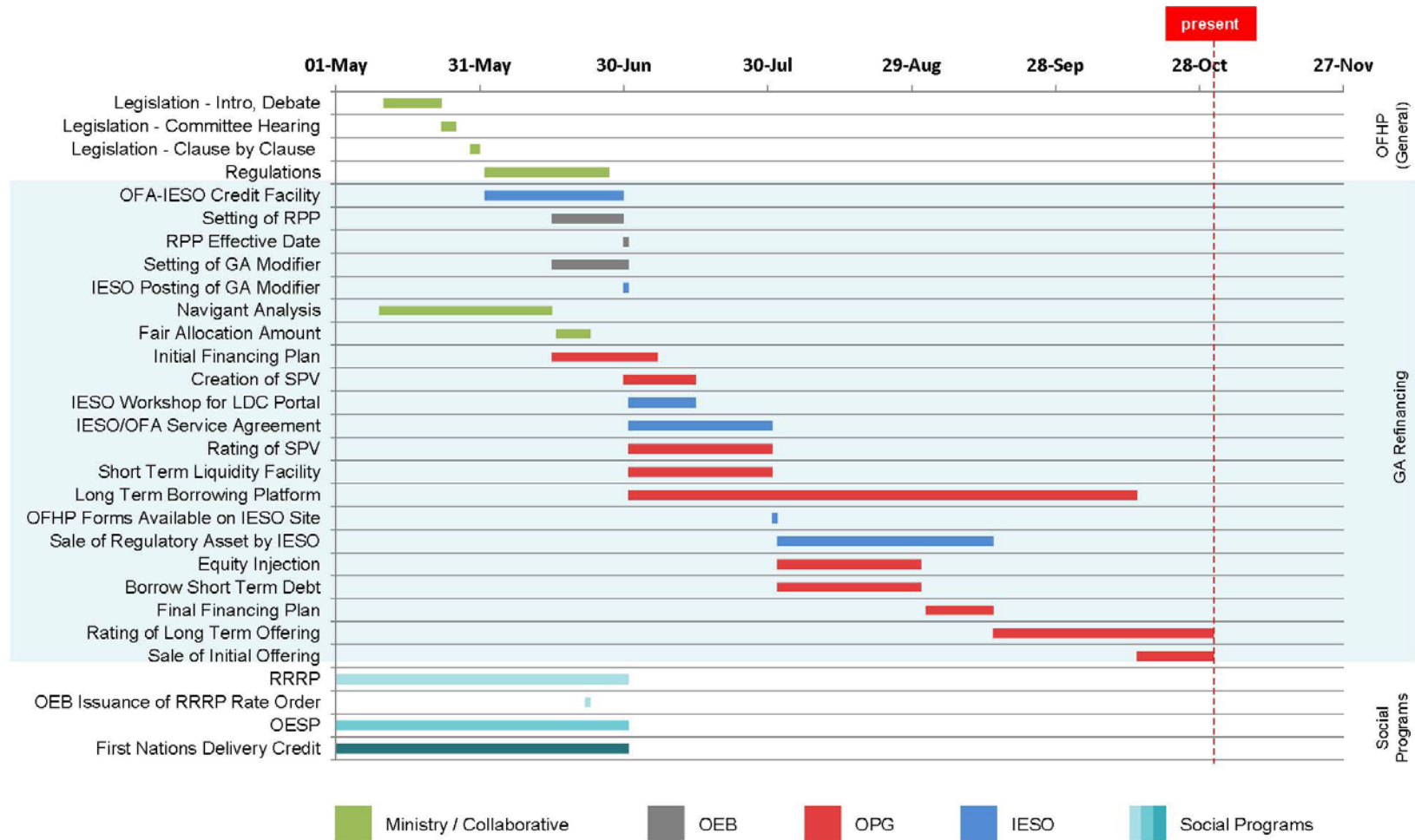
Item	Key Deliverables / Considerations	Timing / Next Steps
2) Broadening Rural or Remote Rate Protection (RRRP) (SNAP)		
ENERGY, LSB and LDCs	<u>Recent Action Items</u> - All LDCs have indicated they have implemented the program - IESO has begun to submit reimbursement claims to the Ministry	Discussions have begun with OEB over content of cost forecast report, as contemplated in Regulation
3) Expanding Ontario Electricity Support Program (OESP) (SNAP)		
ENERGY, LSB, MCSS and OEB	<u>Recent Action Items</u> - July 26 TB/MB approval for MCSS to expand FTEs and create team dedicated to OESP enrolment, using funds approved on March 1, 2017 under FHP. Sought 50 FTEs, but only received 20 – MCSS is considering report-back in the fall to ask for more FTEs - OEB and MCSS completed data exchange to identify SA clients currently not enrolled in OESP. Outreach calls began late August, with direct mail-outs in late September. New call centre to be ready to receive calls in October, and MCSS to continue developing software solution for automation over next several months - CRA approval of proposal for e-signatures on OESP applications. OEB is working with service provider to upgrade online application process (November), and CRA will formally accept e-signature process by amending MOU with Ministry of Finance - Ministry is targeting November/December to proclaim OEBA amendments to shift OESP to tax base, along with supporting regulatory amendments - Ministry and OEB have initiated work to transfer OESP to government	- LRC package being developed for proclaiming OEBA provisions and amending OESP regulation; scheduled for December 11 - Continue to work with OEB to build up the Ministry's knowledge base on administering the OESP

Item	Key Deliverables / Considerations	Timing / Next Steps
4) Providing a First Nations On-Reserve Delivery Credit (SNAP)		
ENERGY and LSB	<u>Recent Action Items</u> - All LDCs have indicated they have implemented the program. - FNDC post card has been distributed to First Nations Band Councils - IESO has begun submitting claims for reimbursement to the Ministry	Receiving regular updates from H1 on enrollment
5) Establishing an Affordability Fund (CRED)		
ENERGY, IGS, LSB, Blakes, CSD, OPCD, TBS, MOF and H1 (KPMG and Osler)	<u>Recent Action Items</u> - October 12 – Soft launch of microsite and 1-800 number - October 24 – Formal announcement in Hamilton involving the Minister of Energy - As of Oct. 23 – 66 applications from 6 LDCs processed through the AFT program - On Oct. 24 – the Trustees held a webinar with 200 participants to overview program design, walk-through the web site, and answer distributor questions - Next Trustees meeting is scheduled for November 2, 2017	Fall 2017: - The Trustees are considering the use of Ontario 211 services for the Affordability Fund - The Fund will have an iterative design process to support continuous improvement, and will revisit design elements every 6 months and measures every 3 months - ENERGY has amended the TPA with the Affordability Fund Trust to require use of the Ontario logo in Fund marketing and communications and is waiting for the Trustees to sign-back - Report back to TB/MBC through the PRRT process with final program details and a

Item	Key Deliverables / Considerations	Timing / Next Steps
		performance management framework including outcome measures and targets Late 2017/early 2018: ENERGY can apply for additional funds through an in-year TB submission based on performance and need. Trust term can be extended with amended/new TPA if agreed by Trust
6) Engagement with Officers of the Legislature		
ENERGY, MOF/OFA, Auditor General (AG)	<u>Recent Action Items</u> - AG special report on OFHP and Government Response released October 17, 2017 - Search for records responding to AG request (emails, responsive documents) completed week of October 25	TBD – AG Annual Report
7) Bill Presentment (SNAP/LSB)		
ENERGY	<u>Recent Action Items</u> Ongoing Ministry work re bill presentment	2017-2018 – Bill redesign
8) Expanding ICI (ESP/COMs)		
ENERGY, LSB, IESO and LDCs	<u>Recent Action Items</u> - Ongoing OCC outreach campaign to promote ICI - Ministry review OCC proposal to expand ICI outreach program - Ongoing outreach with LDCs being undertaken by IESO - CME proposal (TBD)	Quarterly Report Backs re ICI to TBS / MBC
9) Energy Sector Efficiencies (i.e., Ontario Energy Board and IESO) (SNAP / ESP)		
ENERGY, LSB, OEB and IESO	OEB: Directive / Letter (TBD) <u>Considerations</u>	Continue this work as part of 2017 LTEP

Item	Key Deliverables / Considerations	Timing / Next Steps
	• Signal efficiencies intent in OEB business plan letter • Work with OEB/LDCs on LTEP document and proposed directive to OEB • Mandate Review implementation is an opportunity to reiterate expectations. IESO: • Directive / Letter (TBD) <u>Considerations</u> • IESO's stakeholder engagement re Market Renewal is ongoing.	

Ontario Fair Hydro Plan Implementation



* Note: Preliminary timeline with tentative dates that are subject to change.

0

20171109_OFHP_Update_for_Minister_EPE_Clean.pdf

Ontario's Fair Hydro Plan – Minister's Update

November 16, 2017

CONFIDENTIAL

Context

- On March 2, 2017, the Province announced Ontario's Fair Hydro Plan (OFHP). Effective July 1, 2017, OFHP has lowered electricity bills by 25 per cent on average for residential electricity customers and will hold increases to the rate of inflation for four years. As many as half a million small businesses and farms are also benefitting from the reduction.
- The reduction reflects a number of initiatives, including the refinancing of a portion of the Global Adjustment (GA), the shifting of cost recovery for electricity support programs (Ontario Electricity Support Program and the majority of Rural or Remote Rate Protection) from electricity bills to provincial revenues, and the 8 per cent rebate introduced on January 1, 2017.
- OFHP also includes initiatives to reduce costs for low-income, rural/remote, and First Nations consumers, as well as measures to benefit larger consumers.
- Through the Rate Mitigation Implementation Group and subcommittees, the Ministry of Energy continues to work through implementation of the following OFHP initiatives:
 - GA Refinancing;
 - Electricity Support Programs (i.e., Rural or Remote Rate Protection, Ontario Electricity Support Program, First Nation On-Reserve Delivery Credit); and
 - The Affordability Fund.

1) Global Adjustment (GA) Refinancing

- The Ontario Fair Hydro Act, 2017, enables IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset as the Act provides IESO the right to recover the balance in the variance account.
 - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
 - OPG, as the Financial Services Manager (FSM), is authorized to establish one or more financing entities that may incur funding obligations to finance the purchase of the regulatory asset
 - A financing entity purchasing the regulatory asset would effectively finance IESO's shortfall in current rates not received from ratepayers.
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of GA refinancing and optimize ratepayer impacts, OPG and the Province have been working with ENERGY agencies, key ministries, and external advisors on finalizing the details for a number of business issues, including:
 - Amendments to O. Reg. 206/17 (General), made under the OFHPA, were required to enable OPG to establish and charge fees as FSM, and to define the role of the Ontario Energy Board (OEB) in reviewing and approving those fees. Amendments were signed by the Lieutenant Governor on November 1, 2017.
 - Included in these amendments were additional provisions in O. Reg. 206/17 to enable the recovery of FSM carrying costs during the moratorium period.

Next Step:

- Ongoing business issues (see next section).

2) Business Items – Change of Law Protection Agreement

- To purchase the regulatory asset from IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province).
 - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers.
- The Ministers of Energy and Finance have the authority to negotiate and enter into a protection agreement that supports the Financing Entity and prospective debt holders such that the Province would take over the funding obligations of the Financing Entity, under certain circumstances, including.
 - Actions of the Legislative Assembly that undermine the financing arrangement; i.e., repeal or amendment of the Ontario Fair Hydro Plan Act, 2017, or new legislation that adversely affect the Financing Entity
 - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
 - Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.
- In the event the protection agreement is triggered, the Province will be required to pay the obligations of the Financing Entity including principal and interest payments on debt issued to date, any payments to derivatives counterparties and any outstanding payments to service providers.
 - The Province could potentially service the debt and other obligations and could replace OPG as the financial services manager.

Next Steps:

- Finalize the Change of Law Protection Agreement

2) Business Items – OPG Financing Plan / Market Activities

- Under the OFHPA, the Minister of Energy is required to regularly calculate the Fair Allocation Amount (FAA) to ensure a proper alignment of the allocation of the intergenerational costs and benefits for each of the next 60 six-month reference periods.
 - OPG, in its role as FSM, is to produce Financing Plans that would set out funding obligations for each reference period consistent with the FAA.
- On September 28, 2017, the Minister sent a letter to the OPG Board Chair setting out FAA and readjustment amounts (RAs). ENERGY and OPG exchanged data to support the amounts included in the Minister's letter.
 - For GA Refinancing to proceed as planned under the legislation, OPG needs to go to market so that the GA deferral can be funded. Until such time that this takes place, IESO must manage the reduction in GA received from electricity consumers.
- OPG has advised that additional amendments to O. Reg. 206/17 (General) are required to satisfy accounting requirements prior to proceeding to market.
 - Proposed amendments would set out an approach to appropriately manage a potential acceleration of debt repayment in the event of a default, including mitigating impacts on CEAs payable by specified consumers.
 - Additional proposed amendments would clarify the operation of O. Reg. 206/17, including a mechanism for the recovery of financing entity carrying costs after the moratorium period when the FAA remains less than the amount of such carrying costs.

Next Steps:

- OPG is expected to complete its Financing Plan in November and to proceed with the initial debt issuance in late November or December.
- The proposed amendments are expected to proceed to LRC on November 20, 2017.

2) Business Items – IESO Cost Recovery for Security Vehicle

- In order for OPG to market the debt, a security arrangement (e.g. a Letter of Credit or other similar credit enhancement tool) is required to backstop smaller Local Distribution Companies (LDCs) that would not be expected to have any or sufficiently sound credit ratings during the years in which CEAs are collected.
 - IESO has advised ENERGY that it requires a funding mechanism to recover costs associated with the security arrangement, including carrying costs and any default costs.
 - Note: the risk of LDC default is considered to be low. However, OPG advised regulatory amendments are necessary to provide security to the market should such a default occur.
- Amendments to O. Reg. 429/04 (Adjustments Under Section 25.33 of the Act) made under the *Electricity Act, 1998* have been developed in order enable amounts related to the security arrangement to be recovered through from consumers through the Global Adjustment (GA).
 - ENERGY consulted with IESO, OPG/Tory's and the OEB during the development of the proposed amendments.
 - In the event of an LDC default – resulting in CEAs not being recovered from the relevant LDC – the amounts related to uncollected CEAs would be recovered from specified consumers, as defined in the legislation, through the GA.

Next Steps:

- The proposed amendments are expected to proceed to LRC on November 20, 2017, packaged with the proposed amendments to O. Reg. 206/17.

2) Business Items – Equity Injections

- To purchase the regulatory asset from the IESO, an OPG financing entity would be established and borrow funds from the following:
 - Capital markets (51%); and
 - Subordinated OPG debt, financed through equity injections from the Province (44%) and OPG, financing from capital markets (5%).
- OPG will require equity injections on an ongoing basis in order to provide the 44% share of financing for the financing entity to acquire the regulatory asset from IESO and keep its capital structure in line, and will require flexibility in order to issue shares to the Province as needed, under a share subscription agreement.
- The Ministry of Energy will be responsible for seeking approval for the investment envelope each year and managing the share subscription arrangement with OPG.
 - On a periodic basis, OPG will send a notice of share subscription to the Ministry of Energy, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase in a fiscal year; the Ontario Financing Authority will flow the funds.

Next Steps:

- OPG and the Ministry of Energy Master Subscription Agreement and will proceed to execute in the coming weeks
- The Ministry of Energy will work with the OFA to ensure a mechanism is in place to flow the funds within the required timeframes after the request is made by OPG

2) Business Items – Subordinated Debt Agreement

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt and junior subordinated debt
- OPG proposes that OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement, which outlines the terms of the subordinated debt.
- OPG has proposed that interest rates on the subordinated debt be established as follows:
 - During the Trust short term financing period, when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt.
 - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate.

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement, which is tracking to be finalized by the end of November (TBD).

2) Business Items – PILs Exemption

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as Financial Services Manager, will be a trust (Trust).
- The Trust would be subject to tax under the *Income Tax Act* (Canada) and the Ontario *Taxation Act, 2007*.
- The beneficiary of the Trust will be a corporation (Subco) that will be directly or indirectly wholly-owned by OPG.
 - Subco, as a subsidiary of OPG, would be exempt from federal and provincial corporate taxes payable by private sector companies. Instead, Subco would be subject to tax under the payments in lieu of taxes (PILs) regime under the *Electricity Act, 1998 (EA)*, and would pay PILs to the Ontario Electricity Financial Corporation (OEFC);
 - PILs are used by the OEFC to help pay down its debt and other liabilities – OEFC is the legal continuation of the former Ontario Hydro.
- In order to mitigate the cost to ratepayers, a recommendation will be made to the Minister of Finance to make a regulation under the EA that would exempt Subco from PILs on income received by Subco as beneficiary of the Trust.
- Should OPG, as Financial Services Manager, establish other financing entities in the future for purposes of the OFHP, the Ministry of Finance will consider making similar recommendations to the Minister of Finance.

Next Steps:

- Letter to OPG provide comfort that Subco will be exempt from PILs on income received as beneficiary of the Trust.
- The Ministry of Finance is working with OPG on a draft regulation, which is intended to be made by the Minister of Finance in the Fall of 2017.

3) Social Programs – Regulations

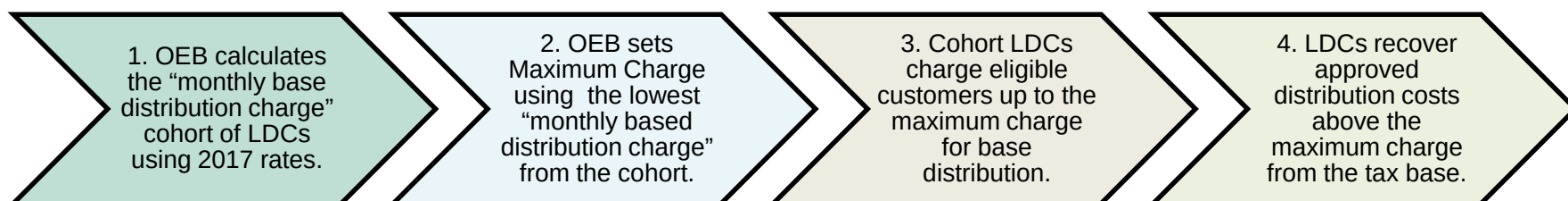
- On July 1, 2017, a number of amended and new regulations, needed to implement the Fair Hydro Plan, came into force:
 1. **Created a new Regulation (O. Reg. 197/17 First Nations Delivery Credit)** made under the *Ontario Energy Board Act, 1998* to enable the provision of a First Nations Delivery Credit.
 2. **Created a new Regulation (O. Reg. 198/17 Distribution Rate-Protected Residential Consumers)** made under the *Ontario Energy Board Act, 1998* to enable the provision of enhanced distribution rate protection to full-time residential customers of prescribed LDCs.
 3. **Amended O. Reg. 442/01(Rural or Remote Electricity Rate Protection)** made under the *Ontario Energy Board Act, 1998* to enable tax-based funds to support the provision of RRRP to Hydro One's low-density residential classified customers (R2).
 4. **Created a new Invoicing Regulation (O. Reg. 196/17 Invoicing Requirements)** made under the *Ontario Fair Hydro Plan Act, 2017* to communicate Ontario's Fair Hydro Plan (OFHP), and its associated bill impacts, to consumers.
 5. **Amended O. Reg. 275/04 (Information on Invoices to Certain Classes of Consumers of Electricity)** made under the *Ontario Energy Board Act, 1998* to remove the requirement for electricity vendors and USMPs to include informational messaging about the Debt Retirement Charge (DRC) in order to create more space on invoices for new OFHP messaging.
 6. **Amended the O. Reg 363/16 (General)** under the *Ontario Rebate for Electricity Consumers Act, 2016* to provide clarity on how the proposed First Nations Delivery Credit should be treated with respect to the calculation of the 8% provincial rebate.
 7. **Amended O. Reg. 314/15 (Ontario Electricity Support Program)** made under the *Ontario Energy Board Act, 1998* to enable MCSS staff to sign up social assistance clients for the Ontario Electricity Support Program.

3) First Nations Delivery Credit (FNDC)

- Section 79.4 of the OEB Act provides for a delivery credit to offset the costs that make up the delivery line for on-reserve consumers, paid for through funds appropriated by the Legislature. It also provides for regulation making authority to define who is an on-reserve consumer and what areas constitute a “reserve”
- The central piece of the FNDC regulation surrounds the eligibility criteria. The regulation limits eligibility to all First Nations residential on-reserve customers, regardless of whether the customer is seasonal or permanent. The definition of key terms, such as “reserve”, “member of a band”, are taken directly from the traditional meaning provided in the Indian Act.
- The 11 affected LDCs already have set processes in place to identify First Nations customers living on reserve based on their HST exemption status.
- Data reported by IESO reveals that over 20,000 customers are receiving FNDC – this was the target number pre-launch and reflects a successful rollout.
- The Ministry of Energy, in collaboration with the Chiefs of Ontario (COO), have crafted the policy in a manner which best reflects the needs and wishes of First Nations in Ontario.
 - Some leaders of First Nations that do not have reserve lands have expressed concern about being excluded from eligibility. (e.g. the Algonguins of Ontario and non-status First Nation groups).
 - Ontario and non-status First Nation groups).
 - COO has advocated for the expansion of the FNDC to include Band owned buildings. The Chiefs Committee on Energy continued to advocate for inclusion of band owned buildings at a meeting with Ministry staff on November 9, 2017.

3) Distribution Rate Protection – Implementation

- All eligible LDCs have indicated they are in position to provide distribution rate protection for electricity consumed on or after July 1st, 2017.
- The OEB followed the criteria in the new regulation (O. Reg. 198/17), as outlined in the chevrons below, to set the maximum monthly distribution charge.



- On June 22, 2017, the OEB released its decision and set the maximum monthly charge at \$36.43/month. The maximum charge will be updated at least once annually going forward.
 - The regulation stipulates that each year the maximum monthly charge would be no lower than the previous year's maximum charge.
- Affected LDCs have implemented the required billing system changes, and benefits have begun to flow to consumers as July billing cycles are completed.
- The OEB's June 22 decision also lowered the RRRP regulatory charge to reflect the shift of legacy Hydro One R2 customer costs from the rate-base to the tax-base. The new RRRP charge (0.03¢/kWh) dropped from \$1.66/month for the average customer to \$0.24.
- Ministry staff are updating program costs projections. Hydro One's future distribution rates (currently before the OEB) are the top cost drivers. The Ministry is working with the OEB to consider how the OEB's cost forecast report (contemplated in O. Reg 198/17) will be provided to the Ministry.

3) Ontario Electricity Support Program Regulation (OESP)

- As part of the FHP, recent amendments to Section 79.2.2 of the OEBA gave the Ministry of Community and Social Services (MCSS) and the OEB authority to share personal information. This authority is required to align OESP delivery with other social assistance (SA) programs and automate OESP enrolment in a way that meets privacy requirements under the *Freedom of Information and Protection of Privacy Act, 1990*.
 - The purpose of this exercise is to increase OESP uptake, which is one of the approved activities in the FHP TB Minute (March 1, 2017).
- Implementation activities underway by MCSS:
 - In order to ensure all eligible SA clients receive OESP, as part of 2018-19 PRRT, MCSS is requesting the extension of the 20 Temporary FTEs approved in 2017-18 to 2018-19. Additionally, MCSS is targeting to report back to TB/MBC in December 2017 in order to acquire an additional 30 temporary FTEs to support call centre activities
 - MCSS has developed an MOU with the OEB on data sharing and respective roles / responsibilities for aligning OESP with SA program delivery. Data exchange has occurred, and MCSS has determined that only 20% of SA clients with electricity bills are currently enrolled (about 90,000 of the 113,000 clients are not enrolled).
 - MCSS has already begun to directly contact these clients by phone and letters. The call center is now operational, as of October 2017, and executing enrollment for SA clients. As of November 1, OESP posters and brochures are being distributed to SA offices.
 - Software system upgrades are underway to enable more streamlined automatic enrolment, but in the meantime, OESP applications will still be manual. The automatic enrolment solution is anticipated for early 2018-2019.

Next Steps:

- Provisions in s. 79.2 of the OEBA need to be proclaimed to shift the OESP from the rate-base to the tax-base.. This is will align with the depletion of the OESP variance account which is expected (projected for Feb/March 2018).
- The Ministry is also drafting amendments to the OESP regulation (O.Reg. 314/15) to support transition of program administration authorities/responsibilities to the Ministry
 - The OIC and regulatory package is scheduled for LRC on December 11.
- The Ministry is working with the OEB and will continue to do so over the next several months to transition OESP administration to government-
- Wet signature issue is being addressed. CRA approved OEB's proposed approach for electronic signature, and technical changes are underway. Once completed (expected Q1 2018) the MOU between CRA and MOF will be updated to reflect change.

4) Affordability Fund

- Ontario's Fair Hydro Plan established an Affordability Fund to help Ontarians who do not qualify for low-income conservation programs to make energy efficiency improvements to their homes, which could not otherwise be done without the support.
- The Affordability Fund, established through the tax base, is being administered by an independent Trust.

Next Steps:

- Consultations with electricity distributors were undertaken over summer 2017, including an August 1st session with over 30 electricity distributors participating. Feedback highlighted the importance of program design to be an iterative process and to be flexible to accommodate future changes.
- On October 24, 2017, the Affordability Fund was launched through a formal announcement and press release. The press release included information regarding a toll-free number and website through which customers are able to submit an "Application for Support".
 - Eligible customers are expected to start receiving benefits through the Affordability Fund in early 2018.
- The Trust, working with Hydro One, is currently negotiating program implementation agreements with electricity distributors, which outline program delivery guidelines and budgets.
 - The Trust expects to enter into agreements with interested distributions starting mid to late December 2017.
 - The Trust has indicated that it expects Hydro One to deliver the program in service areas of those electricity distributors not interested in delivering the program.
- In October 2017, through the 2018-19 PRRT process, ENERGY provided TB/MBC with a report back on the Affordability Fund including program application process, eligibility criteria, program monitoring and spending to date. ENERGY also stated that it will continue to assess the need for an additional funding request, considering Fund results and continued identified need.
- The Trust is expected to report Q3 2017-18 results to the Ministry in January 2018.

5) Industrial Conservation Initiative (ICI)

- On April 10, 2017, Ontario amended O. Reg. 429/04 to allow smaller manufacturers and greenhouses with an average monthly peak demand of greater than 500 kilowatts (kW) and less than 1 megawatt (MW) to participate in ICI, in addition to the consumers over 1 MW who were already eligible.
- ICI was previously expanded on January 1, 2017, when the eligibility threshold was lowered from 3 MW to 1 MW and sector restrictions were removed.
- Newly eligible ICI participants that opted in to the program began being billed as Class A (i.e., program participants) consumers for their July 2017 consumption.
- Prior to the expansions, there were approximately 300 ICI participants. According to data provided by IESO, approximately 1100 participants have opted in for the current adjustment period.

Next Steps:

- ENERGY is continuing to work with the Ontario Chamber of Commerce (OCC) and Canadian Manufacturers and Exporters (CME) on outreach campaigns to promote awareness of the ICI program.

6) OFHP Billing Requirements

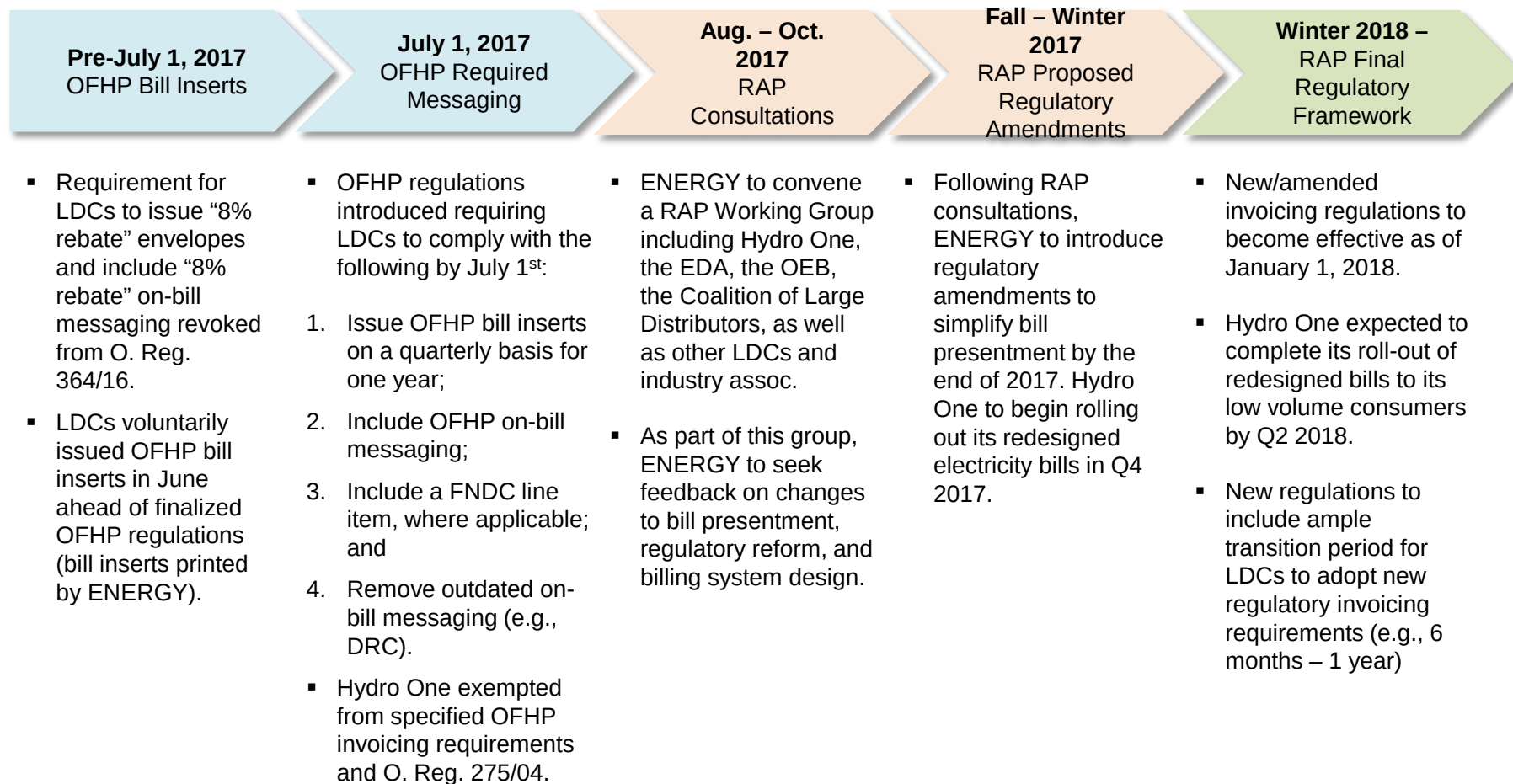
- The Ministry recently introduced new billing requirements under the *Ontario's Fair Hydro Plan Act, 2017* (OFHPA) and the *Ontario Energy Board Act, 1998* to support transparency and communication of the changes introduced by Ontario's Fair Hydro Plan (OFHP).
- These new billing requirements require electricity vendors and unit-sub meter providers (USMPs) to:
 - Include standardized informational messaging related to OFHP on all bills, per O. Reg. 196/17;
 - Accompany paper bills with a descriptive OFHP bill insert once per quarter, beginning with the first bill issued on or after July 1, 2017 until the first bill issued on or after July 1, 2018 (seasonal customers only to receive bill inserts semi-annually), per O. Reg. 196/17; and
 - Include a "First Nations Delivery Credit" as a visible line item on the bills of on-reserve customers and demonstrate the associated savings, as applicable, per O. Reg. 197/17.
- In anticipation of these new requirements, the Ministry amended O. Reg. 364/16 to revoke the "8% Provincial Rebate" messaging requirements from bills and envelopes in advance of July 1, 2017. Note: the requirement to include an 8% rebate line item remains.
- In addition, as of July 1, 2017, the requirement to include informational messaging about the Debt Retirement Charge (DRC) on bills was revoked. However, bills are still required to include a DRC line item (even for \$00.00 charges) and a definition in the "Glossary of Terms".
- As of July 2017, Hydro One has also been exempted from the application of O. Reg. 275/04, and specified OFHP invoicing requirements so that they may proceed with their planned bill redesign unencumbered by regulation. Hydro One is still required to issue quarterly OFHP bill inserts to its customers.
- Note: Vendors may petition the Minister for minor adjustments to these regulatory requirements due to technical and/or operational limitations. Minor exemptions due to message character limits have been granted to Hydro Ottawa, Enercare and IESO.

6) Redesign Action Plan (RAP)

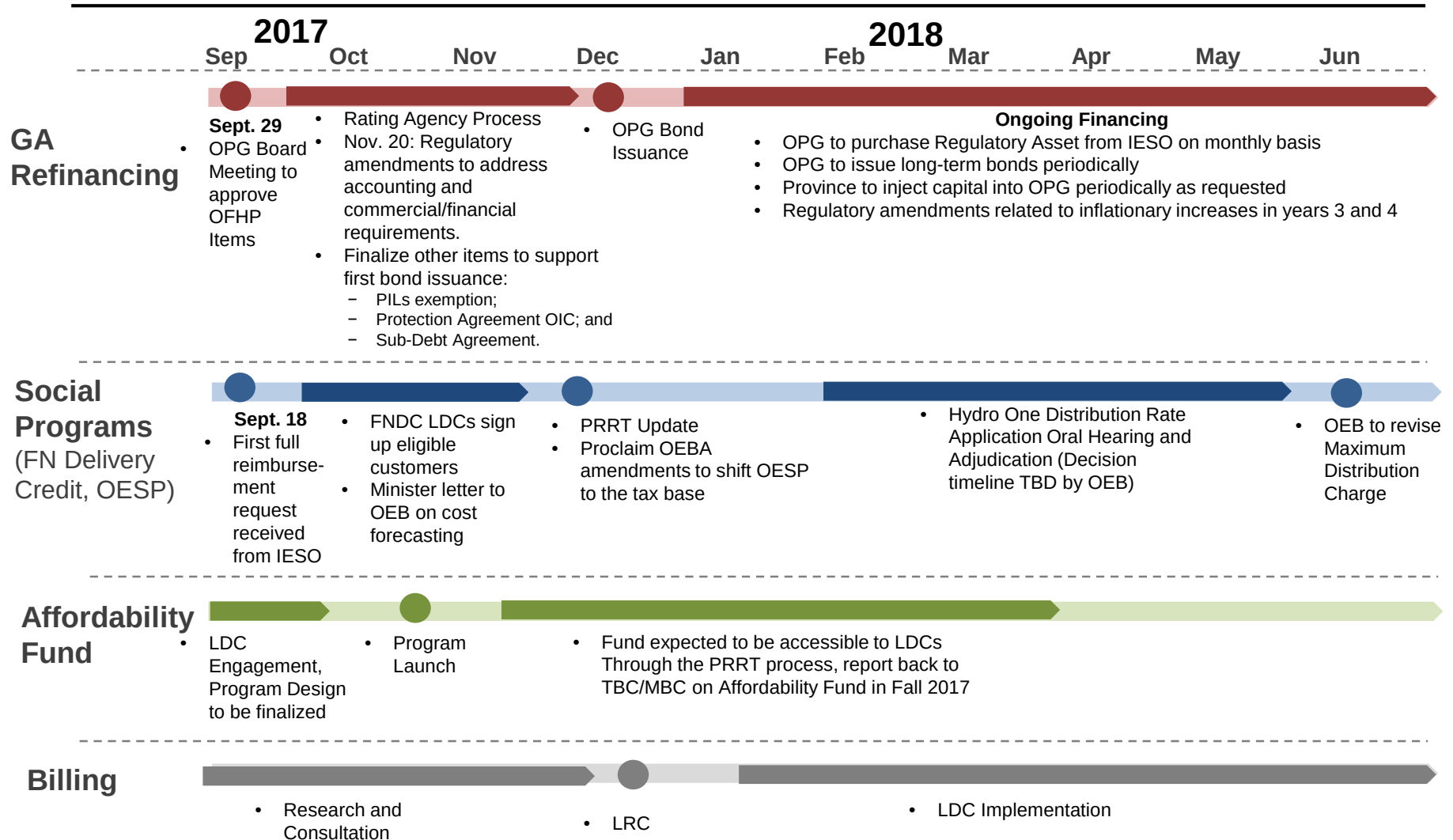
- The Ministry believes there is also an opportunity to further revise the regulatory framework on invoicing to improve the value of electricity bills to all consumers.
- In pursuit of this effort, the Ministry launched a Redesign Action Plan (RAP) this summer with the aim of improving electricity bills by:
 - Enhancing the customer experience (e.g., providing more useful information);
 - Better communicating government initiatives and programs (e.g., personalizing OFHP initiatives);
 - Consolidating the regulatory framework; and
 - Promoting greater understanding (e.g., clarifying terminology and calculations).
- The Ministry has convened a “RAP Working Group” consisting of Hydro One, the Electricity Distributors Association (EDA), the Coalition of Large Distributors (CLD), as well as additional LDCs, the OEB and relevant industry associations.
 - Three meetings have been held to date: kick-off meeting, bill design workshop and technical implementation issues. LDCs have been supportive of the Ministry’s approach.
 - The Ministry undertook consumer research on bill redesign in partnership with the OEB and IPSOS, through the OEB’s Consumer Panel. On September 19th and 21st Consumer Panel meetings were held in Sudbury, Toronto, Kingston and London. The Ministry is examining opportunities to conduct additional quantitative research to verify the qualitative findings from the Consumer Panel.
- Based on these consultation and research efforts, the Ministry aims to introduce new regulations and regulatory amendments at the end of 2017. These regulations would come into effect as of January 1, 2018, and require a transition period for distributors to comply.

6) Billing Requirements – Proposed Timeline

- Following the introduction of the OFHP invoicing requirements, the Ministry recommends undertaking the Redesign Action Plan (RAP) in the following stages:

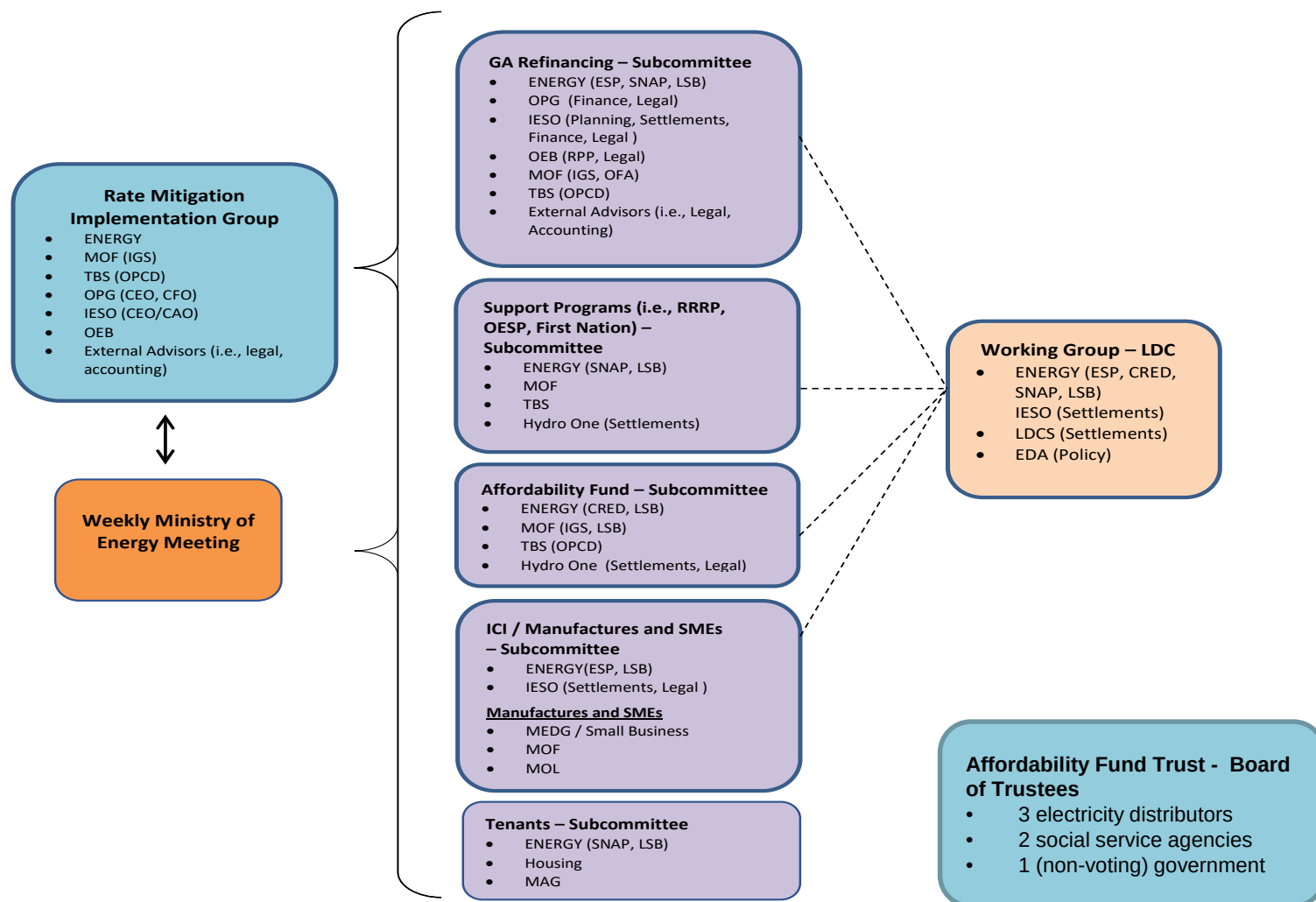


OFHP Key Milestones

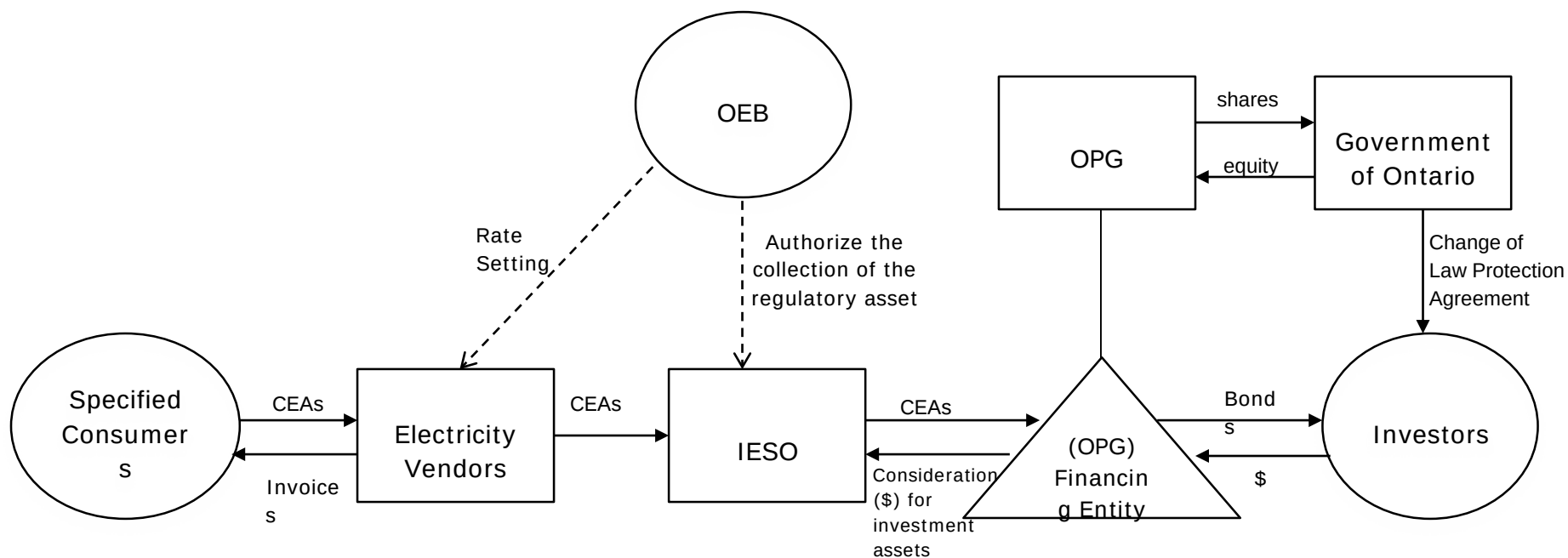


Appendix

Governance and Delivery Structure for Implementation of Ontario's Fair Hydro Plan



Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

FW_ CP Article.pdf

From: [Katona, Keley \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\) \(Steen.Hume@ontario.ca\)](#)
Subject: FW: CP Article
Date: December 12, 2016 5:42:00 PM

This is what I heard.

From: Neil Brodie [mailto:Neil.Brodie@ontarioenergyboard.ca]
Sent: December-12-16 5:39 PM
To: Katona, Keley (ENERGY)
Subject: RE: CP Article

We have received no media calls on this topic from CP or any other news agency.

It appears to have been pulled directly from the Smart Metering Initiative Section (1.11) of the AG's Fall report, vol. 2, p. 148-149:

(Recommendation) ... disclose the components of the TOU rates (electricity market price and Global Adjustment) separately on electricity bills so that the impact of the Global Adjustment is transparent to ratepayers.

Status: Will not be implemented. The Office of the Auditor General continues to believe that this is a viable practice to increase both the awareness and transparency of the impact of the Global Adjustment to ratepayers.

Details

In our 2014 audit, we found that the impact of Global Adjustment on TOU rates was not transparent to ratepayers because it was embedded in the TOU rates on the electricity bills. We noted that the Global Adjustment charged to ratepayers had Smart Metering Initiative 149

Chapter 1 • Follow-Up Section 1.11

increased significantly since 2006 and accounted for about 70% of each TOU rate in 2013.

The OEB has considered our recommendation, but decided not to implement it. The Global Adjustment is a component of the cost of electricity and is incorporated into the setting of TOU prices. OEB does not believe a breakdown of TOU prices would clarify pricing for consumers but likely to create more confusion. It does not think that showing the Global Adjustment as a separate line item will help consumers make decisions about electricity consumption and how to manage their electricity costs.

Instead, it believes consumers are focused on their TOU usage when making decisions about how to reduce their electricity costs. Instead of showing the Global Adjustment as a separate line item on the electricity bill, the IESO publicly reports the Global Adjustment breakdown by business and consumer categories. It also indicated that it will conduct pilots to assess other changes to make the electricity bills easier to understand, including the following:

- renaming the TOU time periods;
- redesigning the visual presentation of TOU time periods;
- modifying the presentation of the electricity bill; and
- providing better information on different household appliances, such as the amount of electricity the appliance consumes, the cost of that electricity, and how use and costs can be managed under TOU pricing.

However, the OEB has limited ability to mandate changes to the electricity bills of low-volume consumers because they are governed by Ontario regulations. The OEB noted in its response that consumers have access to information regarding the cost of the Global Adjustment through IESO's publicly available market price website. The OEB's Regulated Price Plan Reports also provide details on estimates of the Global Adjustment costs and how those costs are allocated to the three TOU periods.

Our position is that these changes will not address our recommendation to increase awareness of Global Adjustment among ratepayers and transparency of its impact on them.

From: Katona, Keley (ENERGY) [<mailto:Keley.Katona@ontario.ca>]
Sent: Monday, December 12, 2016 5:27 PM
To: Neil Brodie
Subject: CP Article

Hi Neil,
See below excerpt from a CP article. Wondering if you can confirm what the OEB said regarding GA?
Thanks,
Keley

The OEB Rejects call Ontario's AG to include Global Adjustment Charge On

Electricity Bills – (ENERGY) CP reports that the energy board says breaking down the global adjustment would not clarify prices for consumers and would likely create more confusion. The board recently dismissed calls to add a line on natural gas bills showing the cost of the Liberals' cap-and-trade plan to fight climate change, which is expected to add \$5 a month to home heating bills when it starts Jan. 1. The auditor general commissioned a survey that found 89 per cent of natural gas ratepayers want the cap-and-trade costs clearly displayed, but the government says it won't overrule the board's decision.

This electronic transmission, including any accompanying attachments, may contain information that is confidential, privileged and/or exempt from disclosure under applicable law, and is intended only for the recipient(s) named above. Any distribution, review, dissemination or copying of the contents of this communication by anyone other than the intended recipient(s) is strictly prohibited. If you have received this communication in error, please notify the sender immediately by return e-mail and permanently delete the copy you have received.

Ce message, transmis par courriel, y compris tout fichier joint, peut contenir des renseignements qui sont confidentiels, qui sont protégés par le secret professionnel ou qui ne peuvent être divulgués aux termes des lois applicables et s'adressent exclusivement au(x) destinataire(s) indiqué(s) ci-dessus. La distribution, la diffusion, l'examen ou la reproduction du contenu du courriel par une autre personne que le(s) destinataire(s) voulu(s) sont strictement interdits. Si vous recevez ce message par erreur, veuillez le supprimer définitivement et en aviser l'expéditeur immédiatement par retour du courriel.

FW_ E&Y(1).pdf

From: [Thompson, Erin \(ENERGY\)](#)
To: [Katona, Keley \(ENERGY\)](#)
Cc: [Pagel, Alexa \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Syed, Usman \(ENERGY\)](#)
Subject: FW: E&Y
Date: January 23, 2017 5:26:11 PM

Hi Keley – see below clarification.

- Currently, the IESO accounts conservation costs as an asset. At the end of every month, the IESO takes the sum of amounts requested for reimbursement (mostly from LDCs) and includes it in the global adjustment charged to customers
- In 2013, the former Ontario Power Authority's (OPA's) external auditors, KPMG, LLP, provided its opinion that OPA can continue to record amortized conservation costs as assets, provided that the recovery of conservation costs and related interest charges are “guaranteed” through regulation.
- At the time, staff at the Office of the Provincial Controller Division (OPCD) also agreed with the view that amortized conservation costs can be considered as assets, if related interest charges are guaranteed through regulation.
 - OPCD staff however noted that the Auditor General (AG) may disagree with considering amortized conservation costs as assets.
 - It was also flagged that the AG may not view this proposal favourably given that in an amortized scenario overall costs in the longer run would be higher (due to interest charges)
- E&Y's advice is consistent with previous advice from KPMG in that conservation costs can be considered as assets. The specific time period (10 or 15 years) would be a policy decision and would not be constrained by accounting principles.

From: Katona, Keley (ENERGY)
Sent: January-23-17 3:18 PM
To: Thompson, Erin (ENERGY)
Cc: Sermat-Harding, Kaili (ENERGY); Pagel, Alexa (ENERGY)
Subject: RE: E&Y

Thanks for this. The last bullet is a bit confusing, given the proposal didn't seem to work before. Does the E&Y advice imply that we can amortize the conservation costs over a 10, 15 year period, etc?

From: Thompson, Erin (ENERGY)
Sent: January-23-17 12:50 PM
To: Katona, Keley (ENERGY)
Cc: Sermat-Harding, Kaili (ENERGY)
Subject: RE: E&Y

Hi Keley – see our summary below. As you know, we are scheduling a meeting with Kim Marshall at IESO tomorrow to discuss.

Thanks,
Erin

-

Accounting of Conservation Costs - Summary of Ernst and Young's accounting advice to the IESO

- Context: Currently, the IESO accounts CDM costs as an asset. At the end of every month, the IESO takes the sum of amounts requested for reimbursement (mostly from LDCs) and includes it in the global adjustment charged to customers. IESO receives the appropriate funds in the subsequent month. CDM costs are treated as an asset because ~~of the timing of the reimbursement, which is one month following the incurred CDM costs.~~ recovery is guaranteed via legislation and IESO has direct access to the funds.
- The Scope of Ernst and Young's (EY) work was to assess the accounting implications of amortizing conservation costs (**see attached**).
- IESO follows CPA Public Sector Accounting Standards (PSAS) who do not provide any specific guidance on rate recovery assets (e.g. CDM, electricity supply contracts). In general, EY's approach was to use their professional judgement to assess if PSAS principles are being met. EY also considered a number of other accounting standards in their assessment.
- A key question that EY analyzed is whether CDM costs under an amortized scenario could still be considered an asset. In this regard, EY notes that "*In evaluating the costs incurred by the IESO to reimburse the LDCs, an argument could be made to support the recognition of the costs as an asset as the costs meets the three essential characteristics prescribed by PS 100*". The three characteristics include:
 - o Future economic benefit- IESO expect to generate future economic benefit from the reimbursement of amortized CDM costs, i.e. IESO has the ability under the current regulatory framework to recover reasonable costs through GAM.
 - o IESO controls access to the recovered funds.
 - o Transaction or event giving rise to IESO's control has already occurred- i.e., the CDM costs being amortized have been incurred
- EY also provide some commentary on the two types of assets; financial (e.g. cash) and non-financial (e.g. tangible assets). EY suggest that amortized CDM costs would fall into non-financial assets.
- EY note that costs related to interest charges may also be able to considered as an asset if the Minister revises the calculation of global adjustment (we are assuming this would happen via legislative changes).
- EY's advice is consistent with advise provided by KPMG to the former OPA (in October 2013). KPMG's response was in an email format (**see attached**) and wasn't as detailed as EY's.

From: Thompson, Erin (ENERGY)
Sent: January-23-17 11:11 AM
To: Katona, Keley (ENERGY)
Subject: RE: E&Y

Hi Keley – staff have prepared a summary. Kaili hasn't had a chance to take a look this

morning (she's been in meetings). Will bump it up the list for when she's back at her desk shortly after noon (or let me know if you need it now, and I can send you Director approved).

Thanks,
Erin

From: Katona, Keley (ENERGY)
Sent: January-23-17 11:06 AM
To: Thompson, Erin (ENERGY)
Subject: E&Y

Hi Erin,
Just checking in on status of the summary.
Thanks,
Keley

FW_ E&Y.pdf

From: [Katona, Keley \(ENERGY\)](#)
To: [Imbrogno, Serge \(ENERGY\)](#)
Subject: FW: E&Y
Date: January 23, 2017 6:28:00 PM

From: Thompson, Erin (ENERGY)
Sent: January-23-17 5:26 PM
To: Katona, Keley (ENERGY)
Cc: Pagel, Alexa (ENERGY); Sermat-Harding, Kaili (ENERGY); Syed, Usman (ENERGY)
Subject: FW: E&Y

Hi Keley – see below clarification.

- Currently, the IESO accounts conservation costs as an asset. At the end of every month, the IESO takes the sum of amounts requested for reimbursement (mostly from LDCs) and includes it in the global adjustment charged to customers
- In 2013, the former Ontario Power Authority's (OPA's) external auditors, KPMG, LLP, provided its opinion that OPA can continue to record amortized conservation costs as assets, provided that the recovery of conservation costs and related interest charges are "guaranteed" through regulation.
- At the time, staff at the Office of the Provincial Controller Division (OPCD) also agreed with the view that amortized conservation costs can be considered as assets, if related interest charges are guaranteed through regulation.
 - OPCD staff however noted that the Auditor General (AG) may disagree with considering amortized conservation costs as assets.
 - It was also flagged that the AG may not view this proposal favourably given that in an amortized scenario overall costs in the longer run would be higher (due to interest charges)
- E&Y's advice is consistent with previous advice from KPMG in that conservation costs can be considered as assets. The specific time period (10 or 15 years) would be a policy decision and would not be constrained by accounting principles.

From: Katona, Keley (ENERGY)
Sent: January-23-17 3:18 PM
To: Thompson, Erin (ENERGY)
Cc: Sermat-Harding, Kaili (ENERGY); Pagel, Alexa (ENERGY)
Subject: RE: E&Y

Thanks for this. The last bullet is a bit confusing, given the proposal didn't seem to work before. Does the E&Y advice imply that we can amortize the conservation costs over a 10, 15 year period, etc?

From: Thompson, Erin (ENERGY)
Sent: January-23-17 12:50 PM
To: Katona, Keley (ENERGY)
Cc: Sermat-Harding, Kaili (ENERGY)

Subject: RE: E&Y

Hi Keley – see our summary below. As you know, we are scheduling a meeting with Kim Marshall at IESO tomorrow to discuss.

Thanks,
Erin

-

Accounting of Conservation Costs - Summary of Ernst and Young's accounting advice to the IESO

- Context: Currently, the IESO accounts CDM costs as an asset. At the end of every month, the IESO takes the sum of amounts requested for reimbursement (mostly from LDCs) and includes it in the global adjustment charged to customers. IESO receives the appropriate funds in the subsequent month. CDM costs are treated as an asset because ~~of the timing of the reimbursement, which is one month following the incurred CDM costs.~~ recovery is guaranteed via legislation and IESO has direct access to the funds.
- The Scope of Ernst and Young's (EY) work was to assess the accounting implications of amortizing conservation costs (**see attached**).
- IESO follows CPA Public Sector Accounting Standards (PSAS) who do not provide any specific guidance on rate recovery assets (e.g. CDM, electricity supply contracts). In general, EY's approach was to use their professional judgement to assess if PSAS principles are being met. EY also considered a number of other accounting standards in their assessment.
- A key question that EY analyzed is whether CDM costs under an amortized scenario could still be considered an asset. In this regard, EY notes that "*In evaluating the costs incurred by the IESO to reimburse the LDCs, an argument could be made to support the recognition of the costs as an asset as the costs meets the three essential characteristics prescribed by PS 100*". The three characteristics include:
 - o Future economic benefit- IESO expect to generate future economic benefit from the reimbursement of amortized CDM costs, i.e. IESO has the ability under the current regulatory framework to recover reasonable costs through GAM.
 - o IESO controls access to the recovered funds.
 - o Transaction or event giving rise to IESO's control has already occurred- i.e, the CDM costs being amortized have been incurred
- EY also provide some commentary on the two types of assets; financial (e.g. cash) and non-financial (e.g. tangible assets). EY suggest that amortized CDM costs would fall into non-financial assets.
- EY note that costs related to interest charges may also be able to considered as an asset if the Minister revises the calculation of global adjustment (we are assuming this would happen via legislative changes).
- EY's advice is consistent with advise provided by KPMG to the former OPA (in October 2013). KPMG's response was in an email format (**see attached**) and wasn't as detailed as EY's.

From: Thompson, Erin (ENERGY)
Sent: January-23-17 11:11 AM
To: Katona, Keley (ENERGY)
Subject: RE: E&Y

Hi Keley – staff have prepared a summary. Kaili hasn't had a chance to take a look this morning (she's been in meetings). Will bump it up the list for when she's back at her desk shortly after noon (or let me know if you need it now, and I can send you Director approved).

Thanks,
Erin

From: Katona, Keley (ENERGY)
Sent: January-23-17 11:06 AM
To: Thompson, Erin (ENERGY)
Subject: E&Y

Hi Erin,
Just checking in on status of the summary.
Thanks,
Keley

FW_ FHP Trust Offering.pdf

From: [Hume, Steen \(ENERGY\)](#)
To: [Christie, Tim \(ENERGY\)](#); [Cayley, Daniel \(ENERGY\)](#)
Cc: [Cox, Hilary \(ENERGY\)](#)
Subject: FW: FHP Trust Offering
Date: February 7, 2018 7:00:02 PM

Nice work gentlemen. See below.

Have a good evening. Steen

Sent with BlackBerry Work
(www.blackberry.com)

From: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Date: Wednesday, Feb 07, 2018, 6:53 PM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>
Cc: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>
Subject: FW: FHP Trust Offering

Hi Steen,

Thanks for crafting this response. As noted below, the Deputy wants us to continue tracking this so that we can provide updates as necessary.

Thanks,
Martin

From: Imbrogno, Serge (ENERGY)
Sent: February 7, 2018 6:48 PM
To: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Subject: Fwd: FHP Trust Offering

Hi. Let's track this and be ready to provide an update. Thanks

Sent from my iPad

Begin forwarded message:

From: "Orsini, Steve (CAB)" <Steve.Orsini@ontario.ca>
Date: February 7, 2018 at 6:22:54 PM EST
To: "Imbrogno, Serge (ENERGY)" <Serge.Imbrogno@ontario.ca>
Cc: "Davidson, Steven (CAB)" <Steven.Davidson@ontario.ca>, "Thompson, Scott (MOF)" <Scott.Thompson@ontario.ca>, "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "Kwamena, Boafoa (CAB)" <Boafoa.Kwamena@ontario.ca>
Subject: RE: FHP Trust Offering

Serge,

Thanks. Please let us know the outcome of your analysis.

From: Imbrogno, Serge (ENERGY)
Sent: February 7, 2018 6:21 PM
To: Orsini, Steve (CAB)
Cc: Davidson, Steven (CAB); Kwamena, Boafoa (CAB)
Subject: Re: FHP Trust Offering

Steve,

A number of inputs will vary over the thirty-year life of the GA refinancing program and will continue to be revised to reflect changing conditions (e.g., changes in interest rates).

The Ministry analysis underpinning the 2017 Fair Allocation Amount (FAA) included a 5.0% average interest rate over the life of the GA refinancing program (i.e., 30 years). Note: Navigant's modelling of GA refinancing assumed an interest rate of 4.5%. In the development of the 2017 FAA the interest rate assumptions were revised to 5% based on consultations with OPG.

The announcement yesterday that OPG was able to secure an interest rate of 3.357% for the senior debt on its first issuance has a 15 year term and a value of \$500 million.

OPG advises that the remainder of the debt is split between "subordinated" and "junior subordinated" debt. The effective interest rate will be the weighted average of these three series of debt (i.e., senior, subordinated and junior subordinated). OPG is expected to finalize the pricing for the subordinated and junior subordinated debt within the next 48 hours. The pricing will be based in part on the pricing of the senior series.

Sent from my iPad

On Feb 6, 2018, at 10:29 PM, Orsini, Steve (CAB) <Steve.Orsini@ontario.ca> wrote:

Thanks Serge.

How does this compare to the costs assumed in the modelling?

From: Imbrogno, Serge (ENERGY)
Sent: February 6, 2018 2:36 PM
To: Orsini, Steve (CAB); Davidson, Steven (CAB)

Cc: Kwamena, Boafoa (CAB)

Subject: FHP Trust Offering

Hi Steve,

Not sure if you received an update already, but below is the result of the OPG Trust financing this afternoon for the OFHP:

- OPG has informed us that pricing has been confirmed at 3.357% and they financed \$500m.
- This is 92 bps over GOC, so it is still the lowest cost.
- The OFA has confirmed that the issue was 23 bps over the Ontario curve.

OPG is providing a technical briefing for the media at 3:00.

FW_ Globe and Mail Inquiry re_ IESO Accounting ...(1).pdf

From: [Hume, Steen \(ENERGY\)](#)
To: [Armstrong, Hillary \(ENERGY\)](#)
Cc: [Cox, Hilary \(ENERGY\)](#)
Subject: FW: Globe and Mail Inquiry re: IESO Accounting Changes, AG Audit and Fair Hydro
Date: March 26, 2018 8:00:16 AM
Attachments: [Responses.docx](#)
Importance: High

FYI

Sent with BlackBerry Work
(www.blackberry.com)

From: Whytock, John (ENERGY) <John.Whytock@ontario.ca>
Date: Sunday, Mar 25, 2018, 9:40 PM
To: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Cc: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>, Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>, Perkins, Michael (ENERGY) <Michael.Perkins@ontario.ca>
Subject: Fw: Globe and Mail Inquiry re: IESO Accounting Changes, AG Audit and Fair Hydro

Good evening. As you'll note, this went straight to MO, after it was provided to the reporter.

Any questions, please let me know. I haven't seen any MO follow up.

Jw

Sent from a device

From: Jordan Penic <jordan.penic@ieso.ca>
Sent: Sunday, March 25, 2018 7:04 PM
To: Nikolaichuk, Colin (ENERGY); Berry, James (ENERGY); Den Heijer, Kevin (ENERGY); Tresise, Landon (ENERGY); Whytock, John (ENERGY)
Cc: John Cannella; Jessica Savage; Terry Young
Subject: Globe and Mail Inquiry re: IESO Accounting Changes, AG Audit and Fair Hydro

Good evening,

Late Friday the IESO received a number of questions from the Globe and Mail reporter, Matthew McClearn, regarding the IESO's accounting changes, the current ongoing audit with the AG, and the Fair Hydro Plan. He also indicated that he would be filing a story for Monday. As such we drafted and shared the attached responses, to be attributed to IESO's CFO, Kim Marshall.

We also understand that questions were sent to TBS and KPMG.

Please let me know if you would like to discuss.

-Jordan

Jordan Penic | Senior Manager, Communications & Government Affairs

Independent Electricity System Operator (IESO) | T: (416) 506-2815
120 Adelaide Street West, Suite 1600, Toronto, ON M5H 1T1
Web: www.ieso.ca | Twitter: [IESO_Tweets](https://twitter.com/IESO_Tweets) | LinkedIn: [IESO](https://www.linkedin.com/company/ieso)
Conservation: www.saveONenergy.ca | Twitter: [saveONenergyOnt](https://twitter.com/saveONenergyOnt) | LinkedIn: [saveONenergy](https://www.linkedin.com/company/saveONenergy)

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

Responses.pdf

Matt:

Given some of the commentary included in your questions, we thought it would be helpful to provide additional information on the history of the change in accounting policies that the IESO implemented in March 2017.

As you may know, the Office of the Auditor General has raised concerns resulting from a difference in opinion on these changes, specifically, the recognition of rate regulated assets and market accounts.

The accounting standards that the IESO uses are principles-based, and as such, require some discretion and professional judgment when being applied. It is common to have more than one acceptable approach when applying accounting standards. To be clear, the changes that the IESO made were done so after extensive discussions and deliberations with external professional advisors and the IESO Board and in no way affect the IESO's operational costs, or have a financial impact on electricity ratepayers.

The IESO Board met with the Auditor General on two separate occasions last year to discuss her concerns and the Board and the Audit Committee of the Board has spent a considerable amount of time reviewing the decision and the AG's concerns. After extensive review, the Board and management of the IESO continue to believe that the policies that the IESO adopted in 2017 are appropriate and in accordance with Canadian Public Sector Accounting Standards (PSAS).

Research conducted by KPMG confirms that the recognition of regulatory assets and liabilities better reflect the economic substance of IESO's operations and enhance the relevance, transparency and accountability of our financial reporting. It also found that US GAAP was an appropriate accounting framework to look to for guidance on rate-regulated operations, since PSAS is silent on the issue. Further, these changes bring the IESO in line with other independent system operators across North America.

With respect to the special audit that the Auditor General carried out, we have fully cooperated with her and her office in regards to her work. As the answers we provide indicate, this includes setting up special arrangements for her office to carry out this work and we extended the same level of cooperation and information that was provided to KPMG, who had been engaged as our third party auditor.

Kim Marshall

1. Cooperation with the AG

One of the more significant allegations in the AG's letter to the Public Accounts Committee is that *"the Board and Senior Management of the IESO did not fully cooperate with us during the conduct of our work,"* and that consequently the AG was unable to provide an audit opinion. The passage continues:

In order for us perform our work in accordance with Canadian Auditing Standards we require certain information on all of our audits. Unfortunately, the Board and Management of the IESO consistently refused (while all the time insisting in correspondence that they were cooperating) to provide us with

written acknowledgement of their roles and responsibilities with respect to our audit, nor would management sign a representation letter confirming that they have provided us with all relevant information that may affect the financial statements. No valid reason for these refusals was provided to us.

Questions:

- How does IESO characterize its cooperation with the Auditor General?

The IESO has fully cooperated with the Office of the Auditor General of Ontario with respect to their special audit of the IESO. The IESO recognizes the Auditor General's statutory role and authority to perform an audit of the IESO and has cooperated fully throughout the special audit process.

Over an eleven week period, IESO staff met with OAGO staff on over 40 occasions and responded to over 225 information requests. The IESO also arranged for working accommodations for seven OAGO staff on IESO premises over that 11-week period, complete with access to a private meeting room for their sole use, as well as direct access to IESO employees. Further, the IESO designated a staff member to assist in coordinating meeting and information requests to ensure they were done in a timely manner.

In addition to the meetings held with IESO staff, the IESO also complied with numerous requests from Ms. Lysyk to attend meetings of the IESO's Audit Committee and the full IESO Board of Directors. Two special Audit Committee meetings were held in February at Ms. Lysyk's request and her staff attended the regularly-scheduled meeting of the Audit Committee on February 27.

This spirit of cooperation is one that the IESO has followed in all of its previous engagements with the OAGO.

- Did management and the board fail to provide the above documentation, as described? If so, why not? Alternately, what's the truth of the matter?

The management representation letter and signed audit planning report were signed with KPMG, an independent third-party auditor. KPMG was engaged by the IESO Board to conduct the IESO's 2017 financial statement audit. As the Auditor General's Office was not formally engaged to perform this audit, it would be inappropriate for the IESO to sign the aforementioned documents.

While the AG was not engaged as the IESO's auditor, any information that was shared with KPMG, along with all other information relevant to the 2017 financial statements, was also shared with the OAGO. In recognition of the Auditor General's work, a copy of the management representation letter between the IESO and KPMG was provided to her office.

2. Collateral and Security Disclosure on Financial Statements

Another issue is this whole business regarding the IESO pledging future collection of revenues. The AG has said that *"the assets of IESO have been pledged as collateral and security against the Fair Hydro Trust...what it means is that the generators fall behind the creditors for the Fair Hydro Plan Trust. We asked management and the board to disclose this in their financial statements and they have not."*

Questions:

- Whom at IESO did the AG ask to make this disclosure, and when?

On March 20, 2018 the IESO received a draft audit report from the Auditor General's Office. Included in the draft report was a recommendation for the IESO to disclose the Security Agreement and the pledging of market receivables as collateral in the financial statement notes.

- What was IESO's response?

The IESO is reviewing this recommendation and will be developing a response for inclusion in the final audit report. The IESO expects to share the response with the Auditor General's office this week.

- Is the AG's characterization—that generators fall behind the creditors for the Fair Hydro Plan Trust—correct? Why or why not?

The security is only collateral for the current month carrying costs owing to Fair Hydro Trust, until July 2021 and not creditors for the Trust. Additionally, only receivables due in a month from local distribution companies and electricity retailers have been pledged.

The security will only be called if the IESO fails to pay carrying costs to the Fair Hydro Trust in a month, which is highly unlikely, as the amount of carrying costs is small relative to the entire amount settled each month. Further, Moody's and DBRS have not changed the IESO's credit rating despite this security.

- If IESO chose not to disclose this in its financial statements, why not?

As noted above, this recommendation is still under consideration by the IESO.

- The AG said that it knows that IESO "thought it was a risk, that the generators would not like this." Is that in fact the case?

As part of the IESO's assessment of potential risks related to the Fair Hydro Plan, providing the security was assessed. However, after careful consideration including the potential impact on generators, and consultation with external professional advisors, the IESO determined that providing the security for the 4-year period (until July 2021) during which carrying costs would be paid, was the right thing to do and should not have a negative impact on generators. Providing this limited security helped the Fair Hydro Trust obtain a higher credit rating, reduce financing costs, and ultimately minimize costs to Ontario consumers.

According to the Auditor General, IESO's assets have been pledged as collateral and security against the Fair Hydro Trust. She told the Public Accounts Committee:

What it means is that the generators fall behind the creditors for the Fair Hydro Plan Trust. We asked management and the board to disclose this in their financial statements, and they have not. I think we're still wondering why they won't, other than the fact that we know that they thought it was a risk, that the generators would not like this. Bruce Power would be concerned that IESO pledged as collateral the incoming revenues they would receive from the LDCs.

Questions:

- Did the AG in fact ask IESO's board and management to disclose this fact in the IESO's financial statements?

See above.

- If so, what determination did the board and management make, and why?

See above.

- Has the IESO informed generators about this? If so, when? If not, why not?

After careful consideration, it was determined that granting the security would be unlikely to have a negative impact on generators. The payment obligation that is supported by this security is a small proportion of the total amount settled in a month. The IESO considers it highly unlikely the security will ever be called. Nonetheless, the IESO is considering including this information in its financial statements, which will be released publicly on or before March 31, 2018.

3. KPMG and IESO involvement in FHP *(request for response from Chair of Audit Committee)*

The Auditor General has made a number of statements about the relationship between the AG, the IESO, KPMG and the government. Questions naturally arise from these statements, and I wanted to put them to the chair of IESO's audit committee.

Questions:

- The AG has said that it has confirmed that IESO's adoption of rate regulated accounting "were directly related to the Fair Hydro Plan." Is this true? Why or why not?

It is not true. The IESO Board adopted its new accounting policies on March 15, 2017. The decision to adopt regulatory accounting was made to allow for financial reporting that was more relevant to the needs of our financial statement users and enabled greater transparency into the market transactions we oversee, which amounted to over \$17 billion last year. It is also consistent with the practices of other Independent Electricity System Operators in North America.

- The AG's office has said that the IESO treated its "audit team like we were subservient to KPMG. In terms of the law in Ontario, that would be the reverse." The AG has described KPMG as a "component auditor" and itself as a "parent auditor," and that KPMG therefore has obligations to the Auditor General's office. What is the audit committee's understanding of KPMG's obligations to the Auditor General?

While we cannot speak to the Auditor General's characterization of her office's relationship with KPMG, the IESO has recognized the Auditor General's statutory role and authority to perform an audit of the IESO and has cooperated fully throughout the special audit process.

As such, any information that was shared with KPMG along with all other information relevant to the 2017 financial statements was also shared with the OAGO. As noted above, we undertook special arrangements with the OAGO to help with their work. This included arranging for working accommodations for seven OAGO staff over an 11-week period with direct access to IESO staff. During that time, we met with OAGO staff on over 40 occasions and responded to over 225 information requests. Additionally, the Audit Committee had two special meetings with the AG in February and her staff attended a regularly scheduled meeting of the Audit Committee on February 27.

- Is the audit committee satisfied that KPMG has communicated in a fair, open and transparent manner with the Auditor General's office? Why or why not?

Yes. It is our understanding that KPMG has responded to all requests from the Auditor General and her Office. We also understand that KPMG met with the OAGO on a number of occasions to discuss the relevant account issues, and to share relevant correspondence and documentation.

The IESO had asked KPMG to deliver their audit report to the Auditor General's Office and make available their working papers in respect of the audit, in line with their obligation under the Auditor General's Act.

- The AG has raised concerns about the fact that KPMG provided advisory services concerning the Fair Hydro Plan while also auditing IESO's financial statements. Why was this arrangement acceptable to the audit committee?

KPMG was among those consulted by IESO on accounting matters relating to the Fair Hydro Plan. It is very common for auditors to provide advisory services to help their clients understand the application of complex accounting matters.

4. Date of Financial Statement Publication

- What date will the IESO's 2017 financial statements be published?

The IESO is expecting to publish the 2017 financial statements before the end of March.

5. Questions received earlier today:

- a) The Auditor General has said that her office requested something called bank reconciliations from the IESO, and that the IESO "couldn't provide any to us." Apparently the AG regards this as a big deal. My questions:

- What are bank reconciliations?

Bank reconciliation is a process that is used to match the balance of a company's general ledger account to its bank statement balance.

- When did the AG's office request to see these bank reconciliations?

On December 14, 2017 the IESO received an initial request listing from the Office of the Auditor General of Ontario (OAGO). Included in this request listing was a request for "Bank reconciliations for each bank account as at December 31, 2017".

- What was IESO's response?

Over the course of the audit period, the IESO provided the OAGO with bank reconciliations for each of its accounts. Each reconciliation was provided in the form of an excel spreadsheet that showed the balance of the bank account and corresponding general ledger account, as at December 31, 2017.

- If the IESO did not provide them to the AG, why not?

Not applicable – see response above.

- Did KPMG ever raise this issue with IESO? If so, when and how?

The issue of how IESO performs its bank reconciliation was never raised by auditors, including KPMG.

- b) How much has IESO paid KPMG each year since its inception? If possible, please break out the value of the auditing work from any consulting work.

The IESO and OPA merged on January 1, 2015. The fees paid to KPMG for services performed since the merger are outlined below.

With respect to the charges for accounting advisory services in 2017, this number reflects both amounts charged for advice on the complex changes to IESO's accounting policies, as well as KPMG's work related to responding to the Auditor General.

		<u>2015</u>	<u>2016</u>	<u>2017</u>
1	Annual Financial Statement audit	86,000.00	91,969.50	86,500.00
2	Accounting advisory services			652,907.00
3	Tax advisory services	31,518.00	37,950.00	18,965.00
4	Other advisory services:			
	Merger integration assistance	292,871.20		
	Procurement advisory project	67,655.50		
	Cultural alignment project		31,500.00	
	IT Corporate Governance			14,685.00
		<u>478,044.70</u>	<u>161,419.50</u>	<u>773,057.00</u>

FW_ Globe and Mail Inquiry re_ IESO Accounting pdf

From: [Armstrong, Hillary \(ENERGY\)](#)
To: [Nucciarone, Michael \(ENERGY\)](#)
Subject: FW: Globe and Mail Inquiry re: IESO Accounting Changes, AG Audit and Fair Hydro
Date: March 26, 2018 8:19:41 AM
Attachments: [Responses.docx](#)
Importance: High

FYI

Sent with BlackBerry Work
(www.blackberry.com)

From: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>
Date: Monday, Mar 26, 2018, 8:00 AM
To: Armstrong, Hillary (ENERGY) <Hillary.Armstrong@ontario.ca>
Cc: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>
Subject: FW: Globe and Mail Inquiry re: IESO Accounting Changes, AG Audit and Fair Hydro

FYI

Sent with BlackBerry Work
(www.blackberry.com)

From: Whytock, John (ENERGY) <John.Whytock@ontario.ca>
Date: Sunday, Mar 25, 2018, 9:40 PM
To: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Cc: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>, Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>, Perkins, Michael (ENERGY) <Michael.Perkins@ontario.ca>
Subject: Fw: Globe and Mail Inquiry re: IESO Accounting Changes, AG Audit and Fair Hydro

Good evening. As you'll note, this went straight to MO, after it was provided to the reporter.

Any questions, please let me know. I haven't seen any MO follow up.

Jw

Sent from a device

From: Jordan Penic <jordan.penic@ieso.ca>
Sent: Sunday, March 25, 2018 7:04 PM
To: Nekolaichuk, Colin (ENERGY); Berry, James (ENERGY); Den Heijer, Kevin (ENERGY); Tresise, Landon (ENERGY); Whytock, John (ENERGY)
Cc: John Cannella; Jessica Savage; Terry Young
Subject: Globe and Mail Inquiry re: IESO Accounting Changes, AG Audit and Fair Hydro

Good evening,

Late Friday the IESO received a number of questions from the Globe and Mail reporter, Matthew

McClearn, regarding the IESO's accounting changes, the current ongoing audit with the AG, and the Fair Hydro Plan. He also indicated that he would be filing a story for Monday. As such we drafted and shared the attached responses, to be attributed to IESO's CFO, Kim Marshall.

We also understand that questions were sent to TBS and KPMG.

Please let me know if you would like to discuss.

-Jordan

Jordan Penic | Senior Manager, Communications & Government Affairs

Independent Electricity System Operator (IESO) | T: (416) 506-2815

120 Adelaide Street West, Suite 1600, Toronto, ON M5H 1T1

Web: www.ieso.ca | Twitter: [IESO_Tweets](https://twitter.com/IESO_Tweets) | LinkedIn: [IESO](https://www.linkedin.com/company/ieso)

Conservation: www.saveONenergy.ca | Twitter: [saveONenergyOnt](https://twitter.com/saveONenergyOnt) | LinkedIn: [saveONenergy](https://www.linkedin.com/company/saveONenergy)

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

Responses_1.pdf

Matt:

Given some of the commentary included in your questions, we thought it would be helpful to provide additional information on the history of the change in accounting policies that the IESO implemented in March 2017.

As you may know, the Office of the Auditor General has raised concerns resulting from a difference in opinion on these changes, specifically, the recognition of rate regulated assets and market accounts.

The accounting standards that the IESO uses are principles-based, and as such, require some discretion and professional judgment when being applied. It is common to have more than one acceptable approach when applying accounting standards. To be clear, the changes that the IESO made were done so after extensive discussions and deliberations with external professional advisors and the IESO Board and in no way affect the IESO's operational costs, or have a financial impact on electricity ratepayers.

The IESO Board met with the Auditor General on two separate occasions last year to discuss her concerns and the Board and the Audit Committee of the Board has spent a considerable amount of time reviewing the decision and the AG's concerns. After extensive review, the Board and management of the IESO continue to believe that the policies that the IESO adopted in 2017 are appropriate and in accordance with Canadian Public Sector Accounting Standards (PSAS).

Research conducted by KPMG confirms that the recognition of regulatory assets and liabilities better reflect the economic substance of IESO's operations and enhance the relevance, transparency and accountability of our financial reporting. It also found that US GAAP was an appropriate accounting framework to look to for guidance on rate-regulated operations, since PSAS is silent on the issue. Further, these changes bring the IESO in line with other independent system operators across North America.

With respect to the special audit that the Auditor General carried out, we have fully cooperated with her and her office in regards to her work. As the answers we provide indicate, this includes setting up special arrangements for her office to carry out this work and we extended the same level of cooperation and information that was provided to KPMG, who had been engaged as our third party auditor.

Kim Marshall

1. Cooperation with the AG

One of the more significant allegations in the AG's letter to the Public Accounts Committee is that *"the Board and Senior Management of the IESO did not fully cooperate with us during the conduct of our work,"* and that consequently the AG was unable to provide an audit opinion. The passage continues:

In order for us perform our work in accordance with Canadian Auditing Standards we require certain information on all of our audits. Unfortunately, the Board and Management of the IESO consistently refused (while all the time insisting in correspondence that they were cooperating) to provide us with

written acknowledgement of their roles and responsibilities with respect to our audit, nor would management sign a representation letter confirming that they have provided us with all relevant information that may affect the financial statements. No valid reason for these refusals was provided to us.

Questions:

- How does IESO characterize its cooperation with the Auditor General?

The IESO has fully cooperated with the Office of the Auditor General of Ontario with respect to their special audit of the IESO. The IESO recognizes the Auditor General's statutory role and authority to perform an audit of the IESO and has cooperated fully throughout the special audit process.

Over an eleven week period, IESO staff met with OAGO staff on over 40 occasions and responded to over 225 information requests. The IESO also arranged for working accommodations for seven OAGO staff on IESO premises over that 11-week period, complete with access to a private meeting room for their sole use, as well as direct access to IESO employees. Further, the IESO designated a staff member to assist in coordinating meeting and information requests to ensure they were done in a timely manner.

In addition to the meetings held with IESO staff, the IESO also complied with numerous requests from Ms. Lysyk to attend meetings of the IESO's Audit Committee and the full IESO Board of Directors. Two special Audit Committee meetings were held in February at Ms. Lysyk's request and her staff attended the regularly-scheduled meeting of the Audit Committee on February 27.

This spirit of cooperation is one that the IESO has followed in all of its previous engagements with the OAGO.

- Did management and the board fail to provide the above documentation, as described? If so, why not? Alternately, what's the truth of the matter?

The management representation letter and signed audit planning report were signed with KPMG, an independent third-party auditor. KPMG was engaged by the IESO Board to conduct the IESO's 2017 financial statement audit. As the Auditor General's Office was not formally engaged to perform this audit, it would be inappropriate for the IESO to sign the aforementioned documents.

While the AG was not engaged as the IESO's auditor, any information that was shared with KPMG, along with all other information relevant to the 2017 financial statements, was also shared with the OAGO. In recognition of the Auditor General's work, a copy of the management representation letter between the IESO and KPMG was provided to her office.

2. Collateral and Security Disclosure on Financial Statements

Another issue is this whole business regarding the IESO pledging future collection of revenues. The AG has said that *"the assets of IESO have been pledged as collateral and security against the Fair Hydro Trust...what it means is that the generators fall behind the creditors for the Fair Hydro Plan Trust. We asked management and the board to disclose this in their financial statements and they have not."*

Questions:

- Whom at IESO did the AG ask to make this disclosure, and when?

On March 20, 2018 the IESO received a draft audit report from the Auditor General's Office. Included in the draft report was a recommendation for the IESO to disclose the Security Agreement and the pledging of market receivables as collateral in the financial statement notes.

- What was IESO's response?

The IESO is reviewing this recommendation and will be developing a response for inclusion in the final audit report. The IESO expects to share the response with the Auditor General's office this week.

- Is the AG's characterization—that generators fall behind the creditors for the Fair Hydro Plan Trust—correct? Why or why not?

The security is only collateral for the current month carrying costs owing to Fair Hydro Trust, until July 2021 and not creditors for the Trust. Additionally, only receivables due in a month from local distribution companies and electricity retailers have been pledged.

The security will only be called if the IESO fails to pay carrying costs to the Fair Hydro Trust in a month, which is highly unlikely, as the amount of carrying costs is small relative to the entire amount settled each month. Further, Moody's and DBRS have not changed the IESO's credit rating despite this security.

- If IESO chose not to disclose this in its financial statements, why not?

As noted above, this recommendation is still under consideration by the IESO.

- The AG said that it knows that IESO "thought it was a risk, that the generators would not like this." Is that in fact the case?

As part of the IESO's assessment of potential risks related to the Fair Hydro Plan, providing the security was assessed. However, after careful consideration including the potential impact on generators, and consultation with external professional advisors, the IESO determined that providing the security for the 4-year period (until July 2021) during which carrying costs would be paid, was the right thing to do and should not have a negative impact on generators. Providing this limited security helped the Fair Hydro Trust obtain a higher credit rating, reduce financing costs, and ultimately minimize costs to Ontario consumers.

According to the Auditor General, IESO's assets have been pledged as collateral and security against the Fair Hydro Trust. She told the Public Accounts Committee:

What it means is that the generators fall behind the creditors for the Fair Hydro Plan Trust. We asked management and the board to disclose this in their financial statements, and they have not. I think we're still wondering why they won't, other than the fact that we know that they thought it was a risk, that the generators would not like this. Bruce Power would be concerned that IESO pledged as collateral the incoming revenues they would receive from the LDCs.

Questions:

- Did the AG in fact ask IESO's board and management to disclose this fact in the IESO's financial statements?

See above.

- If so, what determination did the board and management make, and why?

See above.

- Has the IESO informed generators about this? If so, when? If not, why not?

After careful consideration, it was determined that granting the security would be unlikely to have a negative impact on generators. The payment obligation that is supported by this security is a small proportion of the total amount settled in a month. The IESO considers it highly unlikely the security will ever be called. Nonetheless, the IESO is considering including this information in its financial statements, which will be released publicly on or before March 31, 2018.

3. KPMG and IESO involvement in FHP *(request for response from Chair of Audit Committee)*

The Auditor General has made a number of statements about the relationship between the AG, the IESO, KPMG and the government. Questions naturally arise from these statements, and I wanted to put them to the chair of IESO's audit committee.

Questions:

- The AG has said that it has confirmed that IESO's adoption of rate regulated accounting "were directly related to the Fair Hydro Plan." Is this true? Why or why not?

It is not true. The IESO Board adopted its new accounting policies on March 15, 2017. The decision to adopt regulatory accounting was made to allow for financial reporting that was more relevant to the needs of our financial statement users and enabled greater transparency into the market transactions we oversee, which amounted to over \$17 billion last year. It is also consistent with the practices of other Independent Electricity System Operators in North America.

- The AG's office has said that the IESO treated its "audit team like we were subservient to KPMG. In terms of the law in Ontario, that would be the reverse." The AG has described KPMG as a "component auditor" and itself as a "parent auditor," and that KPMG therefore has obligations to the Auditor General's office. What is the audit committee's understanding of KPMG's obligations to the Auditor General?

While we cannot speak to the Auditor General's characterization of her office's relationship with KPMG, the IESO has recognized the Auditor General's statutory role and authority to perform an audit of the IESO and has cooperated fully throughout the special audit process.

As such, any information that was shared with KPMG along with all other information relevant to the 2017 financial statements was also shared with the OAGO. As noted above, we undertook special arrangements with the OAGO to help with their work. This included arranging for working accommodations for seven OAGO staff over an 11-week period with direct access to IESO staff. During that time, we met with OAGO staff on over 40 occasions and responded to over 225 information requests. Additionally, the Audit Committee had two special meetings with the AG in February and her staff attended a regularly scheduled meeting of the Audit Committee on February 27.

- Is the audit committee satisfied that KPMG has communicated in a fair, open and transparent manner with the Auditor General's office? Why or why not?

Yes. It is our understanding that KPMG has responded to all requests from the Auditor General and her Office. We also understand that KPMG met with the OAGO on a number of occasions to discuss the relevant account issues, and to share relevant correspondence and documentation.

The IESO had asked KPMG to deliver their audit report to the Auditor General's Office and make available their working papers in respect of the audit, in line with their obligation under the Auditor General's Act.

- The AG has raised concerns about the fact that KPMG provided advisory services concerning the Fair Hydro Plan while also auditing IESO's financial statements. Why was this arrangement acceptable to the audit committee?

KPMG was among those consulted by IESO on accounting matters relating to the Fair Hydro Plan. It is very common for auditors to provide advisory services to help their clients understand the application of complex accounting matters.

4. Date of Financial Statement Publication

- What date will the IESO's 2017 financial statements be published?

The IESO is expecting to publish the 2017 financial statements before the end of March.

5. Questions received earlier today:

- a) The Auditor General has said that her office requested something called bank reconciliations from the IESO, and that the IESO "couldn't provide any to us." Apparently the AG regards this as a big deal. My questions:

- What are bank reconciliations?

Bank reconciliation is a process that is used to match the balance of a company's general ledger account to its bank statement balance.

- When did the AG's office request to see these bank reconciliations?

On December 14, 2017 the IESO received an initial request listing from the Office of the Auditor General of Ontario (OAGO). Included in this request listing was a request for "Bank reconciliations for each bank account as at December 31, 2017".

- What was IESO's response?

Over the course of the audit period, the IESO provided the OAGO with bank reconciliations for each of its accounts. Each reconciliation was provided in the form of an excel spreadsheet that showed the balance of the bank account and corresponding general ledger account, as at December 31, 2017.

- If the IESO did not provide them to the AG, why not?

Not applicable – see response above.

- Did KPMG ever raise this issue with IESO? If so, when and how?

The issue of how IESO performs its bank reconciliation was never raised by auditors, including KPMG.

- b) How much has IESO paid KPMG each year since its inception? If possible, please break out the value of the auditing work from any consulting work.

The IESO and OPA merged on January 1, 2015. The fees paid to KPMG for services performed since the merger are outlined below.

With respect to the charges for accounting advisory services in 2017, this number reflects both amounts charged for advice on the complex changes to IESO's accounting policies, as well as KPMG's work related to responding to the Auditor General.

		<u>2015</u>	<u>2016</u>	<u>2017</u>
1	Annual Financial Statement audit	86,000.00	91,969.50	86,500.00
2	Accounting advisory services			652,907.00
3	Tax advisory services	31,518.00	37,950.00	18,965.00
4	Other advisory services:			
	Merger integration assistance	292,871.20		
	Procurement advisory project	67,655.50		
	Cultural alignment project		31,500.00	
	IT Corporate Governance			14,685.00
		<u>478,044.70</u>	<u>161,419.50</u>	<u>773,057.00</u>

FW_ Provincial Auditor Update.pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Imbrogno, Serge \(ENERGY\)](#)
Subject: FW: Provincial Auditor Update
Date: June 21, 2017 4:22:00 PM

Hi Deputy,

FYI, please see below from OPG. The AG has scheduled a meeting with them tomorrow at 730 am. They suspect that it is related to test the creation of the asset and the support provided for it.

Thanks,
Martin

From: Hume, Steen (ENERGY)
Sent: June 21, 2017 3:09 PM
To: Schlaepfer, Martin (ENERGY)
Cc: Calwell, Carolyn (ENERGY/MEDEI/MRI); Cox, Hilary (ENERGY)
Subject: Fwd: Provincial Auditor Update

Hi Martin: see below. I'll try and have chat with OPG today, but wanted folks to be aware of Carlo's email.

Thanks, Steen

Sent from my iPad

Begin forwarded message:

From: CROZZOLI Carlo -CBUSDEV&STRT <carlo.crozzoli@opg.com>
Date: June 21, 2017 at 2:33:55 PM EDT
To: "Hume, Steen (ENERGY)" <Steen.Hume@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>
Subject: Provincial Auditor Update

Steen,

Following up on my vmails, just wanted to let you know that the AG has scheduled a meeting with us tomorrow at 730 am. While she didn't specify a topic, we suspect she wants to test the creation of the asset and the support provided for it. This will take us to the analysis that Navigant is undertaking and its support for this asset. Without this (or something very close to it), the structure would look much like provincial debt because the provincial guarantee, not the underlying assets, support the financing.

I spoke to Ken last night and he is of the view that OPG will not be able to consolidate the Trust without a solid analysis supporting the creation of the asset over the term of the program.

I will not be at tomorrow morning's meeting, but John Lee will be there if you'd like to address this with him either during or after the meeting. We remain happy to support your team in this effort.

Thanks,
Carlo

Carlo Crozzoli | Senior Vice President, Corporate Business Development and Strategy | Ontario **Power Generation**

700 University Ave, Toronto, ON M5G 1X6 | T 416-592-6389 | C 416-573-5111 | E carlo.crozzoli@opg.com

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

FW_ Rate Mitigation Implementation Meeting - No...(1).pdf

From: [Cayley, Daniel \(ENERGY\)](#)
To: [Lightbody, Ava \(ENERGY\)](#)
Cc: [Bergman, Mark \(ENERGY\)](#)
Subject: FW: Rate Mitigation Implementation Meeting - November 23, 2017
Date: November 24, 2017 12:01:00 PM
Attachments: [2017 OFHP Matrix and Outstanding Business Issues - Week of Nov 20 DOCX .docx](#)
[Agenda Weekly Rate Mitig Implementation Group Nov 22.docx](#)
[Technical Briefing Fair Hydro Plan OPG Financing Plan Nov 22.pptx](#)

Ava – see below and let me know if you have any questions.

Thanks,

Daniel

From: Christie, Tim (ENERGY)
Sent: November 24, 2017 11:56 AM
To: Cayley, Daniel (ENERGY)
Subject: FW: Rate Mitigation Implementation Meeting - November 23, 2017

Actually, the AG tech briefing may also have the context slides. Just throw them into the front of OPG's deck.

From: Schlaepfer, Martin (ENERGY)
Sent: November-22-17 7:10 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Calwell, Carolyn (ENERGY); Colalillo, Sam (ENERGY); 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com); 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); 'CROZZOLI Carlo -CBUSDEV&STRT'; Mayman, Gadi (OFA); 'LEE John - TREASURY'; Hughes, Karen (TBS); Veinot, Cindy (TBS); Michael Boll; 'peter.gregg@ieso.ca'
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); McLean, David (MOF); Foster, Robert (CAB); 'jordan.penic@ieso.ca'; 'catriona.king@opg.com'; Bungaro-Yemec, Francesca (ENERGY); Yordi, Samer (ENERGY); Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Loughton, Patrick (TBS); David Barrett; HAHN PARKER Janet - TREASURY; Christie, Tim (ENERGY); Thouin, Alena (ENERGY); Ue, Allison (TBS)
Subject: Rate Mitigation Implementation Meeting - November 23, 2017

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

2017 OFHP Matrix and Outstanding Business Iss.pdf

Implementation of Ontario's Fair Hydro Plan

Week of November 20, 2017

Global Adjustment (GA) Refinancing – Business Issues / Implementation

Issue	Overview	Supporting Documentation	Timing / Next Steps
Provincial Support Agreements	Province to provide contingent supports to enable structure	- Term Sheet - Change of Law Protection Agreement - Change of Law Process Agreement	- MOF / OPG / ENE to finalize Protection Agreement and Process Agreement based on Term Sheet approved by TB/CAB Timing / Next Steps: - Briefing of the ENERGY, MOF and TBS Ministers - Agreements to be finalized in late November or early December
OPG's Financing Plan / Market Activity	OPG, as Financial Services Manager (FSM), to provide a Financing Plan in accordance with legislation, to evaluate the incurrence of funding obligations consistent with the FAA	Minister's FAA letter to OPG	- OPG has provided a draft of the Financing Plan to ENERGY Timing / Next Steps: - OPG Board committee review and approval by the OPG Board (TBD) - OPG initial debt issuance is currently planned to proceed in December (TBD)
Equity Injection	Province to purchase shares of OPG on a monthly basis	- Master Subscription Agreement /MOU between OFA and Energy - Notice of Subscription - Amendment to Articles	- OPG to request Minister's signature on the Shareholder resolution. - OPG/ENE to sign Master Share Subscription Agreement - OFA / ENE to finalize monthly process and sign-off mechanism Timing / Next Steps: - Agreements to be signed by end of November

Issue	Overview	Supporting Documentation	Timing / Next Steps
Subordinated Debt Loan Agreement	OPG will lend the equity injection from the Province to the Trust by way of subordinated debt	- Draft Term Sheet - Debt Loan Arrangement	- OFA to provide comments - OPG to draft Debt Loan Arrangement Timing / Next Steps: - Fall (TBD) - OPG to provide additional details
PILs Exemption	- The beneficiary of the OFHP Trust would be subject to tax under the payments in lieu of taxes (PILs) regime under the <i>Electricity Act, 1998</i> (EA), and would pay PILs to the Ontario Electricity Financial Corporation (OEFC) - Province to mitigate cost to ratepayers by minimizing PILs payable by the Trust beneficiary - A regulation under the EA is required to exempt the beneficiary from PILs - OPG has advised that a comfort letter signed by the Minister is required	- Comfort Letter - Tax Regulation	- MOF is working to complete comfort letter to OPG and to finalize the regulation Timing / Nexts Steps: - Regulation expected to proceed to LRC in December 2017 (TBD)
OPG / IESO Commercial Agreement	OPG and IESO to enter in to commercial agreements governing the Financing Entity purchase of the regulatory assets (i.e., the Master Transfer and Servicing Agreement, Security Agreement and Acknowledgement and Indemnity Agreement)		- OPG and IESO working to finalize Agreement Timing / Next Steps: - The draft commercial agreements to be reviewed by IESO Board on November 22 - Further changes may be required pending the completion of the rating process

Ontario's Fair Hydro Plan – Implementation Matrix of Other Items

Item	Key Deliverables / Considerations	Timing / Next Steps
1) Broadening Rural or Remote Rate Protection (RRRP) (SNAP)		
ENERGY, LSB and LDCs	<u>Recent Action Items</u> - All LDCs have indicated they have implemented the program - IESO has begun to submit reimbursement claims to the Ministry	Discussions have begun with OEB over content of cost forecast report, as contemplated in Regulation
2) Expanding Ontario Electricity Support Program (OESP) (SNAP)		
ENERGY, LSB, MCSS and OEB	<u>Recent Action Items</u> - July 26 TB/MB approval for MCSS to expand FTEs and create team dedicated to OESP enrolment, using funds approved on March 1, 2017 under FHP. Sought 50 FTEs, but only received 20 – MCSS is considering report-back in the fall to ask for more FTEs - OEB and MCSS completed data exchange to identify SA clients currently not enrolled in OESP. Outreach calls began late August, with direct mail-outs in late September. New call centre to be ready to receive calls in October, and MCSS to continue developing software solution for automation over next several months - CRA approval of proposal for e-signatures on OESP applications. OEB is working with service provider to upgrade online application process (November), and CRA will formally accept e-signature process by amending MOU with Ministry of Finance - Ministry is targeting November/December to proclaim OEBA amendments to shift OESP to tax base, along with supporting regulatory amendments - Ministry and OEB have initiated work to transfer OESP to government	- LRC package being developed for proclaiming OEBA provisions and amending OESP regulation; scheduled for December 11 - Continue to work with OEB to build up the Ministry's knowledge base on administering the OESP

Item	Key Deliverables / Considerations	Timing / Next Steps
3) Providing a First Nations On-Reserve Delivery Credit (SNAP)		
ENERGY and LSB	<u>Recent Action Items</u> - All LDCs have indicated they have implemented the program. - FNDC post card has been distributed to First Nations Band Councils - IESO has begun submitting claims for reimbursement to the Ministry	Receiving regular updates from H1 on enrollment
4) Establishing an Affordability Fund (CRED)		
ENERGY, IGS, LSB, Blakes, CSD, OPCD, TBS, MOF and H1 (KPMG and Osler)	<u>Recent Action Items</u> - October 12 – Soft launch of microsite and 1-800 number - October 24 – Formal announcement in Hamilton involving the Minister of Energy - As of Oct. 23 – 66 applications from 6 LDCs processed through the AFT program - On Oct. 24 – the Trustees held a webinar with 200 participants to overview program design, walk-through the web site, and answer distributor questions - Next Trustees meetings are scheduled for November 30 and December 14, 2017 - The Trust expects to enter into agreements with interested electricity distributors starting mid to late December 2017 (Hydro One will deliver the program in service areas of those distributors who do not apply)	Fall 2017: - The Trustees are considering the use of Ontario 211 services for the Affordability Fund - The Fund will have an iterative design process to support continuous improvement, and will revisit design elements every 6 months and measures every 3 months - ENERGY has amended the TPA with the Affordability Fund Trust to require use of the Ontario logo in Fund marketing and communications and is waiting for the Trustees to sign - Report back to TB/MBC through the PRRT process with final program details and a performance management framework including outcome measures and targets Early 2018: - ENERGY can apply for additional funds through an in-

Item	Key Deliverables / Considerations	Timing / Next Steps
		year TB submission based on performance and need. Trust term can be extended with amended/new TPA if agreed by Trust
5) Bill Presentment (SNAP/LSB)		
ENERGY	<u>Recent Action Items</u> Ongoing Ministry work re bill presentment	2017-2018 – Bill redesign
6) Expanding ICI (ESP/COMs)		
ENERGY, LSB, IESO and LDCs	<u>Recent Action Items</u> - Ongoing OCC outreach campaign to promote ICI - Ministry review OCC proposal to expand ICI outreach program - Ongoing outreach with LDCs being undertaken by IESO - CME proposal (TBD)	Quarterly Report Backs re ICI to TBS / MBC
7) Energy Sector Efficiencies (i.e., Ontario Energy Board and IESO) (SNAP / ESP)		
ENERGY, LSB, OEB and IESO	OEB: - Directive / Letter (TBD) <u>Considerations</u> - Signal efficiencies intent in OEB business plan letter - Work with OEB/LDCs on LTEP document and proposed directive to OEB - Mandate Review implementation is an opportunity to reiterate expectations IESO: - Directive / Letter (TBD) <u>Considerations</u> - IESO's stakeholder engagement re Market Renewal is ongoing	Continue this work as part of 2017 LTEP implementation

Agenda_Weekly Rate Mitig Implmentation Group_.pdf

WEEKLY RATE MITIGATION IMPLEMENTATION GROUP

November 23, 2017

Agenda

- 1) GA Refinancing
 - o General Business Update (OPG / IESO / ENERGY)
 - o Provincial Support Agreement (OFA / OPG / ENERGY)
 - o OPG's Financing Plan / Market Activities (OPG)

- 2) Technical Briefing (All)

- 3) Other OFHP Initiatives
 - o RRRP, OESP and FN (SNAP)
 - o Affordability Fund (CRED)

Notes:

Technical Briefing Fair Hydro Plan OPG Financ.pdf



Fair Hydro Plan OPG's Role and Financing Plan Technical Briefing

December, 2017

Confidential and Commercially Sensitive

DRAFT

ONTARIOPOWER
GENERATION



Role of Ontario Power Generation (OPG) in Global Adjustment Refinancing

- ▶ The *Ontario Fair Hydro Plan Act, 2017*, identifies OPG as the Financial Services Manager (FSM) to develop the financing plans and manage the financing entity (i.e. Fair Hydro Plan Trust) responsible for managing the debt obligations associated with GA refinancing.
 - ▶ OPG has extensive experience and expertise in the Ontario energy market, capital markets, regulation and fund management and will ensure that the refinancing will be done in the most efficient and cost-effective manner.
 - ▶ In addition to executing hundreds of millions in project financing over the past several years, OPG completed its first bond offering in the Canadian public market with \$500 million unsecured 10-year bonds in October 2017.
 - ▶ OPG has established the Trust.
- ▶ OPG currently manages approximately \$20 billion in nuclear funds through the Decommissioning Segregated Fund and the Used Fuel Segregated Fund, and \$15 billion in pension funds.
- ▶ OPG has also developed solid investor relationships and has a large investor base in the structured finance space [NTD: insert target market] for financing Ontario's Fair Hydro Plan (OFHP) initiative. For example, the Lower Mattagami project financing attracted a broad investor base of about 80 institutional investors, including major investors in the Canadian power and utility bonds market.



OPG Recent Financing Activities

- ▶ On September 12, 2017, OPG filed a \$2 billion short form shelf prospectus to facilitate corporate borrowing through a medium term note program over the next two years. The net proceeds from borrowing under this prospectus will be used for general corporate purposes and the financing of OPG's subordinated debt investment in the Fair Hydro Plan
- ▶ In October, OPG issued \$500 million of senior notes payable under the Medium Term Note Program. The notes have a coupon interest rate of 3.32 percent and an effective rate of 3.43 percent, payable semi-annually with a maturity date of October 4, 2027
- ▶ Notes issued exceeded the original OPG target of \$300 million because of the strong reception from investors.



Fair Hydro Trust Financing

- ▶ On November 22, OPG's Board of Directors approved OPG's plan for participation in the Fair Hydro Plan, and to act as the Financial Services Manager.
 - ▶ OPG has established a holding company FHP 2017 Inc. which will own and control the Trust.
- ▶ To date, \$1 billion in Global Adjustment payments have been deferred under the Fair Hydro Plan and held by the Independent Electricity System Operator (IESO).
- ▶ The Fair Hydro Trust purchased this asset in December. The initial \$1 billion in investment assets purchased by the Trust was financed as follows:
 - Borrowing by the Trust through senior debt from capital markets \$510 million (51%)
 - Equity injection by the Province \$440 million (44%) invested as subordinated debt in the Trust
 - OPG subordinated debt in the Trust \$50 million (5%) already raised through the initial borrowing
- ▶ In subsequent months the Trust will make a decision on the purchase of subsequently generated assets (approximately \$200 million per month) and any required financing.
- ▶ A second round of borrowing will take place in Q1 - 2018 to continue managing the refinancing of the Global Adjustment.
- ▶ [NTD: Placeholder about success/level of interest in the offering]

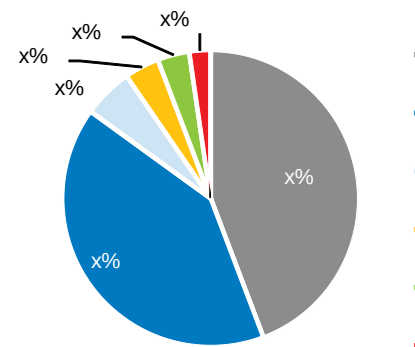


Debt Offering Summary

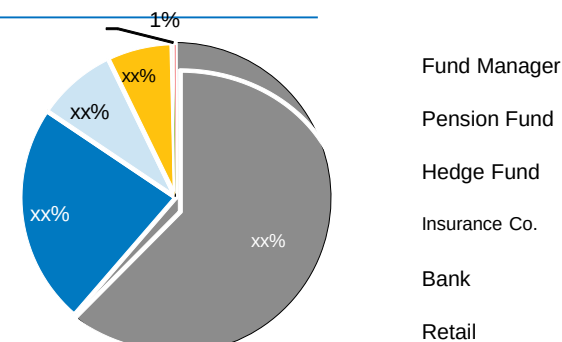
TERMS SUMMARY

Issuer	Fair Hydro Trust .
Pricing Date	xx-Dec 17
Settlement Date	xx-Dec-17
Ratings (DBRS/Moodys)	xxx
Amount	\$xxx million
Coupon	x.xx%
Coupon Dates	xxx and xxx
Maturity Date	x-xxx-xx
Spread vs. Benchmark	+xx bps (credit: +xx bps, curve: +xx bps)
GoC Curve	GoC x.xx% due xx, xxxx GoC x.xx% due xx, xxxx
GoC Benchmark	GoC x.xx% due xx, xxxx
Benchmark Price/ Yield	\$xx.xx / x.xx%
Price	\$xxxx
Yield	x.xxx%
Syndicate	xxxx

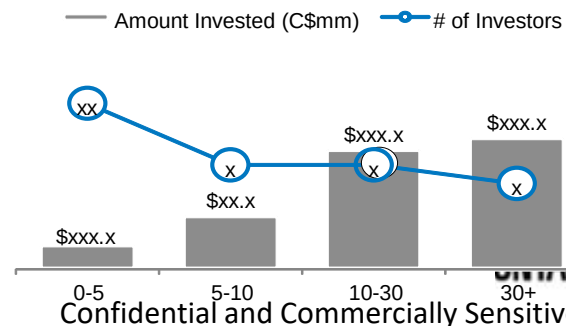
INVESTOR LOCATION



INVESTOR TYPE



ALLOCATION HISTOGRAM⁽¹⁾



1. Co-Lead Agent & Bookrunner.



Reporting

- ▶ Through OPG's ownership and control over the key activities of the Trust, OPG will consolidate the financial results of the Trust in accordance with US GAAP.
- ▶ OPG will report the financial results of the Trust's operations in its annual report and 4th Quarter financial results. These results will be released by OPG in early March 2018.
- ▶ The Trust's activities will be reported as a separate segment in OPG's overall results as follows:
 - Regulated – Nuclear Generation
 - Regulated - Hydroelectric
 - Contracted Generation Portfolio
 - Regulated - Nuclear Waste Management
 - Services, Trading, and Other Generation
 - Fair Hydro Trust
- ▶ The Trust's financial results will also be reported directly to the Province as OPG's shareholder.

FW_ Rate Mitigation Implementation Meeting - No...(2).pdf

From: [Christie, Tim \(ENERGY\)](#)
To: [Cayley, Daniel \(ENERGY\)](#)
Subject: FW: Rate Mitigation Implementation Meeting - November 23, 2017
Date: November 24, 2017 11:56:16 AM
Attachments: [2017 OFHP Matrix and Outstanding Business Issues - Week of Nov 20 DOCX_.docx](#)
[Agenda Weekly Rate Mitig Implementation Group Nov 22.docx](#)
[Technical Briefing Fair Hydro Plan OPG Financing Plan Nov 22.pptx](#)

Actually, the AG tech briefing may also have the context slides. Just throw them into the front of OPG's deck.

From: Schlaepfer, Martin (ENERGY)
Sent: November-22-17 7:10 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Calwell, Carolyn (ENERGY); Colalillo, Sam (ENERGY); 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com); 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); 'CROZZOLI Carlo -CBUSDEV&STRT'; Mayman, Gadi (OFA); 'LEE John -TREASURY'; Hughes, Karen (TBS); Veinot, Cindy (TBS); Michael Boll; 'peter.gregg@ieso.ca'
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); McLean, David (MOF); Foster, Robert (CAB); 'jordan.penic@ieso.ca'; 'catriona.king@opg.com'; Bungaro-Yemec, Francesca (ENERGY); Yordi, Samer (ENERGY); Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Laughton, Patrick (TBS); David Barrett; HAHN PARKER Janet - TREASURY; Christie, Tim (ENERGY); Thouin, Alena (ENERGY); Ue, Allison (TBS)
Subject: Rate Mitigation Implementation Meeting - November 23, 2017

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

2017 OFHP Matrix and Outstanding Business Iss_1.pdf

Implementation of Ontario's Fair Hydro Plan

Week of November 20, 2017

Global Adjustment (GA) Refinancing – Business Issues / Implementation

Issue	Overview	Supporting Documentation	Timing / Next Steps
Provincial Support Agreements	Province to provide contingent supports to enable structure	- Term Sheet - Change of Law Protection Agreement - Change of Law Process Agreement	- MOF / OPG / ENE to finalize Protection Agreement and Process Agreement based on Term Sheet approved by TB/CAB Timing / Next Steps: - Briefing of the ENERGY, MOF and TBS Ministers - Agreements to be finalized in late November or early December
OPG's Financing Plan / Market Activity	OPG, as Financial Services Manager (FSM), to provide a Financing Plan in accordance with legislation, to evaluate the incurrence of funding obligations consistent with the FAA	Minister's FAA letter to OPG	- OPG has provided a draft of the Financing Plan to ENERGY Timing / Next Steps: - OPG Board committee review and approval by the OPG Board (TBD) - OPG initial debt issuance is currently planned to proceed in December (TBD)
Equity Injection	Province to purchase shares of OPG on a monthly basis	- Master Subscription Agreement /MOU between OFA and Energy - Notice of Subscription - Amendment to Articles	- OPG to request Minister's signature on the Shareholder resolution. - OPG/ENE to sign Master Share Subscription Agreement - OFA / ENE to finalize monthly process and sign-off mechanism Timing / Next Steps: - Agreements to be signed by end of November

Issue	Overview	Supporting Documentation	Timing / Next Steps
Subordinated Debt Loan Agreement	OPG will lend the equity injection from the Province to the Trust by way of subordinated debt	- Draft Term Sheet - Debt Loan Arrangement	- OFA to provide comments - OPG to draft Debt Loan Arrangement Timing / Next Steps: - Fall (TBD) - OPG to provide additional details
PILs Exemption	- The beneficiary of the OFHP Trust would be subject to tax under the payments in lieu of taxes (PILs) regime under the <i>Electricity Act, 1998</i> (EA), and would pay PILs to the Ontario Electricity Financial Corporation (OEFC) - Province to mitigate cost to ratepayers by minimizing PILs payable by the Trust beneficiary - A regulation under the EA is required to exempt the beneficiary from PILs - OPG has advised that a comfort letter signed by the Minister is required	- Comfort Letter - Tax Regulation	- MOF is working to complete comfort letter to OPG and to finalize the regulation Timing / Nexts Steps: - Regulation expected to proceed to LRC in December 2017 (TBD)
OPG / IESO Commercial Agreement	OPG and IESO to enter in to commercial agreements governing the Financing Entity purchase of the regulatory assets (i.e., the Master Transfer and Servicing Agreement, Security Agreement and Acknowledgement and Indemnity Agreement)		- OPG and IESO working to finalize Agreement Timing / Next Steps: - The draft commercial agreements to be reviewed by IESO Board on November 22 - Further changes may be required pending the completion of the rating process

Ontario's Fair Hydro Plan – Implementation Matrix of Other Items

Item	Key Deliverables / Considerations	Timing / Next Steps
1) Broadening Rural or Remote Rate Protection (RRRP) (SNAP)		
ENERGY, LSB and LDCs	<u>Recent Action Items</u> - All LDCs have indicated they have implemented the program - IESO has begun to submit reimbursement claims to the Ministry	Discussions have begun with OEB over content of cost forecast report, as contemplated in Regulation
2) Expanding Ontario Electricity Support Program (OESP) (SNAP)		
ENERGY, LSB, MCSS and OEB	<u>Recent Action Items</u> - July 26 TB/MB approval for MCSS to expand FTEs and create team dedicated to OESP enrolment, using funds approved on March 1, 2017 under FHP. Sought 50 FTEs, but only received 20 – MCSS is considering report-back in the fall to ask for more FTEs - OEB and MCSS completed data exchange to identify SA clients currently not enrolled in OESP. Outreach calls began late August, with direct mail-outs in late September. New call centre to be ready to receive calls in October, and MCSS to continue developing software solution for automation over next several months - CRA approval of proposal for e-signatures on OESP applications. OEB is working with service provider to upgrade online application process (November), and CRA will formally accept e-signature process by amending MOU with Ministry of Finance - Ministry is targeting November/December to proclaim OEBA amendments to shift OESP to tax base, along with supporting regulatory amendments - Ministry and OEB have initiated work to transfer OESP to government	- LRC package being developed for proclaiming OEBA provisions and amending OESP regulation; scheduled for December 11 - Continue to work with OEB to build up the Ministry's knowledge base on administering the OESP

Item	Key Deliverables / Considerations	Timing / Next Steps
3) Providing a First Nations On-Reserve Delivery Credit (SNAP)		
ENERGY and LSB	<u>Recent Action Items</u> - All LDCs have indicated they have implemented the program. - FNDC post card has been distributed to First Nations Band Councils - IESO has begun submitting claims for reimbursement to the Ministry	Receiving regular updates from H1 on enrollment
4) Establishing an Affordability Fund (CRED)		
ENERGY, IGS, LSB, Blakes, CSD, OPCD, TBS, MOF and H1 (KPMG and Osler)	<u>Recent Action Items</u> - October 12 – Soft launch of microsite and 1-800 number - October 24 – Formal announcement in Hamilton involving the Minister of Energy - As of Oct. 23 – 66 applications from 6 LDCs processed through the AFT program - On Oct. 24 – the Trustees held a webinar with 200 participants to overview program design, walk-through the web site, and answer distributor questions - Next Trustees meetings are scheduled for November 30 and December 14, 2017 - The Trust expects to enter into agreements with interested electricity distributors starting mid to late December 2017 (Hydro One will deliver the program in service areas of those distributors who do not apply)	Fall 2017: - The Trustees are considering the use of Ontario 211 services for the Affordability Fund - The Fund will have an iterative design process to support continuous improvement, and will revisit design elements every 6 months and measures every 3 months - ENERGY has amended the TPA with the Affordability Fund Trust to require use of the Ontario logo in Fund marketing and communications and is waiting for the Trustees to sign - Report back to TB/MBC through the PRRT process with final program details and a performance management framework including outcome measures and targets Early 2018: - ENERGY can apply for additional funds through an in-

Item	Key Deliverables / Considerations	Timing / Next Steps
		year TB submission based on performance and need. Trust term can be extended with amended/new TPA if agreed by Trust
5) Bill Presentment (SNAP/LSB)		
ENERGY	<u>Recent Action Items</u> Ongoing Ministry work re bill presentment	2017-2018 – Bill redesign
6) Expanding ICI (ESP/COMs)		
ENERGY, LSB, IESO and LDCs	<u>Recent Action Items</u> - Ongoing OCC outreach campaign to promote ICI - Ministry review OCC proposal to expand ICI outreach program - Ongoing outreach with LDCs being undertaken by IESO - CME proposal (TBD)	Quarterly Report Backs re ICI to TBS / MBC
7) Energy Sector Efficiencies (i.e., Ontario Energy Board and IESO) (SNAP / ESP)		
ENERGY, LSB, OEB and IESO	OEB: - Directive / Letter (TBD) <u>Considerations</u> - Signal efficiencies intent in OEB business plan letter - Work with OEB/LDCs on LTEP document and proposed directive to OEB - Mandate Review implementation is an opportunity to reiterate expectations IESO: - Directive / Letter (TBD) <u>Considerations</u> - IESO's stakeholder engagement re Market Renewal is ongoing	Continue this work as part of 2017 LTEP implementation

Agenda_Weekly Rate Mitig Implmentation Group__1.pdf

WEEKLY RATE MITIGATION IMPLEMENTATION GROUP

November 23, 2017

Agenda

- 1) GA Refinancing
 - o General Business Update (OPG / IESO / ENERGY)
 - o Provincial Support Agreement (OFA / OPG / ENERGY)
 - o OPG's Financing Plan / Market Activities (OPG)

- 2) Technical Briefing (All)

- 3) Other OFHP Initiatives
 - o RRRP, OESP and FN (SNAP)
 - o Affordability Fund (CRED)

Notes:

Technical Briefing Fair Hydro Plan OPG Financ_1.pdf



Fair Hydro Plan OPG's Role and Financing Plan Technical Briefing

December, 2017

Confidential and Commercially Sensitive

DRAFT

ONTARIO**POWER**
GENERATION



Role of Ontario Power Generation (OPG) in Global Adjustment Refinancing

- ▶ The *Ontario Fair Hydro Plan Act, 2017*, identifies OPG as the Financial Services Manager (FSM) to develop the financing plans and manage the financing entity (i.e. Fair Hydro Plan Trust) responsible for managing the debt obligations associated with GA refinancing.
 - ▶ OPG has extensive experience and expertise in the Ontario energy market, capital markets, regulation and fund management and will ensure that the refinancing will be done in the most efficient and cost-effective manner.
 - ▶ In addition to executing hundreds of millions in project financing over the past several years, OPG completed its first bond offering in the Canadian public market with \$500 million unsecured 10-year bonds in October 2017.
 - ▶ OPG has established the Trust.
- ▶ OPG currently manages approximately \$20 billion in nuclear funds through the Decommissioning Segregated Fund and the Used Fuel Segregated Fund, and \$15 billion in pension funds.
- ▶ OPG has also developed solid investor relationships and has a large investor base in the structured finance space [NTD: insert target market] for financing Ontario's Fair Hydro Plan (OFHP) initiative. For example, the Lower Mattagami project financing attracted a broad investor base of about 80 institutional investors, including major investors in the Canadian power and utility bonds market.



OPG Recent Financing Activities

- ▶ On September 12, 2017, OPG filed a \$2 billion short form shelf prospectus to facilitate corporate borrowing through a medium term note program over the next two years. The net proceeds from borrowing under this prospectus will be used for general corporate purposes and the financing of OPG's subordinated debt investment in the Fair Hydro Plan
- ▶ In October, OPG issued \$500 million of senior notes payable under the Medium Term Note Program. The notes have a coupon interest rate of 3.32 percent and an effective rate of 3.43 percent, payable semi-annually with a maturity date of October 4, 2027
- ▶ Notes issued exceeded the original OPG target of \$300 million because of the strong reception from investors.



Fair Hydro Trust Financing

- ▶ On November 22, OPG's Board of Directors approved OPG's plan for participation in the Fair Hydro Plan, and to act as the Financial Services Manager.
 - ▶ OPG has established a holding company FHP 2017 Inc. which will own and control the Trust.
- ▶ To date, \$1 billion in Global Adjustment payments have been deferred under the Fair Hydro Plan and held by the Independent Electricity System Operator (IESO).
- ▶ The Fair Hydro Trust purchased this asset in December. The initial \$1 billion in investment assets purchased by the Trust was financed as follows:
 - Borrowing by the Trust through senior debt from capital markets \$510 million (51%)
 - Equity injection by the Province \$440 million (44%) invested as subordinated debt in the Trust
 - OPG subordinated debt in the Trust \$50 million (5%) already raised through the initial borrowing
- ▶ In subsequent months the Trust will make a decision on the purchase of subsequently generated assets (approximately \$200 million per month) and any required financing.
- ▶ A second round of borrowing will take place in Q1 - 2018 to continue managing the refinancing of the Global Adjustment.
- ▶ [NTD: Placeholder about success/level of interest in the offering]



Debt Offering Summary

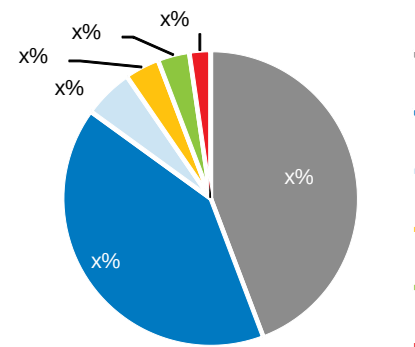
TERMS SUMMARY

Issuer	Fair Hydro Trust .
Pricing Date	xx-Dec 17
Settlement Date	xx-Dec-17
Ratings (DBRS/Moodys)	xxx
Amount	\$xxx million
Coupon	x.xx%
Coupon Dates	xxx and xxx
Maturity Date	x-xxx-xx
Spread vs. Benchmark	+xx bps (credit: +xx bps, curve: +xx bps)
GoC Curve	GoC x.xx% due xx, xxxx GoC x.xx% due xx, xxxx
GoC Benchmark	GoC x.xx% due xx, xxxx
Benchmark Price/ Yield	\$xx.xx / x.xx%
Price	\$xxxx
Yield	x.xxx%

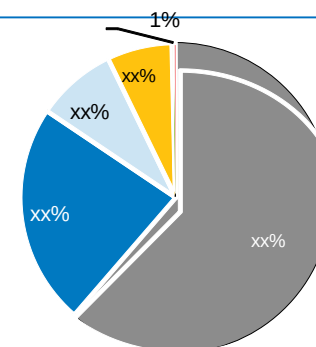
Syndicate

xxxx

INVESTOR LOCATION

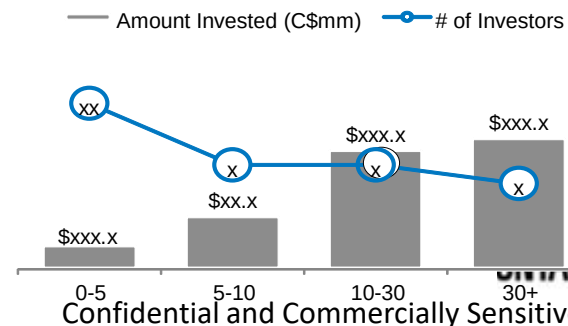


INVESTOR TYPE



Fund Manager
Pension Fund
Hedge Fund
Insurance Co.
Bank
Retail

ALLOCATION HISTOGRAM⁽¹⁾



1. Co-Lead Agent & Bookrunner.



Reporting

- ▶ Through OPG's ownership and control over the key activities of the Trust, OPG will consolidate the financial results of the Trust in accordance with US GAAP.
- ▶ OPG will report the financial results of the Trust's operations in its annual report and 4th Quarter financial results. These results will be released by OPG in early March 2018.
- ▶ The Trust's activities will be reported as a separate segment in OPG's overall results as follows:
 - Regulated – Nuclear Generation
 - Regulated - Hydroelectric
 - Contracted Generation Portfolio
 - Regulated - Nuclear Waste Management
 - Services, Trading, and Other Generation
 - Fair Hydro Trust
- ▶ The Trust's financial results will also be reported directly to the Province as OPG's shareholder.

FW_ Rate Mitigation Implementation Meeting - No....pdf

From: [Cayley, Daniel \(ENERGY\)](#)
To: [Lightbody, Ava \(ENERGY\)](#)
Cc: [Bergman, Mark \(ENERGY\)](#)
Subject: FW: Rate Mitigation Implementation Meeting - November 23, 2017
Date: November 24, 2017 12:01:00 PM
Attachments: [2017 OFHP Matrix and Outstanding Business Issues - Week of Nov 20 DOCX .docx](#)
[Agenda Weekly Rate Mitig Implementation Group Nov 22.docx](#)
[Technical Briefing Fair Hydro Plan OPG Financing Plan Nov 22.pptx](#)

Ava – see below and let me know if you have any questions.

Thanks,

Daniel

From: Christie, Tim (ENERGY)
Sent: November 24, 2017 11:56 AM
To: Cayley, Daniel (ENERGY)
Subject: FW: Rate Mitigation Implementation Meeting - November 23, 2017

Actually, the AG tech briefing may also have the context slides. Just throw them into the front of OPG's deck.

From: Schlaepfer, Martin (ENERGY)
Sent: November-22-17 7:10 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Calwell, Carolyn (ENERGY); Colalillo, Sam (ENERGY); 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com); 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); 'CROZZOLI Carlo -CBUSDEV&STRT'; Mayman, Gadi (OFA); 'LEE John - TREASURY'; Hughes, Karen (TBS); Veinot, Cindy (TBS); Michael Boll; 'peter.gregg@ieso.ca'
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); McLean, David (MOF); Foster, Robert (CAB); 'jordan.penic@ieso.ca'; 'catriona.king@opg.com'; Bungaro-Yemec, Francesca (ENERGY); Yordi, Samer (ENERGY); Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Loughton, Patrick (TBS); David Barrett; HAHN PARKER Janet - TREASURY; Christie, Tim (ENERGY); Thouin, Alena (ENERGY); Ue, Allison (TBS)
Subject: Rate Mitigation Implementation Meeting - November 23, 2017

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

2017 OFHP Matrix and Outstanding Business Iss_2.pdf

Implementation of Ontario's Fair Hydro Plan

Week of November 20, 2017

Global Adjustment (GA) Refinancing – Business Issues / Implementation

Issue	Overview	Supporting Documentation	Timing / Next Steps
Provincial Support Agreements	Province to provide contingent supports to enable structure	- Term Sheet - Change of Law Protection Agreement - Change of Law Process Agreement	- MOF / OPG / ENE to finalize Protection Agreement and Process Agreement based on Term Sheet approved by TB/CAB Timing / Next Steps: - Briefing of the ENERGY, MOF and TBS Ministers - Agreements to be finalized in late November or early December
OPG's Financing Plan / Market Activity	OPG, as Financial Services Manager (FSM), to provide a Financing Plan in accordance with legislation, to evaluate the incurrence of funding obligations consistent with the FAA	Minister's FAA letter to OPG	- OPG has provided a draft of the Financing Plan to ENERGY Timing / Next Steps: - OPG Board committee review and approval by the OPG Board (TBD) - OPG initial debt issuance is currently planned to proceed in December (TBD)
Equity Injection	Province to purchase shares of OPG on a monthly basis	- Master Subscription Agreement /MOU between OFA and Energy - Notice of Subscription - Amendment to Articles	- OPG to request Minister's signature on the Shareholder resolution. - OPG/ENE to sign Master Share Subscription Agreement - OFA / ENE to finalize monthly process and sign-off mechanism Timing / Next Steps: - Agreements to be signed by end of November

Issue	Overview	Supporting Documentation	Timing / Next Steps
Subordinated Debt Loan Agreement	OPG will lend the equity injection from the Province to the Trust by way of subordinated debt	- Draft Term Sheet - Debt Loan Arrangement	- OFA to provide comments - OPG to draft Debt Loan Arrangement Timing / Next Steps: - Fall (TBD) - OPG to provide additional details
PILs Exemption	- The beneficiary of the OFHP Trust would be subject to tax under the payments in lieu of taxes (PILs) regime under the <i>Electricity Act, 1998</i> (EA), and would pay PILs to the Ontario Electricity Financial Corporation (OEFC) - Province to mitigate cost to ratepayers by minimizing PILs payable by the Trust beneficiary - A regulation under the EA is required to exempt the beneficiary from PILs - OPG has advised that a comfort letter signed by the Minister is required	- Comfort Letter - Tax Regulation	- MOF is working to complete comfort letter to OPG and to finalize the regulation Timing / Nexts Steps: - Regulation expected to proceed to LRC in December 2017 (TBD)
OPG / IESO Commercial Agreement	OPG and IESO to enter in to commercial agreements governing the Financing Entity purchase of the regulatory assets (i.e., the Master Transfer and Servicing Agreement, Security Agreement and Acknowledgement and Indemnity Agreement)		- OPG and IESO working to finalize Agreement Timing / Next Steps: - The draft commercial agreements to be reviewed by IESO Board on November 22 - Further changes may be required pending the completion of the rating process

Ontario's Fair Hydro Plan – Implementation Matrix of Other Items

Item	Key Deliverables / Considerations	Timing / Next Steps
1) Broadening Rural or Remote Rate Protection (RRRP) (SNAP)		
ENERGY, LSB and LDCs	<u>Recent Action Items</u> - All LDCs have indicated they have implemented the program - IESO has begun to submit reimbursement claims to the Ministry	Discussions have begun with OEB over content of cost forecast report, as contemplated in Regulation
2) Expanding Ontario Electricity Support Program (OESP) (SNAP)		
ENERGY, LSB, MCSS and OEB	<u>Recent Action Items</u> - July 26 TB/MB approval for MCSS to expand FTEs and create team dedicated to OESP enrolment, using funds approved on March 1, 2017 under FHP. Sought 50 FTEs, but only received 20 – MCSS is considering report-back in the fall to ask for more FTEs - OEB and MCSS completed data exchange to identify SA clients currently not enrolled in OESP. Outreach calls began late August, with direct mail-outs in late September. New call centre to be ready to receive calls in October, and MCSS to continue developing software solution for automation over next several months - CRA approval of proposal for e-signatures on OESP applications. OEB is working with service provider to upgrade online application process (November), and CRA will formally accept e-signature process by amending MOU with Ministry of Finance - Ministry is targeting November/December to proclaim OEBA amendments to shift OESP to tax base, along with supporting regulatory amendments - Ministry and OEB have initiated work to transfer OESP to government	- LRC package being developed for proclaiming OEBA provisions and amending OESP regulation; scheduled for December 11 - Continue to work with OEB to build up the Ministry's knowledge base on administering the OESP

Item	Key Deliverables / Considerations	Timing / Next Steps
3) Providing a First Nations On-Reserve Delivery Credit (SNAP)		
ENERGY and LSB	<u>Recent Action Items</u> - All LDCs have indicated they have implemented the program. - FNDC post card has been distributed to First Nations Band Councils - IESO has begun submitting claims for reimbursement to the Ministry	Receiving regular updates from H1 on enrollment
4) Establishing an Affordability Fund (CRED)		
ENERGY, IGS, LSB, Blakes, CSD, OPCD, TBS, MOF and H1 (KPMG and Osler)	<u>Recent Action Items</u> - October 12 – Soft launch of microsite and 1-800 number - October 24 – Formal announcement in Hamilton involving the Minister of Energy - As of Oct. 23 – 66 applications from 6 LDCs processed through the AFT program - On Oct. 24 – the Trustees held a webinar with 200 participants to overview program design, walk-through the web site, and answer distributor questions - Next Trustees meetings are scheduled for November 30 and December 14, 2017 - The Trust expects to enter into agreements with interested electricity distributors starting mid to late December 2017 (Hydro One will deliver the program in service areas of those distributors who do not apply)	Fall 2017: - The Trustees are considering the use of Ontario 211 services for the Affordability Fund - The Fund will have an iterative design process to support continuous improvement, and will revisit design elements every 6 months and measures every 3 months - ENERGY has amended the TPA with the Affordability Fund Trust to require use of the Ontario logo in Fund marketing and communications and is waiting for the Trustees to sign - Report back to TB/MBC through the PRRT process with final program details and a performance management framework including outcome measures and targets Early 2018: - ENERGY can apply for additional funds through an in-

Item	Key Deliverables / Considerations	Timing / Next Steps
		year TB submission based on performance and need. Trust term can be extended with amended/new TPA if agreed by Trust
5) Bill Presentment (SNAP/LSB)		
ENERGY	<u>Recent Action Items</u> Ongoing Ministry work re bill presentment	2017-2018 – Bill redesign
6) Expanding ICI (ESP/COMs)		
ENERGY, LSB, IESO and LDCs	<u>Recent Action Items</u> - Ongoing OCC outreach campaign to promote ICI - Ministry review OCC proposal to expand ICI outreach program - Ongoing outreach with LDCs being undertaken by IESO - CME proposal (TBD)	Quarterly Report Backs re ICI to TBS / MBC
7) Energy Sector Efficiencies (i.e., Ontario Energy Board and IESO) (SNAP / ESP)		
ENERGY, LSB, OEB and IESO	OEB: - Directive / Letter (TBD) <u>Considerations</u> - Signal efficiencies intent in OEB business plan letter - Work with OEB/LDCs on LTEP document and proposed directive to OEB - Mandate Review implementation is an opportunity to reiterate expectations IESO: - Directive / Letter (TBD) <u>Considerations</u> - IESO's stakeholder engagement re Market Renewal is ongoing	Continue this work as part of 2017 LTEP implementation

Agenda_Weekly Rate Mitig Implmentation Group__2.pdf

WEEKLY RATE MITIGATION IMPLEMENTATION GROUP

November 23, 2017

Agenda

- 1) GA Refinancing
 - o General Business Update (OPG / IESO / ENERGY)
 - o Provincial Support Agreement (OFA / OPG / ENERGY)
 - o OPG's Financing Plan / Market Activities (OPG)

- 2) Technical Briefing (All)

- 3) Other OFHP Initiatives
 - o RRRP, OESP and FN (SNAP)
 - o Affordability Fund (CRED)

Notes:

Technical Briefing Fair Hydro Plan OPG Financ_2.pdf



Fair Hydro Plan OPG's Role and Financing Plan Technical Briefing

December, 2017

Confidential and Commercially Sensitive

DRAFT

ONTARIO**POWER**
GENERATION



Role of Ontario Power Generation (OPG) in Global Adjustment Refinancing

- ▶ The *Ontario Fair Hydro Plan Act, 2017*, identifies OPG as the Financial Services Manager (FSM) to develop the financing plans and manage the financing entity (i.e. Fair Hydro Plan Trust) responsible for managing the debt obligations associated with GA refinancing.
 - ▶ OPG has extensive experience and expertise in the Ontario energy market, capital markets, regulation and fund management and will ensure that the refinancing will be done in the most efficient and cost-effective manner.
 - ▶ In addition to executing hundreds of millions in project financing over the past several years, OPG completed its first bond offering in the Canadian public market with \$500 million unsecured 10-year bonds in October 2017.
 - ▶ OPG has established the Trust.
- ▶ OPG currently manages approximately \$20 billion in nuclear funds through the Decommissioning Segregated Fund and the Used Fuel Segregated Fund, and \$15 billion in pension funds.
- ▶ OPG has also developed solid investor relationships and has a large investor base in the structured finance space [NTD: insert target market] for financing Ontario's Fair Hydro Plan (OFHP) initiative. For example, the Lower Mattagami project financing attracted a broad investor base of about 80 institutional investors, including major investors in the Canadian power and utility bonds market.



OPG Recent Financing Activities

- ▶ On September 12, 2017, OPG filed a \$2 billion short form shelf prospectus to facilitate corporate borrowing through a medium term note program over the next two years. The net proceeds from borrowing under this prospectus will be used for general corporate purposes and the financing of OPG's subordinated debt investment in the Fair Hydro Plan
- ▶ In October, OPG issued \$500 million of senior notes payable under the Medium Term Note Program. The notes have a coupon interest rate of 3.32 percent and an effective rate of 3.43 percent, payable semi-annually with a maturity date of October 4, 2027
- ▶ Notes issued exceeded the original OPG target of \$300 million because of the strong reception from investors.



Fair Hydro Trust Financing

- ▶ On November 22, OPG's Board of Directors approved OPG's plan for participation in the Fair Hydro Plan, and to act as the Financial Services Manager.
 - ▶ OPG has established a holding company FHP 2017 Inc. which will own and control the Trust.
- ▶ To date, \$1 billion in Global Adjustment payments have been deferred under the Fair Hydro Plan and held by the Independent Electricity System Operator (IESO).
- ▶ The Fair Hydro Trust purchased this asset in December. The initial \$1 billion in investment assets purchased by the Trust was financed as follows:
 - Borrowing by the Trust through senior debt from capital markets \$510 million (51%)
 - Equity injection by the Province \$440 million (44%) invested as subordinated debt in the Trust
 - OPG subordinated debt in the Trust \$50 million (5%) already raised through the initial borrowing
- ▶ In subsequent months the Trust will make a decision on the purchase of subsequently generated assets (approximately \$200 million per month) and any required financing.
- ▶ A second round of borrowing will take place in Q1 - 2018 to continue managing the refinancing of the Global Adjustment.
- ▶ [NTD: Placeholder about success/level of interest in the offering]



Debt Offering Summary

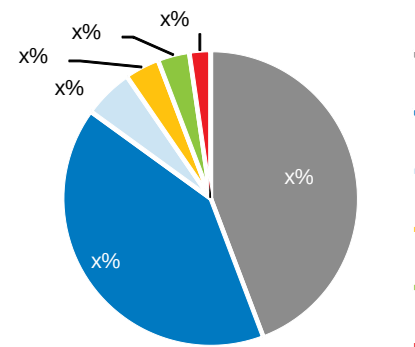
TERMS SUMMARY

Issuer	Fair Hydro Trust .
Pricing Date	xx-Dec 17
Settlement Date	xx-Dec-17
Ratings (DBRS/Moodys)	xxx
Amount	\$xxx million
Coupon	x.xx%
Coupon Dates	xxx and xxx
Maturity Date	x-xxx-xx
Spread vs. Benchmark	+xx bps (credit: +xx bps, curve: +xx bps)
GoC Curve	GoC x.xx% due xx, xxxx GoC x.xx% due xx, xxxx
GoC Benchmark	GoC x.xx% due xx, xxxx
Benchmark Price/ Yield	\$xx.xx / x.xx%
Price	\$xxxx
Yield	x.xxx%

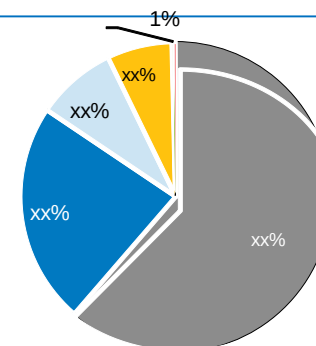
Syndicate

xxxx

INVESTOR LOCATION

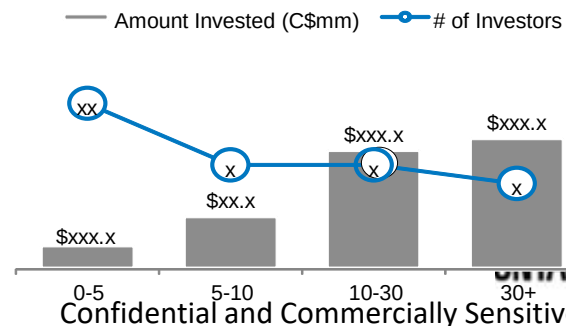


INVESTOR TYPE



Fund Manager
Pension Fund
Hedge Fund
Insurance Co.
Bank
Retail

ALLOCATION HISTOGRAM⁽¹⁾



1. Co-Lead Agent & Bookrunner.



Reporting

- ▶ Through OPG's ownership and control over the key activities of the Trust, OPG will consolidate the financial results of the Trust in accordance with US GAAP.
- ▶ OPG will report the financial results of the Trust's operations in its annual report and 4th Quarter financial results. These results will be released by OPG in early March 2018.
- ▶ The Trust's activities will be reported as a separate segment in OPG's overall results as follows:
 - Regulated – Nuclear Generation
 - Regulated - Hydroelectric
 - Contracted Generation Portfolio
 - Regulated - Nuclear Waste Management
 - Services, Trading, and Other Generation
 - Fair Hydro Trust
- ▶ The Trust's financial results will also be reported directly to the Province as OPG's shareholder.

For ADM Review_ Rate Mitigation Implementation pdf

From: [Edwards, Matthew \(ENERGY\)](#)
To: [Sermat-Harding, Kaili \(ENERGY\)](#)
Subject: For ADM Review: Rate Mitigation Implementation Meeting - November 23, 2017
Date: December 5, 2017 3:55:27 PM
Attachments: [2017-12-05 OFHP Matrix and Outstanding Business Issues - Week of Nov 20_CEEB_v1.docx](#)

Kaili,

We were asked to update the OFHP Matrix. Are you OK with this going to ESP to consolidate?

Thanks,

Matt

From: Schwab-Pflug, Emma (ENERGY)
Sent: December 5, 2017 3:54 PM
To: Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>
Cc: Syed, Usman (ENERGY) <Usman.Syed@ontario.ca>; Qureshi, Musab (ENERGY) <Musab.Qureshi@ontario.ca>; Di Tullio, Yvonne (ENERGY) <Yvonne.DiTullio@ontario.ca>; Kolodziej, Monika (ENERGY) <Monika.Kolodziej@ontario.ca>
Subject: FW: Rate Mitigation Implementation Meeting - November 23, 2017

Hi Matt – updates tracked in strikethrough or blue highlight on page 4. Thanks, Emma

From: Edwards, Matthew (ENERGY)
Sent: December-04-17 10:14 AM
To: Syed, Usman (ENERGY)
Cc: Schwab-Pflug, Emma (ENERGY); Kolodziej, Monika (ENERGY)
Subject: FW: Rate Mitigation Implementation Meeting - November 23, 2017

Can you please update the OFHP Matrix?

Due Tuesday 4pm.

Thanks,

Matt

From: Cox, Hilary (ENERGY)
Sent: December 4, 2017 10:11 AM
To: Christie, Tim (ENERGY) <[Tim.Christie@ontario.ca](#)>; Cayley, Daniel (ENERGY) <[Daniel.Cayley@ontario.ca](#)>; Edwards, Matthew (ENERGY) <[Matthew.Edwards@ontario.ca](#)>; Yordi, Samer (ENERGY) <[Samer.Yordi@ontario.ca](#)>
Cc: Thouin, Alena (ENERGY) <[Alena.Thouin@ontario.ca](#)>
Subject: FW: Rate Mitigation Implementation Meeting - November 23, 2017

Hi All –

Please use attached action items list from last rate mitigation implementation group to update the OFHP matrix and outstanding business issues.

Will need this back by Wednesday at noon please since we'll need to turn it before STAR awards.

HC

From: Schlaepfer, Martin (ENERGY)
Sent: November 23, 2017 8:34 PM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Sermat-Harding, Kaili (ENERGY) <Kaili.Sermat-Harding@ontario.ca>; Calwell, Carolyn (ENERGY) <Carolyn.Calwell@ontario.ca>; Colalillo, Sam (ENERGY) <Sam.Colalillo@ontario.ca>; 'jeffrey.lyash@opg.com' (<jeffrey.lyash@opg.com>); 'HARTWICK Ken -FINANCE' (<ken.hartwick@opg.com>); 'Kim Marshall' (<Kim.Marshall@ieso.ca>); Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Angus, Helen (TBS) <Helen.Angus@ontario.ca>; Davidson, Steven (CAB) <Steven.Davidson@ontario.ca>; 'CROZZOLI Carlo -CBUSDEV&STRT' <carlo.crozzoli@opg.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'LEE John -TREASURY' <john.s.lee@opg.com>; Hughes, Karen (TBS) <Karen.Hughes@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Michael Boll <Michael.Boll@ieso.ca>; 'peter.gregg@ieso.ca' <peter.gregg@ieso.ca>
Cc: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>; Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>; Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Baker, Carys (ENERGY) <Carys.Baker@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Foster, Robert (CAB) <Robert.Foster@ontario.ca>; 'jordan.penic@ieso.ca' <jordan.penic@ieso.ca>; 'catriona.king@opg.com' <catriona.king@opg.com>; Bungaro-Yemec, Francesca (ENERGY) <Francesca.Bungaro-Yemec@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>; Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>; Laughton, Patrick (TBS) <Patrick.Laughton@ontario.ca>; David Barrett <david.barrett@ieso.ca>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Ue, Allison (TBS) <Allison.Ue@ontario.ca>
Subject: RE: Rate Mitigation Implementation Meeting - November 23, 2017

Hi everyone,

Attached are the action items from today's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: November 22, 2017 7:10 PM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Sermat-Harding, Kaili (ENERGY)

<Kaili.Sermat-Harding@ontario.ca>; Calwell, Carolyn (ENERGY) <Carolyn.Calwell@ontario.ca>; Colalillo, Sam (ENERGY) <Sam.Colalillo@ontario.ca>; 'jeffrey.lyash@opg.com' (<jeffrey.lyash@opg.com>) <jeffrey.lyash@opg.com>; 'HARTWICK Ken -FINANCE (<ken.hartwick@opg.com>)' <ken.hartwick@opg.com>; 'Kim Marshall (<Kim.Marshall@ieso.ca>)' <Kim.Marshall@ieso.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Angus, Helen (TBS) <Helen.Angus@ontario.ca>; Davidson, Steven (CAB) <Steven.Davidson@ontario.ca>; 'CROZZOLI Carlo -CBUSDEV&STRT' <carlo.crozzoli@opg.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'LEE John -TREASURY' <john.s.lee@opg.com>; Hughes, Karen (TBS) <Karen.Hughes@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Michael Boll <Michael.Boll@ieso.ca>; 'peter.gregg@ieso.ca' <peter.gregg@ieso.ca>
Cc: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>; Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>; Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Baker, Carys (ENERGY) <Carys.Baker@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Foster, Robert (CAB) <Robert.Foster@ontario.ca>; 'jordan.penic@ieso.ca' <jordan.penic@ieso.ca>; 'catriona.king@opg.com' <catriona.king@opg.com>; Bungaro-Yemec, Francesca (ENERGY) <Francesca.Bungaro-Yemec@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>; Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>; Laughton, Patrick (TBS) <Patrick.Laughton@ontario.ca>; David Barrett <david.barrett@ieso.ca>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Ue, Allison (TBS) <Allison.Ue@ontario.ca>
Subject: Rate Mitigation Implementation Meeting - November 23, 2017

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

2017-12-05 OFHP Matrix and Outstanding Busine.pdf

Implementation of Ontario's Fair Hydro Plan

Week of November 20, 2017

Global Adjustment (GA) Refinancing – Business Issues / Implementation

Issue	Overview	Supporting Documentation	Timing / Next Steps
Provincial Support Agreements	Province to provide contingent supports to enable structure	- Term Sheet - Change of Law Protection Agreement - Change of Law Process Agreement	- MOF / OPG / ENE to finalize Protection Agreement and Process Agreement based on Term Sheet approved by TB/CAB Timing / Next Steps: - Briefing of the ENERGY, MOF and TBS Ministers - Agreements to be finalized in late November or early December
OPG's Financing Plan / Market Activity	OPG, as Financial Services Manager (FSM), to provide a Financing Plan in accordance with legislation, to evaluate the incurrence of funding obligations consistent with the FAA	Minister's FAA letter to OPG	- OPG has provided a draft of the Financing Plan to ENERGY Timing / Next Steps: - OPG Board committee review and approval by the OPG Board (TBD) - OPG initial debt issuance is currently planned to proceed in December (TBD)
Equity Injection	Province to purchase shares of OPG on a monthly basis	- Master Subscription Agreement /MOU between OFA and Energy - Notice of Subscription - Amendment to Articles	- OPG to request Minister's signature on the Shareholder resolution. - OPG/ENE to sign Master Share Subscription Agreement - OFA / ENE to finalize monthly process and sign-off mechanism Timing / Next Steps: - Agreements to be signed by end of November
Subordinated Debt Loan Agreement	OPG will lend the equity injection from the Province to the Trust by	- Draft Term Sheet - Debt Loan	- OFA to provide comments - OPG to draft Debt Loan Arrangement

Issue	Overview	Supporting Documentation	Timing / Next Steps
	way of subordinated debt	Arrangement	Timing / Next Steps: - Fall (TBD) - OPG to provide additional details
PILs Exemption	- The beneficiary of the OFHP Trust would be subject to tax under the payments in lieu of taxes (PILs) regime under the <i>Electricity Act, 1998</i> (EA), and would pay PILs to the Ontario Electricity Financial Corporation (OEFC) - Province to mitigate cost to ratepayers by minimizing PILs payable by the Trust beneficiary - A regulation under the EA is required to exempt the beneficiary from PILs - OPG has advised that a comfort letter signed by the Minister is required	- Comfort Letter - Tax Regulation	- MOF is working to complete comfort letter to OPG and to finalize the regulation Timing / Nexts Steps: - Regulation expected to proceed to LRC in December 2017 (TBD)
OPG / IESO Commercial Agreement	OPG and IESO to enter in to commercial agreements governing the Financing Entity purchase of the regulatory assets (i.e., the Master Transfer and Servicing Agreement, Security Agreement and Acknowledgement and Indemnity Agreement)		- OPG and IESO working to finalize Agreement Timing / Next Steps: - The draft commercial agreements to be reviewed by IESO Board on November 22 - Further changes may be required pending the completion of the rating process

Item	Key Deliverables / Considerations	Timing / Next Steps
1) Broadening Rural or Remote Rate Protection (RRRP) (SNAP)		
ENERGY, LSB and LDCs	<u>Recent Action Items</u> - All LDCs have indicated they have implemented the program - IESO has begun to submit reimbursement claims to the Ministry	Discussions have begun with OEB over content of cost forecast report, as contemplated in Regulation
2) Expanding Ontario Electricity Support Program (OESP) (SNAP)		
ENERGY, LSB, MCSS and OEB	<u>Recent Action Items</u> - July 26 TB/MB approval for MCSS to expand FTEs and create team dedicated to OESP enrolment, using funds approved on March 1, 2017 under FHP. Sought 50 FTEs, but only received 20 – MCSS is considering report-back in the fall to ask for more FTEs - OEB and MCSS completed data exchange to identify SA clients currently not enrolled in OESP. Outreach calls began late August, with direct mail-outs in late September. New call centre to be ready to receive calls in October, and MCSS to continue developing software solution for automation over next several months - CRA approval of proposal for e-signatures on OESP applications. OEB is working with service provider to upgrade online application process (November), and CRA will formally accept e-signature process by amending MOU with Ministry of Finance - Ministry is targeting November/December to proclaim OEBA amendments to shift OESP to tax base, along with supporting regulatory amendments - Ministry and OEB have initiated work to transfer OESP to government	- LRC package being developed for proclaiming OEBA provisions and amending OESP regulation; scheduled for December 11 - Continue to work with OEB to build up the Ministry's knowledge base on administering the OESP
3) Providing a First Nations On-Reserve Delivery Credit (SNAP)		
ENERGY and LSB	<u>Recent Action Items</u>	Receiving regular updates from

Item	Key Deliverables / Considerations	Timing / Next Steps
	• All LDCs have indicated they have implemented the program. • FNDC post card has been distributed to First Nations Band Councils • IESO has begun submitting claims for reimbursement to the Ministry	H1 on enrollment
4) Establishing an Affordability Fund (CRED)		
• ENERGY, IGS, LSB, Blakes, CSD, OPCD, TBS, MOF and H1 (KPMG and Osler)	<u>Recent Action Items</u> • October 12 – Soft launch of microsite and 1-800 number • October 24 – Formal announcement in Hamilton involving the Minister of Energy • On Oct. 24 – the Trustees held a webinar with 200 participants to overview program design, walk-through the web site, and answer distributor questions • As of Nov. 16 Oct. 23 – 1,634 intake forms submitted; over 1,000 AFT applications sent to Hydro One or the 41 active/pending participating distributors 66 applications from 6 LDCs processed through the AFT program • Next Trustees meetings are scheduled for November 30 and December 14, 2017 • The Trust expects to enter into agreements with interested electricity distributors starting mid to late December 2017 (Hydro One will deliver the program in service areas of those distributors who do not apply)	Fall 2017: • The Trustees are considering the use of Ontario 211 services for the Affordability Fund • The Fund will have an iterative design process to support continuous improvement, and will revisit design elements every 6 months and measures every 3 months • ENERGY has amended the TPA with the Affordability Fund Trust to require use of the Ontario logo in Fund marketing and communications and is waiting for the Trustees to sign • Report back to TB/MBC through the PRRT process with final program details and a performance management framework including outcome measures and targets Early 2018: • ENERGY can apply for additional funds through an in-year TB submission based on performance and need. Trust term can be extended with

Item	Key Deliverables / Considerations	Timing / Next Steps
		amended/new TPA if agreed by Trust
5) Bill Presentment (SNAP/LSB)		
ENERGY	<u>Recent Action Items</u> Ongoing Ministry work re bill presentment	2017-2018 – Bill redesign
6) Expanding ICI (ESP/COMs)		
ENERGY, LSB, IESO and LDCs	<u>Recent Action Items</u> - Ongoing OCC outreach campaign to promote ICI - Ministry review OCC proposal to expand ICI outreach program - Ongoing outreach with LDCs being undertaken by IESO - CME proposal (TBD)	Quarterly Report Backs re ICI to TBS / MBC
7) Energy Sector Efficiencies (i.e., Ontario Energy Board and IESO) (SNAP / ESP)		
ENERGY, LSB, OEB and IESO	OEB: - Directive / Letter (TBD) <u>Considerations</u> - Signal efficiencies intent in OEB business plan letter - Work with OEB/LDCs on LTEP document and proposed directive to OEB - Mandate Review implementation is an opportunity to reiterate expectations IESO: - Directive / Letter (TBD) <u>Considerations</u> - IESO's stakeholder engagement re Market Renewal is ongoing	Continue this work as part of 2017 LTEP implementation

Fw_ Globe and Mail Inquiry re_ IESO Accounting ..._1.pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Armstrong, Hillary \(ENERGY\)](#)
Subject: Fw: Globe and Mail Inquiry re: IESO Accounting Changes, AG Audit and Fair Hydro
Date: March 26, 2018 8:05:11 AM
Attachments: [Responses.docx](#)
Importance: High

From: Whytock, John (ENERGY) <John.Whytock@ontario.ca>
Sent: Sunday, March 25, 2018 9:40 PM
To: Schlaepfer, Martin (ENERGY)
Cc: Hume, Steen (ENERGY); Cox, Hilary (ENERGY); Perkins, Michael (ENERGY)
Subject: Fw: Globe and Mail Inquiry re: IESO Accounting Changes, AG Audit and Fair Hydro

Good evening. As you'll note, this went straight to MO, after it was provided to the reporter.

Any questions, please let me know. I haven't seen any MO follow up.

Jw

Sent from a device

From: Jordan Penic <jordan.penic@ieso.ca>
Sent: Sunday, March 25, 2018 7:04 PM
To: Nekolaichuk, Colin (ENERGY); Berry, James (ENERGY); Den Heijer, Kevin (ENERGY); Tresise, Landon (ENERGY); Whytock, John (ENERGY)
Cc: John Cannella; Jessica Savage; Terry Young
Subject: Globe and Mail Inquiry re: IESO Accounting Changes, AG Audit and Fair Hydro

Good evening,

Late Friday the IESO received a number of questions from the Globe and Mail reporter, Matthew McClearn, regarding the IESO's accounting changes, the current ongoing audit with the AG, and the Fair Hydro Plan. He also indicated that he would be filing a story for Monday. As such we drafted and shared the attached responses, to be attributed to IESO's CFO, Kim Marshall.

We also understand that questions were sent to TBS and KPMG.

Please let me know if you would like to discuss.

-Jordan

Jordan Penic | Senior Manager, Communications & Government Affairs
Independent Electricity System Operator (IESO) | T: (416) 506-2815
120 Adelaide Street West, Suite 1600, Toronto, ON M5H 1T1
Web: www.ieso.ca | Twitter: [IESO_Tweets](#) | LinkedIn: [IESO](#)
Conservation: www.saveONenergy.ca | Twitter: [saveONenergyOnt](#) | LinkedIn: [saveONenergy](#)

This e-mail message and any files transmitted with it are intended only for the named

recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

Responses_2.pdf

Matt:

Given some of the commentary included in your questions, we thought it would be helpful to provide additional information on the history of the change in accounting policies that the IESO implemented in March 2017.

As you may know, the Office of the Auditor General has raised concerns resulting from a difference in opinion on these changes, specifically, the recognition of rate regulated assets and market accounts.

The accounting standards that the IESO uses are principles-based, and as such, require some discretion and professional judgment when being applied. It is common to have more than one acceptable approach when applying accounting standards. To be clear, the changes that the IESO made were done so after extensive discussions and deliberations with external professional advisors and the IESO Board and in no way affect the IESO's operational costs, or have a financial impact on electricity ratepayers.

The IESO Board met with the Auditor General on two separate occasions last year to discuss her concerns and the Board and the Audit Committee of the Board has spent a considerable amount of time reviewing the decision and the AG's concerns. After extensive review, the Board and management of the IESO continue to believe that the policies that the IESO adopted in 2017 are appropriate and in accordance with Canadian Public Sector Accounting Standards (PSAS).

Research conducted by KPMG confirms that the recognition of regulatory assets and liabilities better reflect the economic substance of IESO's operations and enhance the relevance, transparency and accountability of our financial reporting. It also found that US GAAP was an appropriate accounting framework to look to for guidance on rate-regulated operations, since PSAS is silent on the issue. Further, these changes bring the IESO in line with other independent system operators across North America.

With respect to the special audit that the Auditor General carried out, we have fully cooperated with her and her office in regards to her work. As the answers we provide indicate, this includes setting up special arrangements for her office to carry out this work and we extended the same level of cooperation and information that was provided to KPMG, who had been engaged as our third party auditor.

Kim Marshall

1. Cooperation with the AG

One of the more significant allegations in the AG's letter to the Public Accounts Committee is that *"the Board and Senior Management of the IESO did not fully cooperate with us during the conduct of our work,"* and that consequently the AG was unable to provide an audit opinion. The passage continues:

In order for us perform our work in accordance with Canadian Auditing Standards we require certain information on all of our audits. Unfortunately, the Board and Management of the IESO consistently refused (while all the time insisting in correspondence that they were cooperating) to provide us with

written acknowledgement of their roles and responsibilities with respect to our audit, nor would management sign a representation letter confirming that they have provided us with all relevant information that may affect the financial statements. No valid reason for these refusals was provided to us.

Questions:

- How does IESO characterize its cooperation with the Auditor General?

The IESO has fully cooperated with the Office of the Auditor General of Ontario with respect to their special audit of the IESO. The IESO recognizes the Auditor General's statutory role and authority to perform an audit of the IESO and has cooperated fully throughout the special audit process.

Over an eleven week period, IESO staff met with OAGO staff on over 40 occasions and responded to over 225 information requests. The IESO also arranged for working accommodations for seven OAGO staff on IESO premises over that 11-week period, complete with access to a private meeting room for their sole use, as well as direct access to IESO employees. Further, the IESO designated a staff member to assist in coordinating meeting and information requests to ensure they were done in a timely manner.

In addition to the meetings held with IESO staff, the IESO also complied with numerous requests from Ms. Lysyk to attend meetings of the IESO's Audit Committee and the full IESO Board of Directors. Two special Audit Committee meetings were held in February at Ms. Lysyk's request and her staff attended the regularly-scheduled meeting of the Audit Committee on February 27.

This spirit of cooperation is one that the IESO has followed in all of its previous engagements with the OAGO.

- Did management and the board fail to provide the above documentation, as described? If so, why not? Alternately, what's the truth of the matter?

The management representation letter and signed audit planning report were signed with KPMG, an independent third-party auditor. KPMG was engaged by the IESO Board to conduct the IESO's 2017 financial statement audit. As the Auditor General's Office was not formally engaged to perform this audit, it would be inappropriate for the IESO to sign the aforementioned documents.

While the AG was not engaged as the IESO's auditor, any information that was shared with KPMG, along with all other information relevant to the 2017 financial statements, was also shared with the OAGO. In recognition of the Auditor General's work, a copy of the management representation letter between the IESO and KPMG was provided to her office.

2. Collateral and Security Disclosure on Financial Statements

Another issue is this whole business regarding the IESO pledging future collection of revenues. The AG has said that *"the assets of IESO have been pledged as collateral and security against the Fair Hydro Trust...what it means is that the generators fall behind the creditors for the Fair Hydro Plan Trust. We asked management and the board to disclose this in their financial statements and they have not."*

Questions:

- Whom at IESO did the AG ask to make this disclosure, and when?

On March 20, 2018 the IESO received a draft audit report from the Auditor General's Office. Included in the draft report was a recommendation for the IESO to disclose the Security Agreement and the pledging of market receivables as collateral in the financial statement notes.

- What was IESO's response?

The IESO is reviewing this recommendation and will be developing a response for inclusion in the final audit report. The IESO expects to share the response with the Auditor General's office this week.

- Is the AG's characterization—that generators fall behind the creditors for the Fair Hydro Plan Trust—correct? Why or why not?

The security is only collateral for the current month carrying costs owing to Fair Hydro Trust, until July 2021 and not creditors for the Trust. Additionally, only receivables due in a month from local distribution companies and electricity retailers have been pledged.

The security will only be called if the IESO fails to pay carrying costs to the Fair Hydro Trust in a month, which is highly unlikely, as the amount of carrying costs is small relative to the entire amount settled each month. Further, Moody's and DBRS have not changed the IESO's credit rating despite this security.

- If IESO chose not to disclose this in its financial statements, why not?

As noted above, this recommendation is still under consideration by the IESO.

- The AG said that it knows that IESO "thought it was a risk, that the generators would not like this." Is that in fact the case?

As part of the IESO's assessment of potential risks related to the Fair Hydro Plan, providing the security was assessed. However, after careful consideration including the potential impact on generators, and consultation with external professional advisors, the IESO determined that providing the security for the 4-year period (until July 2021) during which carrying costs would be paid, was the right thing to do and should not have a negative impact on generators. Providing this limited security helped the Fair Hydro Trust obtain a higher credit rating, reduce financing costs, and ultimately minimize costs to Ontario consumers.

According to the Auditor General, IESO's assets have been pledged as collateral and security against the Fair Hydro Trust. She told the Public Accounts Committee:

What it means is that the generators fall behind the creditors for the Fair Hydro Plan Trust. We asked management and the board to disclose this in their financial statements, and they have not. I think we're still wondering why they won't, other than the fact that we know that they thought it was a risk, that the generators would not like this. Bruce Power would be concerned that IESO pledged as collateral the incoming revenues they would receive from the LDCs.

Questions:

- Did the AG in fact ask IESO's board and management to disclose this fact in the IESO's financial statements?

See above.

- If so, what determination did the board and management make, and why?

See above.

- Has the IESO informed generators about this? If so, when? If not, why not?

After careful consideration, it was determined that granting the security would be unlikely to have a negative impact on generators. The payment obligation that is supported by this security is a small proportion of the total amount settled in a month. The IESO considers it highly unlikely the security will ever be called. Nonetheless, the IESO is considering including this information in its financial statements, which will be released publicly on or before March 31, 2018.

3. KPMG and IESO involvement in FHP *(request for response from Chair of Audit Committee)*

The Auditor General has made a number of statements about the relationship between the AG, the IESO, KPMG and the government. Questions naturally arise from these statements, and I wanted to put them to the chair of IESO's audit committee.

Questions:

- The AG has said that it has confirmed that IESO's adoption of rate regulated accounting "were directly related to the Fair Hydro Plan." Is this true? Why or why not?

It is not true. The IESO Board adopted its new accounting policies on March 15, 2017. The decision to adopt regulatory accounting was made to allow for financial reporting that was more relevant to the needs of our financial statement users and enabled greater transparency into the market transactions we oversee, which amounted to over \$17 billion last year. It is also consistent with the practices of other Independent Electricity System Operators in North America.

- The AG's office has said that the IESO treated its "audit team like we were subservient to KPMG. In terms of the law in Ontario, that would be the reverse." The AG has described KPMG as a "component auditor" and itself as a "parent auditor," and that KPMG therefore has obligations to the Auditor General's office. What is the audit committee's understanding of KPMG's obligations to the Auditor General?

While we cannot speak to the Auditor General's characterization of her office's relationship with KPMG, the IESO has recognized the Auditor General's statutory role and authority to perform an audit of the IESO and has cooperated fully throughout the special audit process.

As such, any information that was shared with KPMG along with all other information relevant to the 2017 financial statements was also shared with the OAGO. As noted above, we undertook special arrangements with the OAGO to help with their work. This included arranging for working accommodations for seven OAGO staff over an 11-week period with direct access to IESO staff. During that time, we met with OAGO staff on over 40 occasions and responded to over 225 information requests. Additionally, the Audit Committee had two special meetings with the AG in February and her staff attended a regularly scheduled meeting of the Audit Committee on February 27.

- Is the audit committee satisfied that KPMG has communicated in a fair, open and transparent manner with the Auditor General's office? Why or why not?

Yes. It is our understanding that KPMG has responded to all requests from the Auditor General and her Office. We also understand that KPMG met with the OAGO on a number of occasions to discuss the relevant account issues, and to share relevant correspondence and documentation.

The IESO had asked KPMG to deliver their audit report to the Auditor General's Office and make available their working papers in respect of the audit, in line with their obligation under the Auditor General's Act.

- The AG has raised concerns about the fact that KPMG provided advisory services concerning the Fair Hydro Plan while also auditing IESO's financial statements. Why was this arrangement acceptable to the audit committee?

KPMG was among those consulted by IESO on accounting matters relating to the Fair Hydro Plan. It is very common for auditors to provide advisory services to help their clients understand the application of complex accounting matters.

4. Date of Financial Statement Publication

- What date will the IESO's 2017 financial statements be published?

The IESO is expecting to publish the 2017 financial statements before the end of March.

5. Questions received earlier today:

- a) The Auditor General has said that her office requested something called bank reconciliations from the IESO, and that the IESO "couldn't provide any to us." Apparently the AG regards this as a big deal. My questions:

- What are bank reconciliations?

Bank reconciliation is a process that is used to match the balance of a company's general ledger account to its bank statement balance.

- When did the AG's office request to see these bank reconciliations?

On December 14, 2017 the IESO received an initial request listing from the Office of the Auditor General of Ontario (OAGO). Included in this request listing was a request for "Bank reconciliations for each bank account as at December 31, 2017".

- What was IESO's response?

Over the course of the audit period, the IESO provided the OAGO with bank reconciliations for each of its accounts. Each reconciliation was provided in the form of an excel spreadsheet that showed the balance of the bank account and corresponding general ledger account, as at December 31, 2017.

- If the IESO did not provide them to the AG, why not?

Not applicable – see response above.

- Did KPMG ever raise this issue with IESO? If so, when and how?

The issue of how IESO performs its bank reconciliation was never raised by auditors, including KPMG.

- b) How much has IESO paid KPMG each year since its inception? If possible, please break out the value of the auditing work from any consulting work.

The IESO and OPA merged on January 1, 2015. The fees paid to KPMG for services performed since the merger are outlined below.

With respect to the charges for accounting advisory services in 2017, this number reflects both amounts charged for advice on the complex changes to IESO's accounting policies, as well as KPMG's work related to responding to the Auditor General.

		<u>2015</u>	<u>2016</u>	<u>2017</u>
1	Annual Financial Statement audit	86,000.00	91,969.50	86,500.00
2	Accounting advisory services			652,907.00
3	Tax advisory services	31,518.00	37,950.00	18,965.00
4	Other advisory services:			
	Merger integration assistance	292,871.20		
	Procurement advisory project	67,655.50		
	Cultural alignment project		31,500.00	
	IT Corporate Governance			14,685.00
		<u>478,044.70</u>	<u>161,419.50</u>	<u>773,057.00</u>

Fw_ OFHPA Document Due Diligence Memo.pdf

From: [Cox, Hilary \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#)
Subject: Fw: OFHPA Document Due Diligence Memo
Date: December 7, 2017 1:20:51 PM
Attachments: [OFHPA Finance Documents Due Diligence Memo November 22 2017 draft.docx](#)

Hi Steen -
Due diligence memo.

HC

[Sent from my BlackBerry 10 smartphone on the Rogers network.](#)

To: Hanslep, Malle (MOF); McKinlay, Tom (MAG); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)

Cc: VINER, JON; PALMER, AARON

Subject: OFHPA Document Due Diligence Memo

PRIVILEGED AND CONFIDENTIAL

Restricted Circulation

Malle, Tom, Alena and Toby,

As discussed, we have undertaken a limited review of the documentation being prepared by Torsys and circulated to date in connection with the Fair Hydro financing program. Consistent with the directive from accounting professionals and the general delegation made to OPG under the OFHPA and General Regulation, we have not engaged in commercial discussions with Torsys regarding the propriety of these documents or whether they optimize the financing opportunities afforded by and anticipated under the OFHPA. Instead, we have limited our involvement in the documentation process to:

1. Protection Agreement – Identifying features directly relevant to the on-going discussions pertaining to the Change of Law Protection Agreement and the Change of Law Process Agreement (accepting the principle that the Limited Guarantee will extend broadly to virtually all obligations and liabilities of the Trust, which based on the transaction documentation reviewed are potentially very expansive and currently unconstrained).
2. Purposes of OFHPA – Identifying inconsistencies between the documentation and the basic framework of the OFHPA and General Regulation, which could compromise the internal consistency of the scheme and expose the overall scheme to legal challenge or principled criticisms (recognizing the principle that the Financing Plan contemplated in the OFHPA is intended as the primary mechanism to flesh out, among other things, the broad parameters for OPG to manage the program, mitigate risks and achieve the cost efficiency and alignment purposes of the OFHPA, and that the program documentation is the mechanism through which the Financing Plan is to be implemented in the capital markets context).

As you know, I have been a strong proponent for the Province to look to the Financing Plan as the means to address anticipated key concerns, such as those that could impact ratepayers (through the amount of CEAs to be charged), the achievement of the alignment and efficiency purposes of the OFHPA and the mitigation of known risks and conflicts of interest (e.g., OPG's various roles and interests). My September 14th outline was meant to elaborate on those matters. Very recently, a first draft of the Financing Plan was circulated (Alena provided it to me), which did not address many of the considerations that I had identified. I have not been directly involved with MOE in providing input on that draft and there has been no follow-up on my September 14th outline.

3. Capital Markets Functionality – Identifying features observed in the limited document review, undertaken for the purposes of 1 and 2, above, that appear to raise significant “financability” concerns given the orientation of the financing program to the rated, structured finance, debt capital markets. In this regard, I have raised several basic concerns that in my view will undermine the potential flexibility of the financing program to achieve its full potential in the capital markets over time. For example, the compulsory cross acceleration of Trust obligations will inhibit the ability to tailor tranche issuances based on the tenor of the debt issuances – recognizing that a long-term bond may be evaluated by buyers based on the risk that an above-market interest rate could be upended by the decision of short-term bondholders decision to accelerate. Another example is that the program documentation makes no attempt to facilitate multiple financing entities, even though additional entities may make sense in the future (e.g., USD bonds through a US-based financing entity). The opportunity to envision “co-ownership” terms among potential financing entities, as contemplated in s. 29(4) of the OFHPA, has not been addressed with the result that it will be difficult/expensive to add those terms after the initial issuances have been completed. I used those important examples in our discussions to gauge the Province’s appetite for making specific structuring comments on the documentation, and determined that there is very little opportunity for the Province to make use of those sorts of inputs given the practical constraints the Province faces (including respecting the separateness objectives underlying OPG’s and the Province’s accounting analysis and the fact that the OFHPA envisions that OPG will run the financing program without specific supervision or over-sight from the Province or the Ministers). On that basis, our commenting on “financeability” considerations has been intentionally curtailed.

The other aspects that we anticipate for pre-launch documentation review include:

4. Offering Documentation – Despite requests to Torys, draft offering documents have not yet been provided to the Province (although we were told by Rima last week that a draft offering circular is quite far advanced). I expect that the Province will want to undertake a limited review of any offering circular focusing on matters of direct consequence and significance to the Province, including items such as (a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province’s obligations, (b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed, (c) eliminating any implied/moral undertakings by the Province to bondholders, (d) scrutinizing any “risk factors”, particularly as they might relate to the context in which Protection Events may arise, (e) confirming any disclosures regarding the Province’s (Ministers’) roles,

including in setting the “fair allocation amount”, accepting the “Financing Plan” provided to the Minister of Energy, etc., (f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute), (g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws, (h) confirming any “electricity market” disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks and (i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds. This preliminary list illustrates why the Province may want to insist on being provided with early drafts of any offering documentation, rather than acquiescing to a late sign-off scenario with little ability to impact the disclosure or rating processes.

5. Specific Limitations in “Reference Documentation” – The Process Agreement affords the Province the ability to provide specific comments on the base or template forms of certain key documents to be used under the financing program. Where specific limitations or constraints are identified by the Province (even where initially addressed in the Financing Plan – since the Financing Plan can change in the future without the Province’s input), the Province will probably want to ensure that these items are adequately reflected in the received documents, which will become the “black box” within which OPG will be able to run the financing program without further input or concurrence by the Province. Potential examples (based on ideas raised during our conversations over the past few weeks) include: (a) restricting non-CAD issues, (b) restricting primary distributions outside of Canada, (c) setting out specific financial limitations (e.g., embedding into the Reference Documentation caps on certain expense amounts (rating agency commitments) or mandating benchmarking for rates/spreads, maximum term of Trust commitments), (d) restricting flexibility of future detrimental terms (e.g., restricting the addition of events of default/termination, which additions would otherwise be unconstrained), (e) stipulating pre-conditions or requirements applicable to any incurrence (e.g., “fairness” opinions regarding market terms/quotes/fees; accounting sign-off; etc.), (f) matters to address OPG conflicts of interest in relation to sub-notes, management fees, treasury decisions, etc. and (g) restrictions on the use of capital reserve (sinking fund) accounts, etc. No comments of this sort have yet been made on the received documents, and unless such matters are reflected in those provided documents prior to the first closing (in fact much earlier, in practice), the Province’s ability to limit the “black box” based on the concepts included for Reference Documentation under the Protection Agreement will be foregone. Specific direction from you for this purpose would be very appreciated.
6. Conformity to Comments Made to Date – In developing the Protection and Process Agreements, we have identified various terms of the Trust Indenture and Funding Obligation Agreements that will need to be conformed, including several items in order to ensure that the Province’s rights of subrogation are binding and effective and to address basic legal considerations (such as whether the Trust is a “financing

entity” under the OFHPA). Other than the specific notice of amendment provisions we insisted be included in the Trust Indenture, none of the items identified (see, in particular, the **yellow** footnotes in the most recent draft of the Protection and Process Agreement) have been reflected in the underlying documents. We will look for these changes in the next turn of the program documents.

As mentioned, to provide a modest level of reassurance that there is nothing starkly out of place in the underlying program documents we have been provided, I asked my structured finance partner, Aaron Palmer, to review the overall documentation package for completeness. Aaron’s review was not informed by a thorough understanding of the OFHPA and related considerations or background on the project generally. Since Aaron is a fresh set of eyes, I thought he could usefully check whether what Torys has produced generally “hangs together”. Aaron is producing a due diligence memo for me, based on that limited mandate and without significant background. Aaron’s draft memo (copy attached) is intended to provide a useful summary of several of the basic financing program documents, provide a basic understanding of the overall mechanics for issuance and identify matters for specific consideration by the Province. The attached draft memo has not been “filtered” by me or stylized, so it is important to recognize that the memo does not necessarily reflect my views or all of the relevant concerns. To make it somewhat more useful, I have **shaded** parts of Aaron’s draft memo where I thought issues he raised added new thoughts to our on-going discussion or where highlighting for emphasis would help your focus. Please ensure that Aaron’s draft memo does not receive circulation outside of the Province and then to those who understand the limitations of Aaron’s review and background and the intended and limited purpose of Aaron’s ‘fresh look’.

After you have had an opportunity to reflect on the foregoing and Aaron’s draft memo, please let me know what you would like us to do as it pertains to further review, commenting and follow-ups on the finance program documentation as it is circulated.

If you have any questions or concerns, please give me a call.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086



Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com | [Twitter](#) | [Unsubscribe](#)

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
This email communication is CONFIDENTIAL AND LEGALLY PRIVILEGED. If you are not the intended recipient, please notify me at the telephone number shown above or by return email and delete this communication and any copy immediately. Thank you.

L'information paraissant dans ce message électronique est CONFIDENTIELLE. Si ce message vous est parvenu par erreur, veuillez immédiatement m'en aviser par téléphone ou par courriel et en détruire toute copie. Merci.

OFHPA Finance Documents Due Diligence Memo No.pdf



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trade-mark Agents
199 Bay Street
Suite 4000, Commerce Court West
Toronto ON M5L 1A9 Canada
Tel: 416-863-2400 Fax: 416-863-2653

Draft: November 22, 2017

MEMORANDUM – CONFIDENTIAL

VIA EMAIL

Date: November •, 2017

To: Stephen R. Ashbourne
Jon Viner

From: Aaron Palmer

Re: Overview of Financing Documentation Proposed for the Ontario Fair Hydro Plan

This memo provides a high-level overview of certain of the financing documents (the “**Financing Documents**”) proposed to be used in connection with the sales of portions of IESO’s Regulatory Asset arising under the *Ontario Fair Hydro Plan Act, 2017* (the “**Fair Hydro Act**”) to one or more newly formed special purpose financing entities (each an “**Issuer**”). The Issuer will finance its purchases by borrowing under loans or issuing bonds and/or short term notes (collectively, “**Bonds**”¹), which will be repaid using Clean Energy Adjustment amounts that the Issuer will be entitled to receive over the life of the Bonds. A list of the Financing Documents reviewed is set out in Schedule A. Capitalized terms used but not defined herein (including “**Carrying Costs**”, “**Electricity Vendor**”, “**Finance Amounts**”, “**Investment Asset**”, “**Investment Interest Owner**”, “**Regulatory Asset**” and “**Specified Consumers**”) have the meanings set out in the Fair Hydro Act and the General Regulation thereunder (the “**Regulation**”).

This memo is not intended to be a complete digest of all provisions in the Financing Documents that would or could be relevant to the Province, although I have tried to identify provisions and matters that might be relevant (a) to the Ministry of Energy, having regard to my understanding of the purposes of the Fair Hydro Act (including the alignment and financing objectives contemplated in the Fair Hydro Act and the Regulation) or (b) to the Ministry of Finance, recognizing and having regard to the very broad scope of the Province’s obligations under the proposed Change of Law Protection Agreement. More specifically, this overview focuses on some of the key covenants and terms that may be relevant in determining how the Financing Documents directly impact on the IESO, OPG or the Province or indirectly on the Ontario electricity consumers who bear the direct costs of Clean Energy Adjustments

¹ The use of the term “**Bonds**” herein includes borrowings under credit facilities (including liquidity facilities). Although the Finance Documents currently being negotiated assume that term bonds and short-term notes will be issued under supplements to the Trust Indenture, OPG could also elect to borrow amounts under a short-term bridge facility or other credit agreement and then refinance such borrowings at a later date with an issuance of bonds.

under the Fair Hydro Act. As discussed, my review has been limited to flagging for further consideration key issues and related background. This memo should not be viewed as an adequate substitute for a detailed review of the Financing Documents themselves by the Province.

Basic Framework

The Financing Documents reflect terms and conditions that are customary for structured finance programs under which a “bankruptcy remote” special purpose vehicle contractually agrees to limit its business to issuing debt and using the proceeds to purchase a particular type of liquidating asset, which in turn generates cash flows sufficient to service principal, interest and other obligations arising under or in connection with such debt. As is standard for structured finance transactions, the Financing Documents are designed to provide Bondholders and other relevant protected counterparties and service providers (together with the Bondholders, “**Specified Creditors**”), as well as underwriters, rating agencies and other intermediaries, with a high-level of confidence in the credit quality of the Bonds and other secured obligations. That credit quality is primarily based on the underlying assets (i.e., primarily collections of Clean Energy Adjustments) and other resources and cash reserves contemplated to be available to the Issuer, as well as the contractual matrix in the program agreements which supports and binds the Issuer (including under the Change of Law Protection Agreement). The primary protections are provided in a trust indenture, under which the Issuer gives the relevant covenants and grants a security interest in all of its assets to a single trustee (the “**Indenture Trustee**”), which holds such covenants and security for the collective benefit of all Bondholders and other Specified Creditors in accordance with the specified priorities and terms set out in the trust indenture.

Issues Highlighted for Further Consideration by the Province

Terms identified in the reviewed drafts of the Financing Documents that may warrant special consideration by the Province include the following:

Minimal Constraints on Financial Terms: The Financing Documents provide very few constraints on the commercial terms OPG may agree to under individual financings. For example, OPG has full latitude to determine the term structure of borrowings, the interest rates payable and the discount rate to be used when calculating any early redemption payment amount for term Bonds. In addition, there is no constraint on the amounts to be deposited to capital and reserve accounts, which deposits will constitute Finance Amounts in the period a deposit is required, and therefore will give rise to claims for Clean Energy Adjustments (or, for finance reserve account deposits prior to July 2021, such deposit requirements will give rise to Carrying Costs that will be borne by IESO, including initial deposits which will be funded by IESO in connection with each Bond offering closing). **Consequently, OPG will be free to negotiate financing terms with bond underwriters, banks and other lenders with limited direction other than the Financing Plan required to be provided to the Minister, and without some of the direct incentives and alignments of interest that would typically apply to an entity conducting this treasury function.**

As a small example of this open-ended drafting, the template Supplemental Indenture simply provides a bullet for the definition of Cash Reserve Required Amount. OPG may take the view that a formula could be included in place of the bullet and that this would still be “Substantially in the Form of the Reviewed Documentation” as contemplated in the Change of Law Process Agreement (and accordingly no further approval from the Province would be required).

Declaration of Trust: OPG will be granted and hold all Units (i.e., beneficial interests) of the Fair Hydro Trust (the “**Issuer Trust**”), except it is possible that one Unit with a negligible economic interest might be issued to the Indenture Trustee in order to assist the bankruptcy-remoteness analysis. Instead of giving IESO the right to receive any excess Clean Energy Adjustment amounts once all Bonds are repaid in full (which would be the standard arrangement in an ordinary structured finance transaction), any excess amounts will go to OPG.

Under the Management Agreement, OPG is given responsibility as agent for the Trust to make determinations regarding distributions to Unitholders (i.e., to itself as Unitholder). All obligations as Manager under the Management Agreement are to be performed honestly in good faith and in the best interests of the Issuer (which in effect means in the interests of Unitholders). This raises an obvious conflict of interest, although this is perhaps not overly significant given the intended match-funded nature of the cash flow arrangements.

Tax review would be required to fully sign off on of the Declaration of Trust, including Article 11 (Distribution of Tax Property) and Section 3.6 (no transfer of Units to designated beneficiaries). No tax review of the Financing Documents has been undertaken. I understand that the Province will rely on the “PILs” regime that it anticipates will extend to the Trust. Of course, this may leave a large hole in the legal and economic analysis, which I understand the Province recognizes and accepts.

Minimum Subordinated Financing Level: The Warehouse Supplemental Indenture includes an Issuer covenant that the amount of principal outstanding under Subordinated and Junior Funding Obligations must not be less than “• %” of principal outstanding under all Issuer Funding Obligations. The related arrangements are not transparent, including how these subordinated obligations will be priced (for example, there is a clear conflict of interest between OPG’s role as Manager and as the purchaser of all subordinated obligations of the Trust); and how the cash flows will be managed by OPG to comply with this covenant (i.e., if senior obligations are paid down first, the relative portion of subordinated obligations will necessarily increase unless other adjustments are contemplated); and how these arrangements may impact on the voting rights and control in matters of governance relevant to the Trust. It is also unclear how this covenant addresses or impacts matters such as the accounting treatment of the Trust.

Separately, it is worth pointing out that a “• %” subordinated debt maintenance requirement is likely not justified by real market considerations. Among other things, Clean Energy Adjustments by their nature should not necessitate credit tranching in a structured finance structure since a failure to pay CEAs by one group of Specified Consumers necessarily leads to increased CEAs for all Specified Consumers in the next billing period (or semi-annual period). Tranching is usually appropriate when the pool of

assets backing the debt obligations demonstrates a real risk of partial payment, which can be assessed and quantified by the market. In contrast, sovereigns such as the Ontario government do not issue subordinated bonds which are virtually identical to the sovereign's senior obligations since there is no appreciable risk distinction. Similarly, the Investment Interest created under the OFHPA would in practice only fail to pay out all Financing Obligations if there was a change in law or some other systemic event, which would be expected to impact all Bonds and not just subordinated Bonds.

Subordinated Warehouse Facility Supplement:

- Draft contemplates that OPG will be the sole purchaser of the short-term Subordinated Bonds issued under this warehouse facility.
- OPG will receive interest equal to the variable Bankers Acceptance Rate in the relevant month plus a fixed interest rate to be specified in the body of the Supplement.
- This approach may suggest a conflict of interest and optics that are not ideal: (1) OPG is committing to have [25% or possibly more – the percentage is now bulleted] of all Bonds be Subordinated Bonds, with the intention of OPG purchasing all of these Subordinated Bonds, (2) OPG will determine the rate of interest OPG will receive on these Bonds, (3) Specified Consumers will bear all financing costs in respect of such Bonds and (4) arguably OPG is not assuming any elevated risk (as discussed above) compared to the Senior Bonds. – By introducing Subordinated Bonds, even the pricing of Senior Bonds might be questioned since Subordinated Bonds will be benchmarked off the Senior Bonds.
- As part of the facility, OPG is obliged to purchase additional Bonds in an amount up to 98% of the Increase Amount under the Senior Warehouse Supplement (i.e., each time the senior warehouse drawn amount is increased). – OPG on behalf of the Trust will determine what amount of Subordinated Bonds to issue to OPG.
- OPG as Bondholder is entitled to receive increased costs payments in connection with Regulatory Changes which includes changes of law which impact any Support Facility which OPG may have. "Support Facility" means any liquidity or credit support agreement entered into by OPG in relation to its Bond purchases under this Subordinated Warehouse Supplement. – This reflects OPG's ability to pass some of its funding costs (and related risks) on to the Trust.
- Each Series of Subordinated Noteholders are given their own default termination rights, including if an interest payment on a Subordinated Bond is overdue for 5 days, and each Series of Subordinated Noteholders is provided with a separate cash reserve account. This provides significant protections to Bonds which are ostensibly "subordinated".

Senior Warehouse Facility Supplement:

- The Commitment Fee for the undrawn facility will be specified in the Fee Letter (which we have

not seen). You mentioned that the pricing may step-up to motivate a term-out scenario, which of course could lead to significant increased costs and may be inconsistent with the desired accounting treatment the Province is anticipating.

- As interest, Non-Conduit Purchasers and Group Banks will receive CDOR plus a fixed Applicable Margin that is to be specified in the Fee Letter.
- Conduit Purchasers will receive Applicable Margin (to be specified in the Fee Letter) + either (a) CP Rate for that portion of Senior Bonds that is “funded through the issuance of CP” or (b) CDOR. This approach is reasonably common but it can potentially give a Conduit and its Sponsor some optionality in some cases to charge the higher of these two rates. – Also, the Issuer will not have the right to pay out Conduits which have a high CP Rate and keep the Conduits with a low CP Rate because all Purchaser Groups’ participation increases or decreases proportionately. This problem is compounded because the Issuer’s ability to establish a new warehouse facility is limited: the draft Warehouse Supplement includes an Issuer covenant that it will not enter into any other warehouse facility without the consent of a majority of the holders under the initial Warehouse Facility commitment has expired. This might be considered a non-standard covenant.
- CP Rate is defined as “the weighted average annual rate of interest applicable to all Commercial Paper of the CP Conduit Purchaser; and provided further that (x) any such Commercial Paper may be issued in either United States dollars or Canadian dollars with the appropriate market rate currency swap agreements being entered into to match such issuance to the funding requirements of such CP Conduit Purchaser, and (y) such weighted average annual rate of interest shall be calculated to reflect any costs incurred by such CP Conduit Purchaser in connection with such swap transactions or in connection with any redemption or repurchase transaction between such CP Conduit Purchaser and the holders of such commercial paper”. This provision presumes the ability to issue cross-border securities, which adds a host of issues that do not appear to be contemplated in the documentation at this stage.
- **Delayed Funding Notices** provisions give Group Banks and other Non-Conduit Purchasers the right to give 2 Business Days’ notice before a funding date that their funding will be delayed for 33 days (with other Group Banks required to cover the shortfall) if they may incur charges under, or in anticipation of, Basel III (including external charges or internal charges incurred by any of their businesses) in respect of its Commitment hereunder or any agreement to support such Commitment, or in respect of its interest in the Series 2017-1 Senior Notes, based on its “liquidity coverage ratio” calculated under Basel III. This timing of notice may be too relaxed and I am not sure all of the drafting works. A “Non-Deferrable Draw Amount” will apply for each Purchaser Group equal to \$100 million times such Purchaser Group’s Commitment Percentage.

Management Agreement: The Manager agrees to take all steps necessary “to collect on any security relating to the Issuer Investment Interest” but there is no provision requiring the Manager to enforce the

Investment Interest itself. This seems to be a gap but it is perhaps not our issue.

The Manager agrees to indemnify the Issuer Trust for any liabilities incurred as a result of wilful misconduct or gross negligence of the Manager (Section 5.6), subject to an express disclaimer of indemnification in respect of certain specified obligations such as payments due on Funding Obligations and losses due to risks inherent in the Investment Interest.

Events of Default Considerations: Common Events of Default under the Indenture Documents will give senior creditors the right to declare all outstanding Bonds immediately due and payable. Any such declaration of acceleration could result (under the current provisions of the Fair Hydro Act), in Specified Consumers being obliged to make Clean Energy Adjustment payments which are unacceptably high, which in practice would likely trigger a need (from a political, economic and fairness standpoint) for the Province or IESO to assume these repayment obligations. I understand that proposed amendments to the Regulation will provide that Clean Energy Adjustment calculations will, in effect, substantially ignore unscheduled accelerations. Nevertheless, Events of Default still remain very significant events which will result in default interest becoming payable, could potentially impact the general perception in the market of the Province's credit rating and may lead to the government or IESO assuming Bond repayment obligations.

The current drafts of the Financing Documents provide a reasonably limited set of Events of Default which would not be expected to be triggered absent significant unforeseen events, but it is possible that OPG may choose to expand applicable Events of Default for future financings including by agreeing to additional "series specific" events of default in particular Supplemental Indentures. This is described in more detail below.

More generally, to the extent that events of default lead to a mandatory 'all or nothing' cross-acceleration of all outstanding bonds, based on a vote of all senior bonds taken together, this could negatively impact the pricing of longer-term, fixed rate Bond investors which will be faced with reinvestment risk if shorter-term Bondholders have incentives to accelerate that are not shared by the longer-term Bondholders. The common security structure (as opposed to series siloed security and series-specific cash flows) would compound this sub-optimization, and could undermine the possible use of series-specific events of default to address this mismatch concern, since debt having different maturities will still be serviced from the same basic collateral pool based on the same payment waterfall.

ISDA Schedule to the 1992 Master Agreement: I have some particular drafting suggestions:

- The "Market Quotation" provision applicable upon a Counterparty default correctly provides that the Market Quote has to be an actionable "Firm Offer" made to the Trust by an Eligible Replacement (i.e., an entity with the required rating or a guarantor with the required rating, where the entity is reasonably acceptable to the Trust, and the drafters could specify here that the entity must be eligible to act as a Hedge Provider under all applicable Program Agreements). The definition of "Firm Offer" should be corrected to refer to the price quotation

given in respect of the **transfer** of the Counterparty's position to the Transferee providing the quote, with terms identical to the terms of this Agreement (Parts 1(k) and 5(a)).

- The Trust agrees in the ISDA that it will not amend or waive rights under any Related Program Agreements without Counterparty's consent if such amendment/waiver "is material" (Part 5(o)). The language here should better track Master Trust Indenture section 13.18 (which refers to a change which "could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor") and we could consider if this unilateral veto right of individual Counterparties is appropriate.

IESO Security Agreement: Includes an IESO grant of a first priority security interest in all accounts owing by Electricity Vendors to IESO. – I flag this because it may not be reasonable for a security interest to be granted in amounts owing by Electricity Vendors to IESO that are not in respect of Clean Energy Adjustment payments.

Servicer Advances: As you know, many securitizations provide flexibility by allowing the servicer to voluntarily make advances to the SPV which are then repaid out of subsequent collections (in priority to Bond repayments in later periods). No such provisions are included in the draft Financing Documents. Adding Servicer Advances could provide IESO with useful flexibility in the future (e.g., if there is an unforeseen calculation error or if an advance could be made to avoid a Bond payment default where receipts of CEAs are delayed due to an Electricity Vendor's insolvency or due to a payment strike). This may involve accounting considerations for IESO, which may well justify the omission.

MTSA Does Not Refer to Consultations Between IESO and OPG: The MTSA does not refer to any preliminary consultations which might be held between IESO and OPG regarding their expectations concerning what dollar amount of Investment Interest will be offered for sale by IESO in a month or regarding the terms on which OPG expects to issue debt to complete the offered sale transaction. It might be reasonable to suggest including reference to such non-binding consultations in the MTSA.

Treatment of Excess Collections and Reserve Accounts: Once all outstanding Bonds and other obligations of the Issuer have been paid in full in respect of a Series of Bonds, any remaining excess is paid "to the Issuer or as the Issuer designates". It may be reasonable to provide that IESO receives such excess. A clear provision remitting any final balance in a Reserve Account to IESO should also be included.

No Extension Rights Contemplated: The trust indenture and supplements do not provide the Issuer with rights to extend maturity dates (although the Warehouse Supplement will provide a facility that will remain available until its maturity date). Given that OPG will likely obtain financing that is of shorter term than the ultimate repayment period (out to 2047), there is a known refinancing risk that the draft documents do not attempt to address.

Lack of Right to Enter into Co-Owner Agreement without Bondholder Consent: IESO agrees in the MTSA that it will not transfer any portion of its Regulatory Asset to any person other than the Issuer

or to a person who has entered into a Co-Owner Agreement with the Issuer. The Financing Documents do not provide IESO with the right to require the Issuer to enter into a Co-Owner Agreement, and consequently there is no assurance that the original Issuer will agree to enter into a Co-Owner Agreement on commercially reasonable terms.

The negotiation of a Co-Owner Agreement is of critical importance if we wish IESO to be able to sell Investment Interests to additional Issuers because if there is more than one Investment Interest Owner then all such owners collectively hold the enforcement and collection rights set out in Section 29(1) of the Fair Hydro Act, and Section 29(5) provides that all collection and enforcement rights in respect of Investment Interests may only be enforced “collectively”.

In order to maintain the flexibility to use a different funding vehicle in the future, it would be recommended to agree on a form of Co-Owner Agreement before issuing any Bonds or at least agree on principles and a basis on which the Issuer will agree to negotiate Co-Owner Agreements on commercially reasonable terms.

[Note: It is possible that the MTSA drafters consider that IESO is being given some right to enter into Co-Owner Agreements. The MTSA provides that IESO may not transfer the Regulatory Asset to a third-party unless such transfer is a “**Permitted Transfer**” including a transfer “to a person who has entered into a Co-Owner Agreement with, *inter alia*, the Issuer”. “**Co-Owner Agreement**” means any agreement between, *inter alia*, the parties hereto and any other owner or owners of an Investment Interest as contemplated by Section 29(5) of the Act in form and substance satisfactory to the parties hereto, acting reasonably”. However, I do not consider that this language gives IESO a clear right to require the Issuer to enter into a Co-Owner Agreement.]

HST Considerations: As discussed, we have not considered tax or HST considerations other than in respect of waterfall treatment of income tax liabilities.

I do not know whether HST will be payable by Specified Consumers on Clean Energy Adjustments. I note that the draft Indenture Documents do not appear to address the Issuer’s obligation to remit applicable HST received as part of CEA receipts, and do not specify that such amount are not available to satisfy other Issuer obligations.

Overview of Securitization Financing Documentation

Below is a summary of key terms and conditions of the following Financing Documents that I have reviewed.

1. The **Master Transfer and Servicing Agreement** (the “**MTSA**”) between the Issuer and IESO:
 - sets out the mechanics of sales and transfers by IESO to the Issuer of specified portions (i.e., specified dollar amounts) (the “**Sale Amounts**”) of the Regulatory Asset.

- provides that once each month IESO may offer to sell to the Issuer a specified portion (i.e., a Sale Amount) of its Regulatory Asset to the Issuer for a price equal to the Sale Amount
- provides that, as set out in the Fair Hydro Act, the transferred Regulatory Asset automatically becomes an Investment Asset (or is added to the previously purchased Investment Asset) which entitles the Issuer to receive payments of Finance Amounts (including principal, interest and related reserve account deposits) for the related Bonds issued in a principal amount equal to the Sale Amount.
- sets out terms on which IESO agrees to “service” the Issuer’s Investment Asset including by providing guidance to Electricity Vendors with respect to their statutory obligations to (a) invoice and collect Clean Energy Adjustments from Specified Consumers, (b) deposit such amounts in segregated accounts and (c) periodically remit such amounts to IESO for the benefit of Investment Interest Owners. Further obligations of IESO are set out later in this memo.
- includes an obligation for IESO to pay to the Issuer the Issuer’s “**Carrying Costs**” as defined in new Section 9.1 of the Regulation (including interest payments on the Bonds and expenses incurred by the Issuer) during the initial period prescribed by the Regulations (i.e., until July 2021). This ensures that the Issuer will be able to pay Bondholders interest amounts as they come due and cover other expenses without recourse to Clean Energy Adjustments until July 2021 (other than principal repayment to, which OPG would be expected to refinance). Under the Fair Hydro Act, these IESO expenses increase IESO’s Regulatory Asset which may in turn be recouped through a new Bond financing or otherwise as provided in the statute. It is unclear if these amounts will be “funding rebates” for the purposes of the Fair Hydro Act, which characterization should be clarified in order for the cash flow entitlements contemplated by the Fair Hydro Act (s. 29(1)6) and related provisions of the statute related to “funding rebates” to operate as intended.

2. The **Trust Indenture** between the Issuer and the Indenture Trustee sets out the common terms and conditions applicable to Bond offerings and to the conduct of the Issuer’s business. The Trust Indenture provides numerous protections, covenants and representations to Bondholders and other Specified Creditors which deal with the Issuer (including Bond underwriters, derivatives counterparties as well as OPG as the Manager and IESO as the Servicer), including the following:

- General terms are established regarding the establishment of accounts to hold the Issuer’s funds, and the basis on which payments will be made to Bondholders and Specified Creditors under the payment “waterfall”.
- Covenants of the Issuer are provided including regarding compliance with laws, use of Bond proceeds, and disclosure and accounting obligations.

- The Issuer pledges and grants a security interest in its property (including in the Investment Asset) to the Indenture Trustee for the benefit of Bondholders and other Specified Creditors.
 - Inter-creditor rights are set out including the priority of claims of Senior Bonds and the terms on which different Series and Classes of Bonds with different and competing rights may be issued.
 - Common Events of Default are set out (e.g., the insolvency of the Issuer or any failure to pay principal on Senior Bonds when due) and holders of 50% of the “**Senior Funding Obligations**” (including Senior Bonds) are given the right to waive the Common Events of Default or declare all outstanding Bonds and other funding obligations of the Issuer to be immediately due and payable.
 - The draft documents specify that a 5-day cure period will apply for interest payments on Bonds before an Event of Default occurs and a cure period may also apply for principal payments on Bonds given that the Principal Payment Default Date can be set at a later date than the Principal Payment Due Date.
3. The **Senior Bonds Supplemental Indenture** supplements the Trust Indenture and provides the terms that will apply to each Series of fixed interest rate long term Bonds to be issued under such a Supplement and additional covenants applicable specifically in respect of and for the benefit of such Series of Notes.
- Series Events of Default which give rise to noteholder rights to accelerate particular Series debt have recently been added, which provide that if a Series Event of Default occurs then a majority of the holders of such Series of debt may accelerate the Series debt. The main Series Events of Default now contemplated are: (1) a payment default past the applicable cure date (which is 5 days for interest), (2) a materially incorrect representation or a material covenant default occurs under the series supplement which is not cured within 60 days, or (3) cross-default: a default or other event occurs which results in the acceleration of any other series of Funding Obligations of the same class. Accordingly, if there is a payment default in one Series of Senior Debt, then the majority of Noteholders of that Series of Senior Debt can decide whether or not to accelerate. If they elect to accelerate, then Noteholders of all other Senior Series of Debt may also elect to accelerate their Senior Series of Debt.
 - What may seem surprising is that the same Series Event of Default flexibility currently applies for Subordinated Debt: If there is a payment default in one Series of Subordinated Debt, then the majority of Noteholders of that Series of Subordinated Debt can decide whether or not to accelerate. If they elect to accelerate, then Noteholders of all other Subordinated Series of Debt may also elect to accelerate their Subordinated Series of Debt. The Trust Indenture of course contemplated that Senior Bondholders can defer payment obligations and Subordinated Debt would have no right to take any action. Under the new

drafting, Subordinated Debt could automatically exercise acceleration rights based on a Series Event of Default. It is peculiar is that if any Subordinated Debt is accelerated, then all Series of Subordinated Debt might be accelerated but Senior Debtholders would not necessarily have any resulting right to accelerate the Senior Debt (since acceleration of Subordinated Debt is not a Series Event of Default for Senior Debt).

- Cash Reserve Accounts are to be established in respect of each Series of Debt and funded with the relevant bulleted amount to be funded out of the initial Note sale proceeds and topped up as needed pursuant to the Trust Indenture waterfall. These Cash Reserve Accounts are only for the benefit of the relevant Series of debt for which they are established. It is surprising that the same types of Cash Reserve Accounts will also be established for the unrated Subordinated Term Series of Debt and the unrated Subordinated Warehouse Series of Debt and, it appears, that these Cash Reserve Accounts will again only be for the benefit of the relevant subordinated series of debt. Amounts to be deposited in these accounts are bulleted. – OPG will again be negotiating special series protections and terms which only directly benefit Notes held by OPG.
4. A **Warehouse Supplement** (also referred to as the **Floating Rate Variable Funding Senior Bonds Supplemental Indenture** and as the Series 2017-1 Supplemental Indenture).
 5. A template **ISDA Master Agreement** and **ISDA Schedule**.
 - Currently, no reference to hedging obligations is included in the template Supplemental Indentures. OPG may have included this document in order to establish the flexibility to negotiate and add an interest rate hedging obligation or right to the Warehouse Supplement at a later stage.

I have not included in this memorandum a focused description or discussion of:

1. The **Declaration of Trust** under which the Issuer will be formed. We expect that a large institutional trust company (e.g., Computershare) will act as the trustee of this newly formed trust.
2. **Supplemental Indentures for Subordinated or Junior Bonds (no form for Junior Bonds has been provided by Torys)**
3. Any **Note Purchase Agreement** or **Underwriting Agreement**, which may be used by OPG. **(no form has been provided by Torys)**
4. The **Management Agreement** between the Issuer and OPG, which describes OPG's obligations to manage the Issuer's business including the completion of Investment Asset purchases and the negotiation and launch of Bond offerings.

5. An **Acknowledgment and Indemnity Agreement** between IESO and the Indenture Trustee, which gives the Indenture Trustee the right to enforce on behalf of the Issuer certain contractual obligations of IESO, and in which IESO gives certain rights of indemnification to the Indenture Trustee.
6. The **IESO Indemnification Agreement** in favour of the Creditors under the Bonds and other Financing Obligations.
7. Any other **Credit Enhancement Agreements** which may be entered into in the future with the Indenture Trustee to provide additional guarantees, collateral or other credit support for all or a particular Series or Classes of Bonds. **(no form has been provided by Torsys)**
8. The **Change of Law Protection Agreement** in which the Province of Ontario will agree to indemnify and provide certain assurances to the Indenture Trustee (for the benefit of Bondholders and other Specified Creditors). I understand that you are dealing with the Province to produce and settle this document, so I have omitted any discussion here on the basis that this aspect of the program documents will be well-covered by your direct involvement in this regard.
9. The **Change of Law Process Agreement** setting out OPG's obligations to the Province in respect of managing the Issuer including in connection with the issuance of Bonds. As with the Change of Law Protection Agreement, I understand that you are dealing directly with the Province to produce and settle this document, so I have omitted any discussion here.

Steps to Complete Offerings of Bonds

Once the MTSA and Trust Indenture have been executed, Bonds may be issued from time to time as follows:

1. OPG discusses with underwriters, bond purchasers or other lenders terms of Bonds to be issued to finance the purchase of some portion of the Regulatory Asset (including the term to maturity or principal repayment dates, interest rates, applicable reserve amounts and additional credit support and whether the Bonds will be senior, subordinated or junior).
2. No later than the 8th Business Day of a month, IESO may deliver a signed "**Transfer Notice**" to OPG which advises OPG of the dollar amount (the "**Sale Amount**") of the Regulatory Asset which IESO is offering to sell that month for a price equal to the Sale Amount. The Transfer Notice also specifies the closing date for such offered sale (which must be a date later in the same month and no earlier than 5 business days after delivery of the offer). In practice it is expected that IESO will offer most or all of the Regulatory Asset it has available for sale. *Note:* We expect that OPG will want to have discussions with IESO regarding the expected Sale Amount and the optimal timing for such sales. It might be reasonable to suggest including reference to such non-binding consultations in the MTSA.

3. Subject to availability of financing on attractive terms, OPG must decide within 2 Business Days of receiving such an offer whether it wishes to accept IESO's offer to sell and to complete a corresponding issuance of Bonds to finance the purchase (and possibly to refinance existing or maturing debt). The choice of terms and maturities selected for the Bonds should reflect the Financing Plan so that the aggregate estimated Finance Amount in future periods "will reasonably align with the fair allocation amount" for the future period (as provided in the *Fair Hydro Act* s. 21(3) – this should effectively limit the amount of Bonds issued with very long maturities (but in any case OPG may skew issuances to shorter terms with a view to refinancing maturing Bonds in the future). Beyond the broad provisions set out in the *Fair Hydro Act* and the General Regulation regarding optimizing the efficiency of the financings, it is not clear what specific provisions should be included in the program documents to oblige OPG to obtain terms and pricing that are in the best interests of Specified Consumers in particular contexts. I assume that the new regulations relating to OPG's fees (which I have not seen at this point) will provide incentives that are intended to align OPG's incentives for optimization. The Management Agreement presumably could also address these issues specifically if desirable.
4. OPG will have significant flexibility in determining the mix of Bond maturities to be used which are consistent with the Financing Plan. OPG may also elect to rely in part on the Warehouse Facility or otherwise issue short-term Bonds which will need to be re-financed at maturity. By negotiating and entering into a Warehouse Facility, OPG can ensure that a specified amount of financing will be available until the facility's currently unspecified maturity date (subject to satisfaction of applicable conditions) at short-term floating interest rates. It is possible that OPG might agree to include an Issuer covenant to hedge these floating interest rates in whole or in part, but no such obligation is currently included in the draft indenture documents. OPG could also, in the interests of the Trust, choose to have the Issuer enter into rate hedges.
5. If OPG wishes to accept the IESO offer, OPG has 2 business days to countersign and return the Transfer Notice, and such delivery results in a binding agreement of purchase and sale.
6. OPG has the remaining period until the specified closing date to finalize and close the Bond issuance and cause the Bond proceeds to be paid to IESO, which payment automatically results in the Regulatory Asset being transferred and becoming part of the Issuer's Investment Asset.

Included in the conditions precedent to the Issuer's obligation to complete the MTSA purchase of the Regulatory Asset is the condition that the Issuer has sufficient funds available to complete the purchase and all conditions precedent to the related Bond financing transaction have been satisfied. This addresses the risk that the Issuer could default under the MTSA purchase transaction if its financing transaction was not successful.

Furthermore, the Trust Indenture provides, as conditions precedent to the entry into any definitive agreement for the issuance of Bonds, that the Issuer must certify that it reasonably believes that the transaction will not cause an "Adverse Effect" (i.e., including any material

adverse effect on the amount or timing of payments to be made to the Issuer's Bondholders or an action which will result in an Event of Default) and the "Rating Agency Condition" must be satisfied (i.e., applicable Rating Agencies have been given 10 business days' notice of the transaction and have not indicated that the transaction will result in a downgrade of any previously issued Bonds).

7. In cases where OPG intends to refinance a Bond (including the issuance of long-term Bonds to repay all or a portion of Bonds outstanding under a Warehouse Facility) IESO's Transfer Notice timetable is irrelevant (since no Transfer Notice needs to be delivered for a refinancing) and OPG only has to align the new financing with the expiring financing.
8. Ongoing obligations may apply in respect of each Bond offering, including obligations to make periodic accounting and program disclosures, to fund reserve accounts (which qualifies as a Financing Amount which is recoverable as part of a Clean Energy Adjustment), and potentially to enter into hedging transactions (or OPG may elect to enter into hedging transactions on its own initiative as part of its treasury management function).

OPG Covenants and Notable Risks under the Financing Documents

In addition to its statutory obligations as Financial Services Manager under the Fair Hydro Act, OPG will agree under the Management Agreement to manage the business and operations of the Issuer in accordance with the terms of the Finance Documents, such as only completing Bond offerings that comply with requirements applicable under the applicable Indenture Documents.

Given that the Issuer is not expected to have any employees (since this helps to limit insolvency risk and ensures that OPG is not impeded in managing the Trust's business in OPG's best interests), OPG is in effect responsible for taking every action required to manage the Issuer's business in compliance with applicable laws and the terms of the Finance Documents, including:

- preparing annual financial statements and engaging auditors;
- producing annual compliance certificate that the Issuer is in material compliance with the Indenture Documents;
- producing officer's certificates as required under financing transactions;
- preparing and certifying offering documents or continuous disclosure documents if required for a particular financing;
- arranging for the completion of tax filings;
- not engaging in any business other than is permitted under Financing Documents, the Declaration of Trust and other program agreements;

- diligently pursuing actions to enforce the Issuer's rights under the Finance Agreements and also in respect of the Investment Asset (assuming that the ownership interest therein is an instrument or agreement);
- enforcing IESO's compliance with the material servicing obligations under the MTSA;
- enforcing OPG's compliance with its obligations as Manager;
- keeping the Issuer's business separate from the business of OPG (and OPG affiliates) including maintaining the Issuer's identity as a distinct entity with assets and liabilities distinct from those of OPG, not identifying the offices of OPG as the Issuer's offices, not identifying OPG's telephone number as the Issuer's telephone number, not utilizing OPG's stationery, invoices or cheques of the Manager, conducting all transactions with OPG strictly on an arm's length basis and in good faith, allocating all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable (and otherwise on a basis reasonably related to actual use), conducting its affairs strictly in accordance with the Declaration of Trust, and observe all necessary, appropriate and trust formalities, only maintaining bank accounts to which the Issuer alone is the account party (or where the Issuer Trustee or the Indenture Trustee will maintain them on behalf of the Issuer), and from which only the Issuer or its agent has the power to make withdrawals, and paying all of the Issuer's operating expenses from the Issuer's own assets (including, for greater certainty, reimbursing the Manager for any such expenses).

The Issuer may not consent to OPG's resignation as Manager unless the Rating Agency Condition is satisfied.

IESO Covenants and Risks under the Financing Documents

Key Covenants of IESO in the MTSA:

- maintain corporate existence and comply with laws relating to the Investment Asset
- not transfer any portion of its Regulatory Asset to any person unless such person and the issuer first enter into a Co-Owner Agreement
- IESO shall not become a holder of Bonds of the Issuer (except for passive investments held for employee benefit purposes)
- disclose the effect of transactions between IESO and the Issuer in accordance with GAAP for government entities. (**Note:** It is not clear how this covenant would interact with a qualified audit opinion.)



- provide non-confidential information regarding IESO, the Investment Asset and its servicing services for inclusion in offering documents from time to time, and represent that such disclosure is true and correct in all material respects.

Schedule A

List of Financing Documents

[To be completed based on documents available at time of finalizing due diligence memo]

OPG shareholder meeting points of interest.pdf

From: [Lightbody, Ava \(ENERGY\)](#)
To: [Cayley, Daniel \(ENERGY\)](#)
Subject: OPG shareholder meeting points of interest
Date: June 6, 2018 4:00:17 PM

Hi Daniel,

Just a couple bullets from the OPG meeting that may be of some interest. Happy to discuss any details.

- FHT expecting to purchase another investment asset from IESO around June 15, but will be looking for direction and to gauge investment temperature following this week (/tomorrow)
- Mentioned that the FSM fees had been applied for, but weren't aware of any feedback had come back from OEB
- Mentioned may be pursuing an investment (~\$15 M) in battery technology (believe through OPG Ventures), and that this would be related to industrial and large commercial peak shaving
- Mentioned that OPG had received a few requests for information from the Auditor General and an audit report would be expected late August/September

In addition, Shruti is working on setting up a meeting with OPG folks to walk through their financial model (which would include FHT-related aspects), which we may be interested in attending.

Thanks,
Ava

RE_ By Wednesday at 3 pm -Rate Mitigation Imple....pdf

From: [Edwards, Matthew \(ENERGY\)](#)
To: [Syed, Usman \(ENERGY\)](#); [Colalillo, Sam \(ENERGY\)](#); [Johnson, Paul \(ENERGY\)](#)
Cc: [Defrancesco, Anna \(ENERGY\)](#); [Ieraci, Vanessa \(ENERGY\)](#); [Kolodziej, Monika \(ENERGY\)](#); [Schwab-Pflug, Emma \(ENERGY\)](#)
Subject: RE: By Wednesday at 3 pm -Rate Mitigation Implementation Meeting
Date: November 21, 2017 1:27:41 PM
Attachments: [2017 OHHP Matrix and Outstanding Business Issues - Week of Nov 20.DOCX.....docx](#)

This request has been updated. Instead of updating the document sent in the below email, we are now being asked to update the attached merged OFHP Matrix/Business issues list.

Same due date as below – tomorrow noon.

Matt

From: Edwards, Matthew (ENERGY)
Sent: November 21, 2017 10:36 AM
To: Syed, Usman (ENERGY) <Usman.Syed@ontario.ca>; Colalillo, Sam (ENERGY) <Sam.Colalillo@ontario.ca>; Johnson, Paul (ENERGY) <Paul.Johnson3@ontario.ca>
Cc: Defrancesco, Anna (ENERGY) <Anna.Defrancesco@ontario.ca>; Ieraci, Vanessa (ENERGY) <Vanessa.Ieraci@ontario.ca>; Kolodziej, Monika (ENERGY) <Monika.Kolodziej@ontario.ca>; Schwab-Pflug, Emma (ENERGY) <Emma.Schwab-Pflug@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>
Subject: FW: By Wednesday at 3 pm -Rate Mitigation Implementation Meeting

ESP has sent the OFHP Matrix for update. Please update for tomorrow at noon – file to update starts with 2017-10-27 OFHP Matrix.

Note, ESP has sent the following as FYI – to help with your updates:

1. Last week's OFHP Minister's update (ppt)

From: Cox, Hilary (ENERGY)
Sent: November 20, 2017 6:33 PM
To: Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: FW: By Wednesday at 3 pm -Rate Mitigation Implementation Meeting

Hi All –

Please use attached action items and OFHP matrix from the last OFHP morning group meeting to update for this Thursday's group. I've also attached the OFHP update for Minister from last week as that is likely even more recent than these materials.

We'll also need to update the business issues list per OFHP Minister's update and next steps. Will get back to everyone tomorrow with who should update on what business issues.

Appreciate this back by Wednesday at 3 pm please.

HC

2017 OHHP Martix and Outstanding Business Iss.pdf

Implementation of Ontario's Fair Hydro Plan

Week of November 20, 2017

Global Adjustment (GA) Refinancing – Business Issues / Implementation

Issue	Overview	Supporting Documentation	Timing / Next Steps
Provincial Protection and Assurance Agreement	Province to provide contingent supports to enable structure	- Draft Term Sheet - Performance Guarantee - Service Guarantee	MOF / ENE to finalize Protection Agreement based on Term Sheet approved by TB/CAB. Timing: In advance of OPG Board Meeting on November 13, 2017
OPG's Financing Plan			Timing: Late November or early December – OPG Initial debt issuance
Equity Injection	Province to purchase shares of OPG on a monthly basis	- Master Subscription Agreement - Service Level Agreement - Notice of Subscription - Amendment to Articles	OFA / ENE to determine required monthly process and sign-off mechanism Timing: October for internal provincial mechanism
Subordinated Debt Loan Agreement	OPG will lend the equity injection from the Province to the Trust by way of subordinated debt	- Draft Term Sheet - Debt Loan Arrangement	- OFA to provide comments - OPG to draft Debt Loan Arrangement Timing: Fall
PILs Exemption	Province to mitigate cost to ratepayers by minimizing PILs payable by OPG financing vehicle	- Comfort Letter - Tax Regulation	MOF legal to draft comfort letter and regulation (currently with MOF for review) Timing: Fall for regulation
OPG / IESO Commercial Agreement			OPG and IESO working to finalize Agreement Timing:

Commented [HS(1)]: ESP to update

Commented [HS(2)]: ESP to update

Commented [HS(3)]: SNAP to Update

Commented [HS(4)]: SNAP to update

Commented [HS(5)]: ESP to update

Commented [HS(6)]: ESP to update. Should likely call IESO.

Issue	Overview	Supporting Documentation	Timing / Next Steps

Ontario's Fair Hydro Plan – Implementation Matrix of Other Items

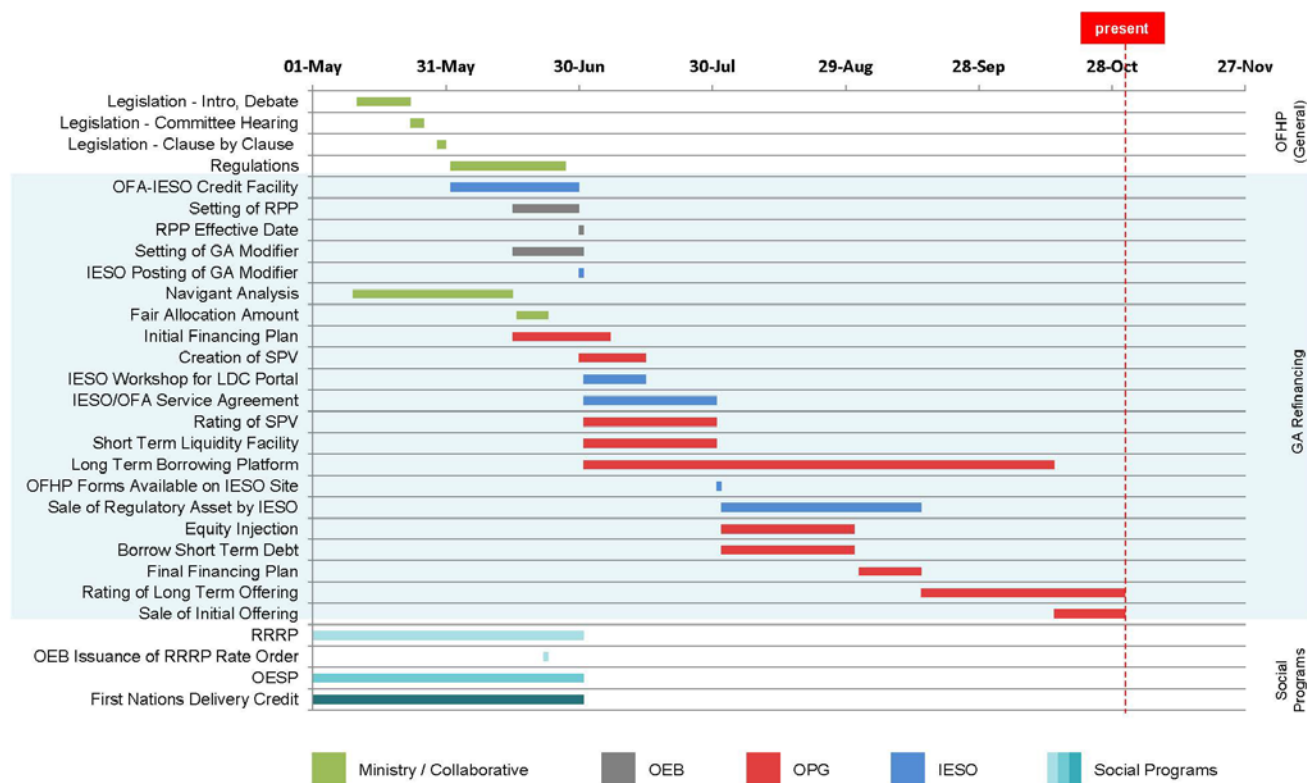
Item	Key Deliverables / Considerations	Timing / Next Steps
1) Broadening Rural or Remote Rate Protection (RRRP) (SNAP)		
ENERGY, LSB and LDCs	<u>Recent Action Items</u> - All LDCs have indicated they have implemented the program - IESO has begun to submit reimbursement claims to the Ministry	Discussions have begun with OEB over content of cost forecast report, as contemplated in Regulation
2) Expanding Ontario Electricity Support Program (OESP) (SNAP)		
ENERGY, LSB, MCSS and OEB	<u>Recent Action Items</u> - July 26 TB/MB approval for MCSS to expand FTEs and create team dedicated to OESP enrolment, using funds approved on March 1, 2017 under FHP. Sought 50 FTEs, but only received 20 – MCSS is considering report-back in the fall to ask for more FTEs - OEB and MCSS completed data exchange to identify SA clients currently not enrolled in OESP. Outreach calls began late August, with direct mail-outs in late September. New call centre to be ready to receive calls in October, and MCSS to continue developing software solution for automation over next several months - CRA approval of proposal for e-signatures on OESP applications. OEB is working with service provider to upgrade online application process (November), and CRA will formally accept e-signature process by amending MOU with Ministry of Finance	- LRC package being developed for proclaiming OEBA provisions and amending OESP regulation; scheduled for December 11 - Continue to work with OEB to build up the Ministry's knowledge base on administering the OESP

Item	Key Deliverables / Considerations	Timing / Next Steps
	- Ministry is targeting November/December to proclaim OEBA amendments to shift OESP to tax base, along with supporting regulatory amendments - Ministry and OEB have initiated work to transfer OESP to government	
3) Providing a First Nations On-Reserve Delivery Credit (SNAP)		
ENERGY and LSB	<u>Recent Action Items</u> - All LDCs have indicated they have implemented the program. - FNDC post card has been distributed to First Nations Band Councils - IESO has begun submitting claims for reimbursement to the Ministry	Receiving regular updates from H1 on enrollment
4) Establishing an Affordability Fund (CRED)		
ENERGY, IGS, LSB, Blakes, CSD, OPCD, TBS, MOF and H1 (KPMG and Osler)	<u>Recent Action Items</u> - October 12 – Soft launch of microsite and 1-800 number - October 24 – Formal announcement in Hamilton involving the Minister of Energy - As of Oct. 23 – 66 applications from 6 LDCs processed through the AFT program - On Oct. 24 – the Trustees held a webinar with 200 participants to overview program design, walk-through the web site, and answer distributor questions - Next Trustees meeting is scheduled for November 2, 2017	Fall 2017: - The Trustees are considering the use of Ontario 211 services for the Affordability Fund - The Fund will have an iterative design process to support continuous improvement, and will revisit design elements every 6 months and measures every 3 months - ENERGY has amended the TPA with the Affordability Fund Trust to require use of the Ontario logo in Fund marketing and communications and is waiting for the Trustees to sign-back

Item	Key Deliverables / Considerations	Timing / Next Steps
		- Report back to TB/MBC through the PRRT process with final program details and a performance management framework including outcome measures and targets Late 2017/early 2018: - ENERGY can apply for additional funds through an in-year TB submission based on performance and need. Trust term can be extended with amended/new TPA if agreed by Trust
5) Bill Presentment (SNAP/LSB)		
ENERGY	<u>Recent Action Items</u> Ongoing Ministry work re bill presentment	2017-2018 – Bill redesign
6) Expanding ICI (ESP/COMs)		
ENERGY, LSB, IESO and LDCs	<u>Recent Action Items</u> - Ongoing OCC outreach campaign to promote ICI - Ministry review OCC proposal to expand ICI outreach program - Ongoing outreach with LDCs being undertaken by IESO - CME proposal (TBD)	Quarterly Report Backs re ICI to TBS / MBC
7) Energy Sector Efficiencies (i.e., Ontario Energy Board and IESO) (SNAP / ESP)		
ENERGY, LSB, OEB and IESO	OEB: - Directive / Letter (TBD) <u>Considerations</u> - Signal efficiencies intent in OEB business plan letter - Work with OEB/LDCs on LTEP document and proposed directive to OEB	Continue this work as part of 2017 LTEP implementation

Item	Key Deliverables / Considerations	Timing / Next Steps
	- Mandate Review implementation is an opportunity to reiterate expectations. IESO: - Directive / Letter (TBD) <u>Considerations</u> - IESO's stakeholder engagement re Market Renewal is ongoing.	

Ontario Fair Hydro Plan Implementation



* Note: Preliminary timeline with tentative dates that are subject to change.

0

RE_ CP Article.pdf

From: [Neil Brodie](#)
To: [Katona, Keley \(ENERGY\)](#)
Subject: RE: CP Article
Date: December 12, 2016 5:38:42 PM

We have received no media calls on this topic from CP or any other news agency.

It appears to have been pulled directly from the Smart Metering Initiative Section (1.11) of the AG's Fall report, vol. 2, p. 148-149:

(Recommendation) ... disclose the components of the TOU rates (electricity market price and Global Adjustment) separately on electricity bills so that the impact of the Global Adjustment is transparent to ratepayers.

Status: Will not be implemented. The Office of the Auditor General continues to believe that this is a viable practice to increase both the awareness and transparency of the impact of the Global Adjustment to ratepayers.

Details

In our 2014 audit, we found that the impact of Global Adjustment on TOU rates was not transparent to ratepayers because it was embedded in the TOU rates on the electricity bills. We noted that the Global Adjustment charged to ratepayers had Smart Metering Initiative 149 Chapter 1 • Follow-Up Section 1.11 increased significantly since 2006 and accounted for about 70% of each TOU rate in 2013. The OEB has considered our recommendation, but decided not to implement it. The Global Adjustment is a component of the cost of electricity and is incorporated into the setting of TOU prices. OEB does not believe a breakdown of TOU prices would clarify pricing for consumers but likely to create more confusion. It does not think that showing the Global Adjustment as a separate line item will help consumers make decisions about electricity consumption and how to manage their electricity costs. Instead, it believes consumers are focused on their TOU usage when making decisions about how to reduce their electricity costs. Instead of showing the Global Adjustment as a separate line item on the electricity bill, the IESO publicly reports the Global Adjustment breakdown by business and consumer

categories. It also indicated that it will conduct pilots to assess other changes to make the electricity bills easier to understand, including the following:

- renaming the TOU time periods;
- redesigning the visual presentation of TOU time periods;
- modifying the presentation of the electricity bill; and
- providing better information on different household appliances, such as the amount of electricity the appliance consumes, the cost of that electricity, and how use and costs can be managed under TOU pricing.

However, the OEB has limited ability to mandate changes to the electricity bills of low-volume consumers because they are governed by Ontario regulations. The OEB noted in its response that consumers have access to information regarding the cost of the Global Adjustment through IESO's publicly available market price website. The OEB's Regulated Price Plan Reports also provide details on estimates of the Global Adjustment costs and how those costs are allocated to the three TOU periods.

Our position is that these changes will not address our recommendation to increase awareness of Global Adjustment among ratepayers and transparency of its impact on them.

From: Katona, Keley (ENERGY) [mailto:Keley.Katona@ontario.ca]

Sent: Monday, December 12, 2016 5:27 PM

To: Neil Brodie

Subject: CP Article

Hi Neil,

See below excerpt from a CP article. Wondering if you can confirm what the OEB said regarding GA?

Thanks,

Keley

The OEB Rejects call Ontario's AG to include Global Adjustment Charge On Electricity Bills – (ENERGY) CP reports that the energy board says breaking down the global adjustment would not clarify prices for consumers and would likely create more confusion. The board recently dismissed calls to add a line on natural gas bills showing the cost of the Liberals' cap-and-trade plan to fight climate change, which is expected to add \$5 a month to home heating bills when it starts Jan. 1. The auditor general commissioned a survey that found 89 per cent of natural gas ratepayers want the cap-and-trade costs clearly displayed, but the government says it won't overrule the board's decision.

This electronic transmission, including any accompanying attachments, may contain information that is confidential, privileged and/or exempt from disclosure under applicable law, and is intended only for the recipient(s) named above. Any distribution, review, dissemination or copying of the contents of this communication by anyone other than the intended recipient(s) is strictly prohibited. If you have received this communication in error, please notify the sender immediately by return e-mail and permanently delete the copy you have received.

Ce message, transmis par courriel, y compris tout fichier joint, peut contenir des renseignements qui sont confidentiels, qui sont protégés par le secret professionnel ou qui ne peuvent être divulgués aux termes des lois applicables et s'adressent exclusivement au(x) destinataire(s) indiqué(s) ci-dessus. La distribution, la diffusion, l'examen ou la reproduction du contenu du courriel par une autre personne que le(s) destinataire(s) voulu(s) sont strictement interdits. Si vous recevez ce message par erreur, veuillez le supprimer définitivement et en aviser l'expéditeur immédiatement par retour du courriel.

RE_ FHP Trust Offering.pdf

From: [Hume, Steen \(ENERGY\)](#)
To: [Schlaepfer, Martin \(ENERGY\)](#)
Cc: [Cox, Hilary \(ENERGY\)](#)
Subject: RE: FHP Trust Offering
Date: February 7, 2018 6:58:41 PM

Hi Martin. Thanks for the update/feedback.

And yes, we'll continue track and update as necessary.

Steen

Sent with BlackBerry Work
(www.blackberry.com)

From: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Date: Wednesday, Feb 07, 2018, 6:53 PM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>
Cc: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>
Subject: FW: FHP Trust Offering

Hi Steen,

Thanks for crafting this response. As noted below, the Deputy wants us to continue tracking this so that we can provide updates as necessary.

Thanks,
Martin

From: Imbrogno, Serge (ENERGY)
Sent: February 7, 2018 6:48 PM
To: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Subject: Fwd: FHP Trust Offering

Hi. Let's track this and be ready to provide an update. Thanks

Sent from my iPad

Begin forwarded message:

From: "Orsini, Steve (CAB)" <Steve.Orsini@ontario.ca>
Date: February 7, 2018 at 6:22:54 PM EST
To: "Imbrogno, Serge (ENERGY)" <Serge.Imbrogno@ontario.ca>
Cc: "Davidson, Steven (CAB)" <Steven.Davidson@ontario.ca>, "Thompson, Scott (MOF)" <Scott.Thompson@ontario.ca>, "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "Kwamena, Boafoa (CAB)" <Boafoa.Kwamena@ontario.ca>
Subject: RE: FHP Trust Offering

Serge,

Thanks. Please let us know the outcome of your analysis.

From: Imbrogno, Serge (ENERGY)
Sent: February 7, 2018 6:21 PM
To: Orsini, Steve (CAB)
Cc: Davidson, Steven (CAB); Kwamena, Boafoa (CAB)
Subject: Re: FHP Trust Offering

Steve,

A number of inputs will vary over the thirty-year life of the GA refinancing program and will continue to be revised to reflect changing conditions (e.g., changes in interest rates).

The Ministry analysis underpinning the 2017 Fair Allocation Amount (FAA) included a 5.0% average interest rate over the life of the GA refinancing program (i.e., 30 years). Note: Navigant's modelling of GA refinancing assumed an interest rate of 4.5%. In the development of the 2017 FAA the interest rate assumptions were revised to 5% based on consultations with OPG.

The announcement yesterday that OPG was able to secure an interest rate of 3.357% for the senior debt on its first issuance has a 15 year term and a value of \$500 million.

OPG advises that the remainder of the debt is split between "subordinated" and "junior subordinated" debt. The effective interest rate will be the weighted average of these three series of debt (i.e., senior, subordinated and junior subordinated). OPG is expected to finalize the pricing for the subordinated and junior subordinated debt within the next 48 hours. The pricing will be based in part on the pricing of the senior series.

Sent from my iPad

On Feb 6, 2018, at 10:29 PM, Orsini, Steve (CAB) <Steve.Orsini@ontario.ca> wrote:

Thanks Serge.

How does this compare to the costs assumed in the modelling?

From: Imbrogno, Serge (ENERGY)
Sent: February 6, 2018 2:36 PM

To: Orsini, Steve (CAB); Davidson, Steven (CAB)

Cc: Kwamena, Boafoa (CAB)

Subject: FHP Trust Offering

Hi Steve,

Not sure if you received an update already, but below is the result of the OPG Trust financing this afternoon for the OFHP:

- OPG has informed us that pricing has been confirmed at 3.357% and they financed \$500m.
- This is 92 bps over GOC, so it is still the lowest cost.
- The OFA has confirmed that the issue was 23 bps over the Ontario curve.

OPG is providing a technical briefing for the media at 3:00.

RE_ FHP.pdf

From: [Christie, Tim \(ENERGY\)](#)
Cc: [Cayley, Daniel \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#)
Subject: RE: FHP
Date: October 12, 2017 3:50:06 PM

Hilary, on this one I'd propose sharing the FAA letter with the OFA. It should contain all the information they need.

From: Hume, Steen (ENERGY)
Sent: October-10-17 1:50 PM
To: Christie, Tim (ENERGY)
Cc: Cayley, Daniel (ENERGY); Cox, Hilary (ENERGY)
Subject: FW: FHP

Hi Tim. Can we prepare a response for this request. I suspect we'll also need to loop in IESO?

Thanks, Steen

From: Ronald Kwan [<mailto:Ronald.Kwan@ofina.on.ca>]
Sent: October 10, 2017 1:38 PM
To: Hume, Steen (ENERGY)
Subject: FHP

Hi Steen,

Would you be able to share the latest projection on the annual GA deferral. The Provincial share of financing is needed to update the Province's interest on debt forecast for fiscal planning and borrowing and debt management purposes.

Thanks,
Ron

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

RE_ Rate Mitigation Implementation Group.pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); ["jeffrey.lyash@opg.com"](#); [HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)](#); [Kim Marshall \(Kim.Marshall@ieso.ca\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); ["peter.gregg@ieso.ca"](#); [Veinot, Cindy \(TBS\)](#); [Hughes, Karen \(TBS\)](#); [Angus, Helen \(TBS\)](#); [Thompson, Scott \(MOF\)](#); [Davidson, Steven \(CAB\)](#); ["CROZZOLI Carlo -CBUSDEV&STRT"](#); [Mayman, Gadi \(OFA\)](#); [Kwan, Ronald \(OFA\)](#); [Christie, Tim \(ENERGY\)](#); ["LEE John -TREASURY"](#); ["Michael Boll"](#); [Murray, Maud \(ENERGY/MEDG/MRIS/MOI\)](#); [Thouin, Alena \(ENERGY\)](#); ["Dianne Hayes"](#); [ROWE Jennifer -CORPAFFAIRS](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Tresise, Landon \(ENERGY\)](#); [Berry, James \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [McLean, David \(MOF\)](#); [Skoberne, Vivienne \(TBS\)](#); [Foster, Robert \(CAB\)](#); [Edwards, Matthew \(ENERGY\)](#); [Manoharan, Kesayini \(MEDG/MRIS\)](#); [Yordi, Samer \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Armstrong, Hillary \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [catriona.king@opg.com](#); [Jordan Penic](#); ["David Barrett"](#)
Subject: RE: Rate Mitigation Implementation Group
Date: January 11, 2018 3:09:43 PM
Attachments: [Action Items - Jan 11.docx](#)

Hi everyone,

Attached are the action items from this morning's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: January 10, 2018 6:07 PM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Calwell, Carolyn (ENERGY) <Carolyn.Calwell@ontario.ca>; 'jeffrey.lyash@opg.com' <jeffrey.lyash@opg.com>; HARTWICK Ken - FINANCE (ken.hartwick@opg.com) <ken.hartwick@opg.com>; Kim Marshall (Kim.Marshall@ieso.ca) <Kim.Marshall@ieso.ca>; Sermat-Harding, Kaili (ENERGY) <Kaili.Sermat-Harding@ontario.ca>; 'peter.gregg@ieso.ca' <peter.gregg@ieso.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hughes, Karen (TBS) <Karen.Hughes@ontario.ca>; Angus, Helen (TBS) <Helen.Angus@ontario.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Davidson, Steven (CAB) <Steven.Davidson@ontario.ca>; 'CROZZOLI Carlo -CBUSDEV&STRT' <carlo.crozzoli@opg.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; 'LEE John - TREASURY' <john.s.lee@opg.com>; 'Michael Boll' <Michael.Boll@ieso.ca>; Murray, Maud (ENERGY/MEDG/MRIS/MOI) <Maud.Murray3@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; 'Dianne Hayes' <Dianne.Hayes@ieso.ca>; 'ROWE Jennifer - CORPAFFAIRS' <jennifer.rowe@opg.com>
Cc: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>; Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Tresise, Landon (ENERGY) <Landon.Tresise@ontario.ca>; Berry, James (ENERGY) <James.Berry5@ontario.ca>; Baker, Carys (ENERGY) <Carys.Baker@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Skoberne, Vivienne (TBS) <Vivienne.Skoberne@ontario.ca>; Foster, Robert (CAB) <Robert.Foster@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>; Manoharan, Kesayini (MEDG/MRIS) <Kesayini.Manoharan@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>; Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Armstrong, Hillary (ENERGY) <Hillary.Armstrong@ontario.ca>; Laughton, Patrick (TBS) <Patrick.Laughton@ontario.ca>; catriona.king@opg.com; Jordan Penic <jordan.penic@ieso.ca>; 'David Barrett' <david.barrett@ieso.ca>
Subject: Rate Mitigation Implementation Group

Hi everyone,

Attached are the materials for tomorrow's meeting.

Thanks,
Martin

Action Items_ Jan 11.pdf

Action Items

January 11, 2017

1) GA Refinancing

- o General Business Update (OPG / IESO / ENERGY)
 - ENERGY to provide consolidated comments to OPG on the reference documentation
 - OPG expected to launch its marketing activities on January 22nd (i.e., by disclosing documents used in the marketing road show) and start its cross Canada road show on the 29th (i.e., Montreal / Toronto / Winnipeg / Vancouver)
 - Pricing would happen on February 5th or 6th
 - Transaction would close the week of February 12th
- o OPG's Market Activities – Rollout (All)
 - MO to confirm with PO on whether to do a technical briefing
 - OPG would aim to do technical briefing the week of February 12th (after the transaction close)
 - OPG to develop Fact Sheet / News Release
 - OPG / Ministry to develop QAs
 - OPG / Ministry to revise technical briefing deck

2) Public Accounts (All)

- Responses to recommendations due back to TBS on January 19th and the committee on February 14th

3) Other OFHP Initiatives

- o RRRP, OESP and FN (SNAP)
 - OESP tracking to the January 23rd LRC
 - RRRP and RNDC implemented
- o Affordability Fund (CRED)
 - Trustees meeting scheduled for January 12th

RE_ Rate Mitigation Implementation Meeting - Au...(1).pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Chander, Sunita \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [Nelms, Scott \(MOF\)](#); ["jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)](#); ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)"](#); ["Kim Marshall \(Kim.Marshall@ieso.ca\)"](#); [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["CROZZOLI Carlo -CBUSDEV&STRT"](#); [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY"](#); [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [MacIntyre, Kyle \(TBS\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca"](#); ["Turnevicius, Lorraine"](#); ["catriona.king@opg.com"](#); [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Feather, Adam \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Edwards, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#); [Katona, Keley \(MOF\)](#)
Subject: RE: Rate Mitigation Implementation Meeting - August 24, 2017
Date: August 25, 2017 6:25:54 PM
Attachments: [Action Items_Aug 24v2.docx](#)

Hi everyone,

Attached are the action items from yesterday's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: August 23, 2017 6:51 PM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Sermat-Harding, Kaili (ENERGY) <Kaili.Sermat-Harding@ontario.ca>; Chander, Sunita (ENERGY) <Sunita.Chander@ontario.ca>; Calwell, Carolyn (ENERGY/MEDEI/MRI) <Carolyn.Calwell@ontario.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com) <jeffrey.lyash@opg.com>; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)' <ken.hartwick@opg.com>; 'Kim Marshall (Kim.Marshall@ieso.ca)' <Kim.Marshall@ieso.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Angus, Helen (TBS) <Helen.Angus@ontario.ca>; Davidson, Steven (CAB) <Steven.Davidson@ontario.ca>; 'CROZZOLI Carlo -CBUSDEV&STRT' <carlo.crozzoli@opg.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'LEE John -TREASURY' <john.s.lee@opg.com>; Hughes, Karen (TBS) <Karen.Hughes@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>
Cc: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>; Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>; Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Baker, Carys (ENERGY) <Carys.Baker@ontario.ca>; MacIntyre, Kyle (TBS) <Kyle.MacIntyre@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Foster, Robert (CAB) <Robert.Foster@ontario.ca>; 'jordan.penic@ieso.ca' <jordan.penic@ieso.ca>; 'Turnevicius, Lorraine' <lorraine.turnevicius@ieso.ca>; 'catriona.king@opg.com' <catriona.king@opg.com>; Bungaro-Yemec, Francesca (ENERGY) <Francesca.Bungaro-Yemec@ontario.ca>; Feather, Adam (ENERGY) <Adam.Feather@ontario.ca>; Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>; Laughton, Patrick (TBS) <Patrick.Laughton@ontario.ca>; 'David Barrett' <david.barrett@ieso.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: Rate Mitigation Implementation Meeting - August 24, 2017

Hi everyone,

Please find attached the material for discussion tomorrow morning.

Thanks,
Martin

Action Items_Aug 24v2.pdf

Action Items – August 24, 2017

1) GA Refinancing

- o General Update (OPG / IESO)
 - Ministry tracking Fair Allocation letter for week of September 11, but further conversations with OPG are needed
 - Ministry/OPG/IESO to look into mechanism (regulatory line) to pay interest and expenses through GA after the four year moratorium
- o Provincial Guarantees (OFA/OPG)
 - OPG proposing to build in Government option to pay outstanding obligation should trust no longer be able to pay in the future
 - IESO and OPG to continue discussions about LOC to backstop smaller LDCs without ratings or OPG using a reserve account – need to determine quantum and regulatory authority
 - IGS/OFA to produce summary deck for week of Sept 4
 - All approvals tracking for Sept 27th (TB sub / OIC / S. 28 / Term Sheet / Agreement)
- o Business Item (OPG/IGS)
 - IGS to provide best timing estimates for PILs, Equity Injection, Subordinated Debt Loan Agreement (between OPG and Trust).

2) Other OFHP Initiatives

- o RRRP, OESP and FN (SNAP)
 - LDCs have submitted invoices to ministry
- o Affordability Fund (CRED)
 - Trustees to brief Ministry on August 28

RE_ Rate Mitigation Implementation Meeting - Au...(2).pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [Nelms, Scott \(MOF\)](#); [""jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)"; "HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)"; "Kim Marshall \(Kim.Marshall@ieso.ca\)"; Thompson, Scott \(MOF\); Angus, Helen \(TBS\); Davidson, Steven \(CAB\); "CROZZOLI Carlo -CBUSDEV&STRT"; Mayman, Gadi \(OFA\); "LEE John -TREASURY"; Hughes, Karen \(TBS\); Veinot, Cindy \(TBS\); Katona, Keley \(MOF\)](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [MacIntyre, Kyle \(TBS\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca"; "Turnevicius, Lorraine"; "catriona.king@opg.com"; Bungaro-Yemec, Francesca \(ENERGY\); Feather, Adam \(ENERGY\); Cox, Hilary \(ENERGY\); Edwards, Matthew \(ENERGY\); Laughton, Patrick \(TBS\); David Barrett; Smith, Mike \(ENERGY\)](#)
Subject: RE: Rate Mitigation Implementation Meeting - August 10, 2017
Date: August 10, 2017 6:49:26 PM
Attachments: [Action Items_Aug 10_Final.docx](#)

Hi everyone,

Attached are the action items from today's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: August 9, 2017 8:19 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Nakahara, Ken (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI); Nelms, Scott (MOF); 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com); 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); 'CROZZOLI Carlo -CBUSDEV&STRT'; Mayman, Gadi (OFA); 'LEE John -TREASURY'; Hughes, Karen (TBS); Veinot, Cindy (TBS)
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); MacIntyre, Kyle (TBS); McLean, David (MOF); Foster, Robert (CAB); 'jordan.penic@ieso.ca'; 'Turnevicius, Lorraine'; 'catriona.king@opg.com'; Bungaro-Yemec, Francesca (ENERGY); Feather, Adam (ENERGY); Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Laughton, Patrick (TBS); 'David Barrett'
Subject: Rate Mitigation Implementation Meeting - August 10, 2017

Hi everyone,

Please find attached the material for discussion tomorrow morning.

Thanks,
Martin

Action Items_Aug 10_Final.pdf

Action Items – August 10, 2017

1) GA Refinancing

- o General Update (OPG / IESO)
 - OPG will go to its Board with OFHP financing plan following direction from the August 16th meeting
- o Draft Provincial Guarantees for Dealers (OFA/OPG)
 - OPG, TB/OPCD, MOF, OFA and ENEGY had a discussion on proposed approach on August 10th. Additional accounting review is required on proposed approach
 - Note: Initial focus on OPG financing will be focused on the Canadian market

2) August 16th Meeting (Provincial Guarantee (PG) Update)

- OFA will develop proposal summary on the PG for the August 16th meeting
- TB submission on the PG will track to TB/Cabinet on September 12th/13th. TBS indicated that it would also like the submission to provide a general status update on OFHP

3) AG Update

- On July 25th, IESO had a special Board meeting on the OFHP that the AG attended

4) Other OFHP Initiatives

- o RRRP, OESP and FN (SNAP)
- o Affordability Fund (CRED)
 - Trustees have a call on August 11th

RE_ Rate Mitigation Implementation Meeting - Au...(3).pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [Nelms, Scott \(MOF\)](#); ["jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)](#)"; ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)"](#)"; ["Kim Marshall \(Kim.Marshall@ieso.ca\)"](#)"; [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["CROZZOLI Carlo -CBUSDEV&STRT"](#); [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY"](#); [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#); [Katona, Keley \(MOF\)](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [MacIntyre, Kyle \(TBS\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca"](#); ["Turnevicius, Lorraine"](#); ["catriona.king@opg.com"](#); [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Feather, Adam \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Edwards, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#); [Smith, Mike \(ENERGY\)](#)
Subject: RE: Rate Mitigation Implementation Meeting - August 10, 2017
Date: August 10, 2017 6:49:26 PM
Attachments: [Action Items_Aug 10_Final.docx](#)

Hi everyone,

Attached are the action items from today's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: August 9, 2017 8:19 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Nakahara, Ken (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI); Nelms, Scott (MOF); "jeffrey.lyash@opg.com" (jeffrey.lyash@opg.com); "HARTWICK Ken -FINANCE (ken.hartwick@opg.com)"; "Kim Marshall (Kim.Marshall@ieso.ca)"; Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); "CROZZOLI Carlo -CBUSDEV&STRT"; Mayman, Gadi (OFA); "LEE John -TREASURY"; Hughes, Karen (TBS); Veinot, Cindy (TBS)
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); MacIntyre, Kyle (TBS); McLean, David (MOF); Foster, Robert (CAB); "jordan.penic@ieso.ca"; "Turnevicius, Lorraine"; "catriona.king@opg.com"; Bungaro-Yemec, Francesca (ENERGY); Feather, Adam (ENERGY); Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Laughton, Patrick (TBS); "David Barrett"
Subject: Rate Mitigation Implementation Meeting - August 10, 2017

Hi everyone,

Please find attached the material for discussion tomorrow morning.

Thanks,
Martin

Action Items_Aug 10_Final_1.pdf

Action Items – August 10, 2017

1) GA Refinancing

- o General Update (OPG / IESO)
 - OPG will go to its Board with OFHP financing plan following direction from the August 16th meeting
- o Draft Provincial Guarantees for Dealers (OFA/OPG)
 - OPG, TB/OPCD, MOF, OFA and ENEGY had a discussion on proposed approach on August 10th. Additional accounting review is required on proposed approach
 - Note: Initial focus on OPG financing will be focused on the Canadian market

2) August 16th Meeting (Provincial Guarantee (PG) Update)

- OFA will develop proposal summary on the PG for the August 16th meeting
- TB submission on the PG will track to TB/Cabinet on September 12th/13th. TBS indicated that it would also like the submission to provide a general status update on OFHP

3) AG Update

- On July 25th, IESO had a special Board meeting on the OFHP that the AG attended

4) Other OFHP Initiatives

- o RRRP, OESP and FN (SNAP)
- o Affordability Fund (CRED)
 - Trustees have a call on August 11th

RE_ Rate Mitigation Implementation Meeting - Au....pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Chander, Sunita \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [Nelms, Scott \(MOF\)](#); ["jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)](#); ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)"](#); ["Kim Marshall \(Kim.Marshall@ieso.ca\)"](#); [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["CROZZOLI Carlo -CBUSDEV&STRT"](#); [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY"](#); [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [MacIntyre, Kyle \(TBS\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca"](#); ["Turnevicius, Lorraine"](#); ["catriona.king@opg.com"](#); [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Feather, Adam \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Edwards, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#); [Katona, Keley \(MOF\)](#)
Subject: RE: Rate Mitigation Implementation Meeting - August 24, 2017
Date: August 25, 2017 6:25:54 PM
Attachments: [Action Items_Aug 24v2.docx](#)

Hi everyone,

Attached are the action items from yesterday's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: August 23, 2017 6:51 PM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Sermat-Harding, Kaili (ENERGY) <Kaili.Sermat-Harding@ontario.ca>; Chander, Sunita (ENERGY) <Sunita.Chander@ontario.ca>; Calwell, Carolyn (ENERGY/MEDEI/MRI) <Carolyn.Calwell@ontario.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com) <jeffrey.lyash@opg.com>; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)' <ken.hartwick@opg.com>; 'Kim Marshall (Kim.Marshall@ieso.ca)' <Kim.Marshall@ieso.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Angus, Helen (TBS) <Helen.Angus@ontario.ca>; Davidson, Steven (CAB) <Steven.Davidson@ontario.ca>; 'CROZZOLI Carlo -CBUSDEV&STRT' <carlo.crozzoli@opg.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'LEE John -TREASURY' <john.s.lee@opg.com>; Hughes, Karen (TBS) <Karen.Hughes@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>
Cc: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>; Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>; Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Baker, Carys (ENERGY) <Carys.Baker@ontario.ca>; MacIntyre, Kyle (TBS) <Kyle.MacIntyre@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Foster, Robert (CAB) <Robert.Foster@ontario.ca>; 'jordan.penic@ieso.ca' <jordan.penic@ieso.ca>; 'Turnevicius, Lorraine' <lorraine.turnevicius@ieso.ca>; 'catriona.king@opg.com' <catriona.king@opg.com>; Bungaro-Yemec, Francesca (ENERGY) <Francesca.Bungaro-Yemec@ontario.ca>; Feather, Adam (ENERGY) <Adam.Feather@ontario.ca>; Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>; Laughton, Patrick (TBS) <Patrick.Laughton@ontario.ca>; 'David Barrett' <david.barrett@ieso.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: Rate Mitigation Implementation Meeting - August 24, 2017

Hi everyone,

Please find attached the material for discussion tomorrow morning.

Thanks,
Martin

Action Items_Aug 24v2_1.pdf

Action Items – August 24, 2017

1) GA Refinancing

- o General Update (OPG / IESO)
 - Ministry tracking Fair Allocation letter for week of September 11, but further conversations with OPG are needed
 - Ministry/OPG/IESO to look into mechanism (regulatory line) to pay interest and expenses through GA after the four year moratorium
- o Provincial Guarantees (OFA/OPG)
 - OPG proposing to build in Government option to pay outstanding obligation should trust no longer be able to pay in the future
 - IESO and OPG to continue discussions about LOC to backstop smaller LDCs without ratings or OPG using a reserve account – need to determine quantum and regulatory authority
 - IGS/OFA to produce summary deck for week of Sept 4
 - All approvals tracking for Sept 27th (TB sub / OIC / S. 28 / Term Sheet / Agreement)
- o Business Item (OPG/IGS)
 - IGS to provide best timing estimates for PILs, Equity Injection, Subordinated Debt Loan Agreement (between OPG and Trust).

2) Other OFHP Initiatives

- o RRRP, OESP and FN (SNAP)
 - LDCs have submitted invoices to ministry
- o Affordability Fund (CRED)
 - Trustees to brief Ministry on August 28

RE_ Rate Mitigation Implementation Meeting - De...(1).pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [""jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)";](#) ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)";](#) ["Kim Marshall \(Kim.Marshall@ieso.ca\)";](#) [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["CROZZOLI Carlo -CBUSDEV&STRT";](#) [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY";](#) [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#); [Michael Boll](#); ["peter.gregg@ieso.ca";](#) ["ROWE Jennifer -CORPAFFAIRS"](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca";](#) ["catriona.king@opg.com";](#) [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Yordi, Samer \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Edwards, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#); [HAHN PARKER Janet -TREASURY](#); [Christie, Tim \(ENERGY\)](#); [Thouin, Alena \(ENERGY\)](#); [Murray, Maud \(ENERGY/MEDG/MRIS/MOI\)](#)
Subject: RE: Rate Mitigation Implementation Meeting - December 7, 2017
Date: December 7, 2017 6:41:32 PM
Attachments: [Action Items_Dec 7_final.docx](#)

Hi everyone,

Attached are the action items from this morning's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: December 6, 2017 8:13 PM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Sermat-Harding, Kaili (ENERGY) <Kaili.Sermat-Harding@ontario.ca>; Calwell, Carolyn (ENERGY) <Carolyn.Calwell@ontario.ca>; 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com) <jeffrey.lyash@opg.com>; 'HARTWICK Ken - FINANCE (ken.hartwick@opg.com)' <ken.hartwick@opg.com>; 'Kim Marshall (Kim.Marshall@ieso.ca)' <Kim.Marshall@ieso.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Angus, Helen (TBS) <Helen.Angus@ontario.ca>; Davidson, Steven (CAB) <Steven.Davidson@ontario.ca>; 'CROZZOLI Carlo -CBUSDEV&STRT' <carlo.crozzoli@opg.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'LEE John -TREASURY' <john.s.lee@opg.com>; Hughes, Karen (TBS) <Karen.Hughes@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Michael Boll <Michael.Boll@ieso.ca>; 'peter.gregg@ieso.ca' <peter.gregg@ieso.ca>; 'ROWE Jennifer -CORPAFFAIRS' <jennifer.rowe@opg.com>
Cc: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>; Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>; Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Baker, Carys (ENERGY) <Carys.Baker@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Foster, Robert (CAB) <Robert.Foster@ontario.ca>; 'jordan.penic@ieso.ca' <jordan.penic@ieso.ca>; 'catriona.king@opg.com' <catriona.king@opg.com>; Bungaro-Yemec, Francesca (ENERGY) <Francesca.Bungaro-Yemec@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>; Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>; Laughton, Patrick (TBS) <Patrick.Laughton@ontario.ca>; David Barrett <david.barrett@ieso.ca>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Murray, Maud (ENERGY/MEDG/MRIS/MOI) <Maud.Murray3@ontario.ca>
Subject: Re: Rate Mitigation Implementation Meeting - December 7, 2017

Hi everyone,

Attached is a timeline from OPG for tomorrow's briefing.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: Wednesday, December 6, 2017 5:27 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Calwell, Carolyn (ENERGY); 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com); 'HARTWICK Ken -FINANCE' (ken.hartwick@opg.com); 'Kim Marshall' (Kim.Marshall@ieso.ca); Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); 'CROZZOLI Carlo -CBUSDEV&STRT'; Mayman, Gadi (OFA); 'LEE John -TREASURY'; Hughes, Karen (TBS); Veinot, Cindy (TBS); Michael Boll; 'peter.gregg@ieso.ca'; 'ROWE Jennifer -CORPAFFAIRS'
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); McLean, David (MOF); Foster, Robert (CAB); 'jordan.penic@ieso.ca'; 'catriona.king@opg.com'; Bungaro-Yemec, Francesca (ENERGY); Yordi, Samer (ENERGY); Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Laughton, Patrick (TBS); David Barrett; HAHN PARKER Janet - TREASURY; Christie, Tim (ENERGY); Thouin, Alena (ENERGY); Murray, Maud (ENERGY/MEDG/MRIS/MOI)
Subject: Rate Mitigation Implementation Meeting - December 7, 2017

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

Action Items_Dec 7_final.pdf

Action Items

December 7, 2017

Agenda

1) GA Refinancing

- o Provincial Support Agreements (OFA / OPG / ENERGY)
 - To be ready to be signed early next week (Monday or Tuesday) – required for OPG to obtain final credit rating of warehouse
- o General Business Update (OPG / IESO / ENERGY)
 - OPG working to finalize the offering memorandum and investor presentation by end of next week
 - Sometime next week EY to provide updated accounting memo to OPG
 - OPG to share with TBS documentation provided to EY for review
 - OPG financing plan – to be presented by OPG at Minister's briefing on December 14th
 - PILs exemption – MOF drafting Minister's regulation
 - Commercial agreements between IESO and OPG finalized – IESO to prepare one pager for Minister's briefing on December 14th

2) OPG's Market Activities – Rollout (All)

- OPG to prepare a presentation that outlines key details with respect to its Market Activities
- OPG anticipates going to market 3 to 4 times in 2018

3) Other OFHP Initiatives

- o RRRP, OESP and FN (SNAP)
 - Look at options around deferring the transfer of the OESP to province
- o Affordability Fund (CRED)
 - Implementation agreement near finalized – about 45 LDCs have signaled intent to deliver the program and an additional 5 are interested
 - Trustees are concerned about implications of HAP program changes on the Affordability Fund
 - Affordability Fund briefing for ENERGY DM and CoS to be scheduled for the week of December 18th, including IESO

RE_ Rate Mitigation Implementation Meeting - De...(2).pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [""jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)";](#) ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)";](#) ["Kim Marshall \(Kim.Marshall@ieso.ca\)";](#) [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["CROZZOLI Carlo -CBUSDEV&STRT";](#) [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY";](#) [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#); [Michael Boll](#); ["peter.gregg@ieso.ca";](#) ["ROWE Jennifer -CORPAFFAIRS"](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca";](#) ["catriona.king@opg.com";](#) [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Yordi, Samer \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Edwards, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#); [HAHN PARKER Janet -TREASURY](#); [Christie, Tim \(ENERGY\)](#); [Thouin, Alena \(ENERGY\)](#); [Murray, Maud \(ENERGY/MEDG/MRIS/MOI\)](#)
Subject: RE: Rate Mitigation Implementation Meeting - December 7, 2017
Date: December 7, 2017 6:41:32 PM
Attachments: [Action Items_Dec 7_final.docx](#)

Hi everyone,

Attached are the action items from this morning's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: December 6, 2017 8:13 PM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Sermat-Harding, Kaili (ENERGY) <Kaili.Sermat-Harding@ontario.ca>; Calwell, Carolyn (ENERGY) <Carolyn.Calwell@ontario.ca>; 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com) <jeffrey.lyash@opg.com>; 'HARTWICK Ken - FINANCE (ken.hartwick@opg.com)' <ken.hartwick@opg.com>; 'Kim Marshall (Kim.Marshall@ieso.ca)' <Kim.Marshall@ieso.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Angus, Helen (TBS) <Helen.Angus@ontario.ca>; Davidson, Steven (CAB) <Steven.Davidson@ontario.ca>; 'CROZZOLI Carlo -CBUSDEV&STRT' <carlo.crozzoli@opg.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'LEE John -TREASURY' <john.s.lee@opg.com>; Hughes, Karen (TBS) <Karen.Hughes@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Michael Boll <Michael.Boll@ieso.ca>; 'peter.gregg@ieso.ca' <peter.gregg@ieso.ca>; 'ROWE Jennifer -CORPAFFAIRS' <jennifer.rowe@opg.com>
Cc: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>; Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>; Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Baker, Carys (ENERGY) <Carys.Baker@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Foster, Robert (CAB) <Robert.Foster@ontario.ca>; 'jordan.penic@ieso.ca' <jordan.penic@ieso.ca>; 'catriona.king@opg.com' <catriona.king@opg.com>; Bungaro-Yemec, Francesca (ENERGY) <Francesca.Bungaro-Yemec@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>; Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>; Laughton, Patrick (TBS) <Patrick.Laughton@ontario.ca>; David Barrett <david.barrett@ieso.ca>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Murray, Maud (ENERGY/MEDG/MRIS/MOI) <Maud.Murray3@ontario.ca>
Subject: Re: Rate Mitigation Implementation Meeting - December 7, 2017

Hi everyone,

Attached is a timeline from OPG for tomorrow's briefing.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: Wednesday, December 6, 2017 5:27 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Calwell, Carolyn (ENERGY); 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com); 'HARTWICK Ken -FINANCE' (ken.hartwick@opg.com); 'Kim Marshall' (Kim.Marshall@ieso.ca); Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); 'CROZZOLI Carlo -CBUSDEV&STRT'; Mayman, Gadi (OFA); 'LEE John -TREASURY'; Hughes, Karen (TBS); Veinot, Cindy (TBS); Michael Boll; 'peter.gregg@ieso.ca'; 'ROWE Jennifer -CORPAFFAIRS'
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); McLean, David (MOF); Foster, Robert (CAB); 'jordan.penic@ieso.ca'; 'catriona.king@opg.com'; Bungaro-Yemec, Francesca (ENERGY); Yordi, Samer (ENERGY); Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Laughton, Patrick (TBS); David Barrett; HAHN PARKER Janet - TREASURY; Christie, Tim (ENERGY); Thouin, Alena (ENERGY); Murray, Maud (ENERGY/MEDG/MRIS/MOI)
Subject: Rate Mitigation Implementation Meeting - December 7, 2017

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

Action Items_Dec 7_final_1.pdf

Action Items

December 7, 2017

Agenda

1) GA Refinancing

- o Provincial Support Agreements (OFA / OPG / ENERGY)
 - To be ready to be signed early next week (Monday or Tuesday) – required for OPG to obtain final credit rating of warehouse
- o General Business Update (OPG / IESO / ENERGY)
 - OPG working to finalize the offering memorandum and investor presentation by end of next week
 - Sometime next week EY to provide updated accounting memo to OPG
 - OPG to share with TBS documentation provided to EY for review
 - OPG financing plan – to be presented by OPG at Minister's briefing on December 14th
 - PILs exemption – MOF drafting Minister's regulation
 - Commercial agreements between IESO and OPG finalized – IESO to prepare one pager for Minister's briefing on December 14th

2) OPG's Market Activities – Rollout (All)

- OPG to prepare a presentation that outlines key details with respect to its Market Activities
- OPG anticipates going to market 3 to 4 times in 2018

3) Other OFHP Initiatives

- o RRRP, OESP and FN (SNAP)
 - Look at options around deferring the transfer of the OESP to province
- o Affordability Fund (CRED)
 - Implementation agreement near finalized – about 45 LDCs have signaled intent to deliver the program and an additional 5 are interested
 - Trustees are concerned about implications of HAP program changes on the Affordability Fund
 - Affordability Fund briefing for ENERGY DM and CoS to be scheduled for the week of December 18th, including IESO

RE_ Rate Mitigation Implementation Meeting - De...(3).pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [""jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)";](#) ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)";](#) ["Kim Marshall \(Kim.Marshall@ieso.ca\)";](#) [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["CROZZOLI Carlo -CBUSDEV&STRT";](#) [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY";](#) [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#); [Michael Boll](#); ["peter.gregg@ieso.ca";](#) ["ROWE Jennifer -CORPAFFAIRS"](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca";](#) ["catriona.king@opg.com";](#) [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Yordi, Samer \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Edwards, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#); [HAHN PARKER Janet -TREASURY](#); [Christie, Tim \(ENERGY\)](#); [Thouin, Alena \(ENERGY\)](#); [Murray, Maud \(ENERGY/MEDG/MRIS/MOI\)](#)
Subject: RE: Rate Mitigation Implementation Meeting - December 7, 2017
Date: December 7, 2017 6:41:32 PM
Attachments: [Action Items_Dec 7_final.docx](#)

Hi everyone,

Attached are the action items from this morning's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: December 6, 2017 8:13 PM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Sermat-Harding, Kaili (ENERGY) <Kaili.Sermat-Harding@ontario.ca>; Calwell, Carolyn (ENERGY) <Carolyn.Calwell@ontario.ca>; 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com) <jeffrey.lyash@opg.com>; 'HARTWICK Ken - FINANCE (ken.hartwick@opg.com)' <ken.hartwick@opg.com>; 'Kim Marshall (Kim.Marshall@ieso.ca)' <Kim.Marshall@ieso.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Angus, Helen (TBS) <Helen.Angus@ontario.ca>; Davidson, Steven (CAB) <Steven.Davidson@ontario.ca>; 'CROZZOLI Carlo -CBUSDEV&STRT' <carlo.crozzoli@opg.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'LEE John -TREASURY' <john.s.lee@opg.com>; Hughes, Karen (TBS) <Karen.Hughes@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Michael Boll <Michael.Boll@ieso.ca>; 'peter.gregg@ieso.ca' <peter.gregg@ieso.ca>; 'ROWE Jennifer -CORPAFFAIRS' <jennifer.rowe@opg.com>
Cc: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>; Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>; Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Baker, Carys (ENERGY) <Carys.Baker@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Foster, Robert (CAB) <Robert.Foster@ontario.ca>; 'jordan.penic@ieso.ca' <jordan.penic@ieso.ca>; 'catriona.king@opg.com' <catriona.king@opg.com>; Bungaro-Yemec, Francesca (ENERGY) <Francesca.Bungaro-Yemec@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>; Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>; Laughton, Patrick (TBS) <Patrick.Laughton@ontario.ca>; David Barrett <david.barrett@ieso.ca>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Murray, Maud (ENERGY/MEDG/MRIS/MOI) <Maud.Murray3@ontario.ca>
Subject: Re: Rate Mitigation Implementation Meeting - December 7, 2017

Hi everyone,

Attached is a timeline from OPG for tomorrow's briefing.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: Wednesday, December 6, 2017 5:27 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Calwell, Carolyn (ENERGY); 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com); 'HARTWICK Ken -FINANCE' (ken.hartwick@opg.com); 'Kim Marshall' (Kim.Marshall@ieso.ca); Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); 'CROZZOLI Carlo -CBUSDEV&STRT'; Mayman, Gadi (OFA); 'LEE John -TREASURY'; Hughes, Karen (TBS); Veinot, Cindy (TBS); Michael Boll; 'peter.gregg@ieso.ca'; 'ROWE Jennifer -CORPAFFAIRS'
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); McLean, David (MOF); Foster, Robert (CAB); 'jordan.penic@ieso.ca'; 'catriona.king@opg.com'; Bungaro-Yemec, Francesca (ENERGY); Yordi, Samer (ENERGY); Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Laughton, Patrick (TBS); David Barrett; HAHN PARKER Janet - TREASURY; Christie, Tim (ENERGY); Thouin, Alena (ENERGY); Murray, Maud (ENERGY/MEDG/MRIS/MOI)
Subject: Rate Mitigation Implementation Meeting - December 7, 2017

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

Action Items_Dec 7_final_2.pdf

Action Items

December 7, 2017

Agenda

1) GA Refinancing

- o Provincial Support Agreements (OFA / OPG / ENERGY)
 - To be ready to be signed early next week (Monday or Tuesday) – required for OPG to obtain final credit rating of warehouse
- o General Business Update (OPG / IESO / ENERGY)
 - OPG working to finalize the offering memorandum and investor presentation by end of next week
 - Sometime next week EY to provide updated accounting memo to OPG
 - OPG to share with TBS documentation provided to EY for review
 - OPG financing plan – to be presented by OPG at Minister's briefing on December 14th
 - PILs exemption – MOF drafting Minister's regulation
 - Commercial agreements between IESO and OPG finalized – IESO to prepare one pager for Minister's briefing on December 14th

2) OPG's Market Activities – Rollout (All)

- OPG to prepare a presentation that outlines key details with respect to its Market Activities
- OPG anticipates going to market 3 to 4 times in 2018

3) Other OFHP Initiatives

- o RRRP, OESP and FN (SNAP)
 - Look at options around deferring the transfer of the OESP to province
- o Affordability Fund (CRED)
 - Implementation agreement near finalized – about 45 LDCs have signaled intent to deliver the program and an additional 5 are interested
 - Trustees are concerned about implications of HAP program changes on the Affordability Fund
 - Affordability Fund briefing for ENERGY DM and CoS to be scheduled for the week of December 18th, including IESO

RE_ Rate Mitigation Implementation Meeting - De....pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [""jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)";](#) ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)";](#) ["Kim Marshall \(Kim.Marshall@ieso.ca\)";](#) [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["CROZZOLI Carlo -CBUSDEV&STRT";](#) [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY";](#) [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#); [Michael Boll](#); ["peter.gregg@ieso.ca";](#) ["ROWE Jennifer -CORPAFFAIRS"](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca";](#) ["catriona.king@opg.com";](#) [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Yordi, Samer \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Edwards, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#); [HAHN PARKER Janet -TREASURY](#); [Christie, Tim \(ENERGY\)](#); [Thouin, Alena \(ENERGY\)](#); [Murray, Maud \(ENERGY/MEDG/MRIS/MOI\)](#)
Subject: RE: Rate Mitigation Implementation Meeting - December 7, 2017
Date: December 7, 2017 6:41:32 PM
Attachments: [Action Items_Dec 7_final.docx](#)

Hi everyone,

Attached are the action items from this morning's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: December 6, 2017 8:13 PM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Sermat-Harding, Kaili (ENERGY) <Kaili.Sermat-Harding@ontario.ca>; Calwell, Carolyn (ENERGY) <Carolyn.Calwell@ontario.ca>; 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com) <jeffrey.lyash@opg.com>; 'HARTWICK Ken - FINANCE (ken.hartwick@opg.com)' <ken.hartwick@opg.com>; 'Kim Marshall (Kim.Marshall@ieso.ca)' <Kim.Marshall@ieso.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Angus, Helen (TBS) <Helen.Angus@ontario.ca>; Davidson, Steven (CAB) <Steven.Davidson@ontario.ca>; 'CROZZOLI Carlo -CBUSDEV&STRT' <carlo.crozzoli@opg.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'LEE John -TREASURY' <john.s.lee@opg.com>; Hughes, Karen (TBS) <Karen.Hughes@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Michael Boll <Michael.Boll@ieso.ca>; 'peter.gregg@ieso.ca' <peter.gregg@ieso.ca>; 'ROWE Jennifer -CORPAFFAIRS' <jennifer.rowe@opg.com>
Cc: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>; Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>; Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Baker, Carys (ENERGY) <Carys.Baker@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Foster, Robert (CAB) <Robert.Foster@ontario.ca>; 'jordan.penic@ieso.ca' <jordan.penic@ieso.ca>; 'catriona.king@opg.com' <catriona.king@opg.com>; Bungaro-Yemec, Francesca (ENERGY) <Francesca.Bungaro-Yemec@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>; Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>; Laughton, Patrick (TBS) <Patrick.Laughton@ontario.ca>; David Barrett <david.barrett@ieso.ca>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Murray, Maud (ENERGY/MEDG/MRIS/MOI) <Maud.Murray3@ontario.ca>
Subject: Re: Rate Mitigation Implementation Meeting - December 7, 2017

Hi everyone,

Attached is a timeline from OPG for tomorrow's briefing.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: Wednesday, December 6, 2017 5:27 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Calwell, Carolyn (ENERGY); 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com); 'HARTWICK Ken -FINANCE' (ken.hartwick@opg.com); 'Kim Marshall' (Kim.Marshall@ieso.ca); Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); 'CROZZOLI Carlo -CBUSDEV&STRT'; Mayman, Gadi (OFA); 'LEE John -TREASURY'; Hughes, Karen (TBS); Veinot, Cindy (TBS); Michael Boll; 'peter.gregg@ieso.ca'; 'ROWE Jennifer -CORPAFFAIRS'
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); McLean, David (MOF); Foster, Robert (CAB); 'jordan.penic@ieso.ca'; 'catriona.king@opg.com'; Bungaro-Yemec, Francesca (ENERGY); Yordi, Samer (ENERGY); Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Laughton, Patrick (TBS); David Barrett; HAHN PARKER Janet - TREASURY; Christie, Tim (ENERGY); Thouin, Alena (ENERGY); Murray, Maud (ENERGY/MEDG/MRIS/MOI)
Subject: Rate Mitigation Implementation Meeting - December 7, 2017

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

Action Items_Dec 7_final_3.pdf

Action Items

December 7, 2017

Agenda

1) GA Refinancing

- o Provincial Support Agreements (OFA / OPG / ENERGY)
 - To be ready to be signed early next week (Monday or Tuesday) – required for OPG to obtain final credit rating of warehouse
- o General Business Update (OPG / IESO / ENERGY)
 - OPG working to finalize the offering memorandum and investor presentation by end of next week
 - Sometime next week EY to provide updated accounting memo to OPG
 - OPG to share with TBS documentation provided to EY for review
 - OPG financing plan – to be presented by OPG at Minister's briefing on December 14th
 - PILs exemption – MOF drafting Minister's regulation
 - Commercial agreements between IESO and OPG finalized – IESO to prepare one pager for Minister's briefing on December 14th

2) OPG's Market Activities – Rollout (All)

- OPG to prepare a presentation that outlines key details with respect to its Market Activities
- OPG anticipates going to market 3 to 4 times in 2018

3) Other OFHP Initiatives

- o RRRP, OESP and FN (SNAP)
 - Look at options around deferring the transfer of the OESP to province
- o Affordability Fund (CRED)
 - Implementation agreement near finalized – about 45 LDCs have signaled intent to deliver the program and an additional 5 are interested
 - Trustees are concerned about implications of HAP program changes on the Affordability Fund
 - Affordability Fund briefing for ENERGY DM and CoS to be scheduled for the week of December 18th, including IESO

RE_ Rate Mitigation Implementation Meeting - Ju...(1).pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Reid, Michael \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [Nelms, Scott \(MOF\)](#); [""jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)";](#) ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)";](#) ["Rosemaire Leclair";](#) ["Mary Anne Aldred \(maryanne.albred@ontarioenergyboard.ca\)";](#) ["Kim Marshall \(Kim.Marshall@ieso.ca\)";](#) [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["Martine Band";](#) ["CROZZOLI Carlo -CBUSDEV&STRT";](#) [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY";](#) [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#); [Evans, Karen \(ENERGY\)](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [MacIntyre, Kyle \(TBS\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca";](#) ["sarah.branco@ontarioenergyboard.ca";](#) ["Turnevicius, Lorraine";](#) ["catriona.king@opg.com";](#) [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Feather, Adam \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Kitchen, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#)
Subject: RE: Rate Mitigation Implementation Meeting - June 22, 2017
Date: June 23, 2017 10:33:52 AM
Attachments: [Action Items_June 22.docx](#)

Hi everyone,

Attached are the action items from yesterday's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: June 21, 2017 8:39 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Reid, Michael (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI); Nelms, Scott (MOF); ["jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)";](#) ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)";](#) ["Rosemaire Leclair";](#) ["Mary Anne Aldred \(maryanne.albred@ontarioenergyboard.ca\)";](#) ["Kim Marshall \(Kim.Marshall@ieso.ca\)";](#) [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["Martine Band";](#) ["CROZZOLI Carlo -CBUSDEV&STRT";](#) [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY";](#) [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#)
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); MacIntyre, Kyle (TBS); McLean, David (MOF); Foster, Robert (CAB); ["jordan.penic@ieso.ca";](#) ["sarah.branco@ontarioenergyboard.ca";](#) ["Turnevicius, Lorraine";](#) ["catriona.king@opg.com";](#) [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Feather, Adam \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Kitchen, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#)
Subject: Rate Mitigation Implementation Meeting - June 22, 2017

Good evening,

Please find attached the material for discussion tomorrow morning.

Thanks,
Martin

Action Items_June 22.pdf

Action Items – June 22

1) OFHP Ads

- Ad to be shown at Cab – Communication product to be included in submission

2) GA Refinancing

- o Regulation (Energy / All)
 - Next turn going out this morning
 - Ministry finalizing drafts of submissions to share with TBS/Cab
 - TBS would like timing of report backs
- o Critical Path Updates (OPG / IESO / OEB)
 - OPG having discussions (using soft deck) with the rating agencies (DBRS, S&P, Fitch) late next week / early the week after to determine the scope of documents required (legal, program)
 - OPG to provide deck to Ministry
 - OPG/IESO accountants and lawyers meeting to work through accounting issue on the need for revenue to pay interest and fees in the period when clean energy adjustments cannot be charged to rate payers
 - OPG/IESO to report back
 - OPG legal agreements in progress
 - OPG to provide a detailed list of legal agreements to Ministry
 - OEB releasing RPP prices June 22, 2017 / Noon, as well as RRRP amounts
- o Business Item Updates (OFA / IGS)
 - Ministry has provided answers on MOF's questions on the Board indemnities
 - Ministry to submit formal (transmittal memo) Section 28 submission
 - MOF to brief its Minister on Wednesday to get Section 28 approval
 - Minister of Energy would then sign indemnities
 - OFA credit OIC going to LRC on June 27th
 - OFA to send comments on the OPG provincial guarantees this week (looking to finalize by end of July)
 - Energy would need to be comfortable with equity injection process, but OFA would coordinate on a monthly basis

3) AG

- o Recent Activities / Requests (All)
 - TBS met with AG
 - AG to provide opinion on August 18, 2017
 - AG was going to provide IESO with a document on accounting concerns
 - IESO will be delivering a technical document to its Board by the end of the week
 - KPMG received what IESO believes is a similar document and will be responding to the issues raised

4) Other OFHP Initiatives

- o RRRP, OESP and FN (SNAP)
 - OESP regs are tracking to Cabinet on the 27th
 - MCSS - OESP automatic enrolment TB submission to track in July
 - One LDC may not be able to implement RRRP
- o Affordability Fund (CRED)
 - First meeting of Trustees held on June 21st
 - Key next steps include:
 - Trustees to sign appointment document
 - Trustees to appoint Hydro One as administrator, pending review by Trustees of Administrative Services Agreement
 - Next meeting of Trustees to be scheduled for late July
 - Hydro One to develop strawman of program design considerations for Trustees' review

RE_ Rate Mitigation Implementation Meeting - Ju...(2).pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Reid, Michael \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [Nelms, Scott \(MOF\)](#); [""jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)"; "HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)"; "Rosemaire Leclair"; "Mary Anne Aldred \(maryanne.alred@ontarioenergyboard.ca\)"; "Kim Marshall \(Kim.Marshall@ieso.ca\)"; Thompson, Scott \(MOF\); Angus, Helen \(TBS\); Davidson, Steven \(CAB\); "Martine Band"; "CROZZOLI Carlo -CBUSDEV&STRT"; Mayman, Gadi \(OFA\); "LEE John -TREASURY"; Hughes, Karen \(TBS\); Veinot, Cindy \(TBS\)](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [MacIntyre, Kyle \(TBS\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca"; "sarah.branco@ontarioenergyboard.ca"; "Turnevicius, Lorraine"; "catriona.king@opg.com"; Bungaro-Yemec, Francesca \(ENERGY\); Feather, Adam \(ENERGY\); Cox, Hilary \(ENERGY\); Kitchen, Matthew \(ENERGY\); Laughton, Patrick \(TBS\); David Barrett](#)
Subject: RE: Rate Mitigation Implementation Meeting - June 8, 2017
Date: June 8, 2017 7:01:40 PM
Attachments: [Action Items_June 8.docx](#)

Hi everyone,

Attached are the action items from today's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: June 7, 2017 8:02 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Reid, Michael (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI); Nelms, Scott (MOF); ["jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)"; "HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)"; "Rosemaire Leclair"; "Mary Anne Aldred \(maryanne.alred@ontarioenergyboard.ca\)"; "Kim Marshall \(Kim.Marshall@ieso.ca\)"; Thompson, Scott \(MOF\); Angus, Helen \(TBS\); Davidson, Steven \(CAB\); "Martine Band"; "CROZZOLI Carlo -CBUSDEV&STRT"; Mayman, Gadi \(OFA\); "LEE John -TREASURY"; Hughes, Karen \(TBS\); Veinot, Cindy \(TBS\)](#)
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); MacIntyre, Kyle (TBS); McLean, David (MOF); Foster, Robert (CAB); ["jordan.penic@ieso.ca"; "sarah.branco@ontarioenergyboard.ca"; "Turnevicius, Lorraine"; "catriona.king@opg.com"; Bungaro-Yemec, Francesca \(ENERGY\); Feather, Adam \(ENERGY\); Cox, Hilary \(ENERGY\); Kitchen, Matthew \(ENERGY\); Laughton, Patrick \(TBS\); David Barrett](#)
Subject: RE: Rate Mitigation Implementation Meeting - June 8, 2017

Good evening,

Please find attached the material for discussion tomorrow morning.

Thanks,
Martin

Action Items_June 8.pdf

Action Items – June 8

1) GA Refinancing

- Ministry tracking 8 regs for next week
- Ministry moved OESP reg to June 27
 - o Ministry continues to work with MCSS on OESP automatic enrolment, which is tracking for Sept at the earliest
- Ministry continues to work on general reg and requires input from OPG, IESO and OEB to ensure they have what they need
- TBS would like a road map to facilitate the presentation at TB
- OPG to provide language to Ministry for regulation drafting
- OPG to draft a deck for Minister's OFHP implementation briefing with input from IGSs
- IESO expecting AG coming to their Board on June 14
- IESO is working with KPMG to review the interest cost coming back to IESO from OPG during moratorium period
- OEB drafting supplementary report to go out with revised pricing on June 22
 - o OEB to consider announcing pricing earlier in the day rather than afternoon
- OEB refining answer and key messages to how HydroOne rate application impacts OFHP and will share with Ministry
- Ministry/OFA to provide comments back to OPG on Provincial Support Agreement Term Sheet by next week
- MOF, not TBS, to provide S. 28 approval
- OPG/IESO to confirm timing of when they need Board indemnities (potentially required before IESO Board meeting on the 14th of June)
- MOF/TBS to look into whether appropriation from TB is required to facilitate the S.28 approval
- Ministry reviewing CEB/DRC comparison document and will provide comments next week.

2) Other OFHP Initiatives

- RRRP, OESP and FN:
 - o Ministry working with Chiefs on First Nations Delivery credit with Chiefs expecting to table and pass a resolution next week on who receives credit
- Affordability Fund:
 - o Formal written invitation being sent to final trustee who has agreed verbally

RE_ Rate Mitigation Implementation Meeting - Ju...(3).pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Reid, Michael \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [Nelms, Scott \(MOF\)](#); ["jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)](#); ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)"](#); ["Rosemaire Leclair"](#); ["Mary Anne Aldred \(maryanne.albred@ontarioenergyboard.ca\)"](#); ["Campbell, Bruce \(bruce.campbell@ieso.ca\)"](#); ["Kim Marshall \(Kim.Marshall@ieso.ca\)"](#); [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["Martine Band"](#); ["CROZZOLI Carlo -CBUSDEV&STRT"](#); [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY"](#); [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [MacIntyre, Kyle \(TBS\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca"](#); ["sarah.branco@ontarioenergyboard.ca"](#); ["Turnevicius, Lorraine"](#); ["catriona.king@opg.com"](#); [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Feather, Adam \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Thompson, Erin \(ENERGY\)](#)
Subject: RE: Rate Mitigation Implementation Meeting - June 1, 2017
Date: June 1, 2017 7:55:03 PM
Attachments: [Action Items June 1.docx](#)

Please find attached the action items from today's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: May 31, 2017 7:03 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Reid, Michael (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI); Nelms, Scott (MOF); ["jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)](#); ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)"](#); ["Rosemaire Leclair"](#); ["Mary Anne Aldred \(maryanne.albred@ontarioenergyboard.ca\)"](#); ["Campbell, Bruce \(bruce.campbell@ieso.ca\)"](#); ["Kim Marshall \(Kim.Marshall@ieso.ca\)"](#); Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); ["Martine Band"](#); ["CROZZOLI Carlo -CBUSDEV&STRT"](#); Mayman, Gadi (OFA); ["LEE John -TREASURY"](#); Hughes, Karen (TBS); Veinot, Cindy (TBS)
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); MacIntyre, Kyle (TBS); McLean, David (MOF); Foster, Robert (CAB); ["jordan.penic@ieso.ca"](#); ["sarah.branco@ontarioenergyboard.ca"](#); ["Turnevicius, Lorraine"](#); ["catriona.king@opg.com"](#); Bungaro-Yemec, Francesca (ENERGY); Feather, Adam (ENERGY); Cox, Hilary (ENERGY); Thompson, Erin (ENERGY)
Subject: Rate Mitigation Implementation Meeting - June 1, 2017

Good evening,

Please find attached the material for discussion tomorrow morning.

Thanks,
Martin

Action Items_June 1.pdf

Action Items – June 1

1) GA Refinancing

- Energy to share draft regulations with TBS and others once received from leg council (aiming for early next week)
- TBS to follow-up with Energy on TB Report Back expectations and timelines
- IGS to follow-up with MOF/Tax Policy on indirect taxes implication
- Agencies (OPG/IESO/OEB) to develop and circulate more detailed work plans, as required. OEB provided a detailed work plan that outlined timeline and work deliverables to be finalized by June 22
- OFA circulated a document comparing of Clean Energy Adjustment to the Debt Retirement Charge (DRC), which when finalized would be shared with AG
 - o Energy to review and provide comments early next week
- IESO provided AG with all requested documents yesterday. OEB has AG request due June 2. OFA is also working on AG request. AG is meeting with IESO Board on June 14, KPMG will attend
 - o TBS to follow-up on whether AG met with large audit firms and outcome
 - o Energy to include standing item on future agendas regarding AG matters

2) Other OFHP Initiatives

- RRRP, OESP and FN:
 - o No substantive update
- Affordability Fund:
 - o Advisory Committee working to confirm remaining social service agency representative required for the Board of Trustees

RE_ Rate Mitigation Implementation Meeting - Ju....pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Reid, Michael \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [Nelms, Scott \(MOF\)](#); ["jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)](#); ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)"](#); ["Rosemaire Leclair"](#); ["Mary Anne Aldred \(maryanne.albred@ontarioenergyboard.ca\)"](#); ["Kim Marshall \(Kim.Marshall@ieso.ca\)"](#); [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["Martine Band"](#); ["CROZZOLI Carlo -CBUSDEV&STRT"](#); [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY"](#); [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [MacIntyre, Kyle \(TBS\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca"](#); ["sarah.branco@ontarioenergyboard.ca"](#); ["Turnevicius, Lorraine"](#); ["catriona.king@opg.com"](#); [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Feather, Adam \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Edwards, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#)
Subject: RE: Rate Mitigation Implementation Meeting - July 27, 2017
Date: July 28, 2017 3:06:24 PM
Attachments: [Action Items_July 27.docx](#)

Hi everyone,

Attached are the Action Items from yesterday's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: July 26, 2017 9:22 AM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Reid, Michael (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI); Nelms, Scott (MOF); "jeffrey.lyash@opg.com" (jeffrey.lyash@opg.com); "HARTWICK Ken -FINANCE (ken.hartwick@opg.com)"; "Rosemaire Leclair"; "Mary Anne Aldred (maryanne.albred@ontarioenergyboard.ca)"; "Kim Marshall (Kim.Marshall@ieso.ca)"; Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); "Martine Band"; "CROZZOLI Carlo -CBUSDEV&STRT"; Mayman, Gadi (OFA); "LEE John -TREASURY"; Hughes, Karen (TBS); Veinot, Cindy (TBS)
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); MacIntyre, Kyle (TBS); McLean, David (MOF); Foster, Robert (CAB); "jordan.penic@ieso.ca"; "sarah.branco@ontarioenergyboard.ca"; "Turnevicius, Lorraine"; "catriona.king@opg.com"; Bungaro-Yemec, Francesca (ENERGY); Feather, Adam (ENERGY); Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Laughton, Patrick (TBS); David Barrett
Subject: Rate Mitigation Implementation Meeting - July 27, 2017

Hi everyone,

Please find attached the material for discussion tomorrow morning.

Thanks,
Martin

Action Items_July 27.pdf

Action Items – July 27, 2017

1) GA Refinancing

- o General Update (OPG / IESO)
 - OPG continues to work with the rating agencies. OPG working to finalize this work by end of September
 - OPG, IESO and ENERGY to work through an approach to address interest payments during the moratorium period
 - ENERGY working through the details related to the Minister's Fair Allocation Amount
- o Draft Provincial Guarantees for Dealers (OFA/OPG)
 - OPG to set up meeting with OFA and IGS to discuss dealers questions on the guarantee
 - OPG would like to settle on an approach to the guarantee by early August to begin the rating process, pending final approval at a later date
 - ENERGY and OFA to bring this forward a proposed approach to CO/PO on August 16, with a TB meeting / approval to follow
- o Business Item (OPG/IGS)
 - MOF/Tax Policy is working on confort letter regarding PILs for OPG
 - ENERGY legal and OFA legal continues to work on process for the equity injection

2) AG Update

- TBS advises that AG is tracking for an opinion on Public Accounts (PA) on August 18, which would result in an earliest release by the government of the PA on August 28 (Note: The statutory deadline in September 27)
- IESO indicates that Deloitte has provided KPMG a second opinion on the accounting treatment that is supportive, which was provided to the AG

3) Other OFHP Initiatives

- o RRRP, OESP and FN (SNAP)
 - Ministry working on post card for FN delivery credit
- o Affordability Fund (CRED)
 - Stakeholder engagement is underway; preliminary outreach with several LDCs conducted in July and a WebEx meeting to allow for broader outreach to utilities is scheduled for August 1

- Trustees continue to work through program design concepts and details in order to launch the program as soon as possible
- Trustees have agreed to Hydro One's role as administrator

RE_ Rate Mitigation Implementation Meeting - No...(1).pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [Colalillo, Sam \(ENERGY\)](#); ["jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)](#); ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)"](#); ["Kim Marshall \(Kim.Marshall@ieso.ca\)"](#); [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["CROZZOLI Carlo -CBUSDEV&STRT"](#); [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY"](#); [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#); [Michael Boll](#); ["peter.gregg@ieso.ca"](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca"](#); ["catriona.king@opg.com"](#); [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Yordi, Samer \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Edwards, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#); [HAHN PARKER Janet -TREASURY](#); [Christie, Tim \(ENERGY\)](#); [Thouin, Alena \(ENERGY\)](#); [Ue, Allison \(TBS\)](#)
Subject: RE: Rate Mitigation Implementation Meeting - November 23, 2017
Date: November 23, 2017 8:34:12 PM
Attachments: [Action Items_Nov 23_Final.docx](#)

Hi everyone,

Attached are the action items from today's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: November 22, 2017 7:10 PM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Sermat-Harding, Kaili (ENERGY) <Kaili.Sermat-Harding@ontario.ca>; Calwell, Carolyn (ENERGY) <Carolyn.Calwell@ontario.ca>; Colalillo, Sam (ENERGY) <Sam.Colalillo@ontario.ca>; "jeffrey.lyash@opg.com" (jeffrey.lyash@opg.com) <jeffrey.lyash@opg.com>; "HARTWICK Ken -FINANCE (ken.hartwick@opg.com)" <ken.hartwick@opg.com>; Kim Marshall (Kim.Marshall@ieso.ca) <Kim.Marshall@ieso.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Angus, Helen (TBS) <Helen.Angus@ontario.ca>; Davidson, Steven (CAB) <Steven.Davidson@ontario.ca>; "CROZZOLI Carlo -CBUSDEV&STRT" <carlo.crozzoli@opg.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; "LEE John -TREASURY" <john.s.lee@opg.com>; Hughes, Karen (TBS) <Karen.Hughes@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Michael Boll <Michael.Boll@ieso.ca>; "peter.gregg@ieso.ca" <peter.gregg@ieso.ca>
Cc: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>; Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>; Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Baker, Carys (ENERGY) <Carys.Baker@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Foster, Robert (CAB) <Robert.Foster@ontario.ca>; "jordan.penic@ieso.ca" <jordan.penic@ieso.ca>; "catriona.king@opg.com" <catriona.king@opg.com>; Bungaro-Yemec, Francesca (ENERGY) <Francesca.Bungaro-Yemec@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>; Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>; Laughton, Patrick (TBS) <Patrick.Laughton@ontario.ca>; David Barrett <david.barrett@ieso.ca>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Ue, Allison (TBS) <Allison.Ue@ontario.ca>
Subject: Rate Mitigation Implementation Meeting - November 23, 2017

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

Action Items_Nov 23_Final.pdf

Action Items

November 23, 2017

1) GA Refinancing

- o General Business Update (OPG / IESO / ENERGY)
 - OPG to provide shareholder resolution for Minister of Energy's signature with respect to the OPG Equity Injection
 - OPG to share with ENERGY the debt loan agreement with respect to the Subordinated Debt
 - IESO to provide an update to its Board on November 29th. Note: IESO Board approved delegation of approval for OPG / IESO Commercial Agreements, which are expected to be finalized by end of next week (i.e., week of November 27th).
 - MOF to draft comfort letter and possible regulation (either LGIC or Minister's Reg) with respect to PILs Exemption
- o Provincial Support Agreement (OFA / OPG / ENERGY)
 - Ongoing work to finalize agreement wording between legal counsels
 - Briefing of Ministers' of Finance, Energy and President of TB – next week or early the following week. Note: MO will aim for November 30th or December 4th. Briefing would also provide an update from OPG on its approach to engaging the market
 - OPG to determine with legal counsel who would need to sign the agreement on behalf of the OPG /Trust. Note: Ministers' of Finance and Energy would sign on behalf of the province
- o OPG's Financing Plan / Market Activities (OPG)
 - OPG Chair to send a letter to Minister of Energy with respect to OPG's proposed Financing Plan. Note: ENERGY had provided preliminary feedback
 - With respect to market engagement, OPG is considering two options:
 - 1) Approach the market in early December. Note: Work would need to be finalized before December 15th; or
 - 2) Warehouse the funds on a revolving line of credit in December then go to market in New Year – possibly 2nd week of January. Following feedback from the rating agencies a decision on which option to proceed with can be made. Note: The matter will be raised at the joint Ministers' briefing next week

2) Technical Briefing (All)

- o Technical Briefing in December will be determined based on whether or not OPG goes to market in December (per the points raised above)

- o Technical Briefing presentation needs to be put in plain language and needs to be higher level, including a few context slides up front
- o Overall, the objective of the presentation is to providing a conclusion to the process (i.e., bookending the process)

3) Other OFHP Initiatives

- o RRRP, OESP and FN (SNAP)
- o Affordability Fund (CRED)

RE_ Rate Mitigation Implementation Meeting - No...(2).pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [Nelms, Scott \(MOF\)](#); ["jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)](#); ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)"](#); ["Kim Marshall \(Kim.Marshall@ieso.ca\)"](#); [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["CROZZOLI Carlo -CBUSDEV&STRT"](#); [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY"](#); [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#); [Michael Boll](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [MacIntyre, Kyle \(TBS\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca"](#); ["catriona.king@opg.com"](#); [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Feather, Adam \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Edwards, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#); [Katona, Keley \(MOF\)](#); [HAHN PARKER Janet -TREASURY](#)
Subject: RE: Rate Mitigation Implementation Meeting - November 1, 2017
Date: November 1, 2017 7:59:53 PM
Attachments: [Action Items_Nov 1_v2.docx](#)

Hi everyone,

Attached are the action items from today's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: October 31, 2017 3:52 PM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Sermat-Harding, Kaili (ENERGY) <Kaili.Sermat-Harding@ontario.ca>; Calwell, Carolyn (ENERGY) <Carolyn.Calwell@ontario.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com) <jeffrey.lyash@opg.com>; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)' <ken.hartwick@opg.com>; 'Kim Marshall (Kim.Marshall@ieso.ca)' <Kim.Marshall@ieso.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Angus, Helen (TBS) <Helen.Angus@ontario.ca>; Davidson, Steven (CAB) <Steven.Davidson@ontario.ca>; 'CROZZOLI Carlo -CBUSDEV&STRT' <carlo.crozzoli@opg.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'LEE John -TREASURY' <john.s.lee@opg.com>; Hughes, Karen (TBS) <Karen.Hughes@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Michael Boll <Michael.Boll@ieso.ca>
Cc: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>; Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>; Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Baker, Carys (ENERGY) <Carys.Baker@ontario.ca>; MacIntyre, Kyle (TBS) <Kyle.MacIntyre@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Foster, Robert (CAB) <Robert.Foster@ontario.ca>; 'jordan.penic@ieso.ca' <jordan.penic@ieso.ca>; 'Turnevicius, Lorraine' <lorraine.turnevicius@ieso.ca>; 'catriona.king@opg.com' <catriona.king@opg.com>; Bungaro-Yemec, Francesca (ENERGY) <Francesca.Bungaro-Yemec@ontario.ca>; Feather, Adam (ENERGY) <SOM.Adam.Feather@ontario.ca>; Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>; Laughton, Patrick (TBS) <Patrick.Laughton@ontario.ca>; David Barrett <david.barrett@ieso.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: Rate Mitigation Implementation Meeting - November 1, 2017

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

Action Items_ Nov 1_v2_1.pdf

Action Items

November 1, 2017

Agenda

1) GA Refinancing

- o General Business Update (OPG / IESO / ENERGY)
 - Rating agencies (i.e., DBRS) would like to interview IESO as part of the ratings process
 - Energy to prepare a letter to OPG to clarify that although the FAA Letter includes negative amounts, OPG can still incur charges (e.g., interest). Alternatively, this matter could be address through regulation
 - IESO meeting with OPG and dealers tomorrow to finalize outstanding issues (e.g., agreement, security)
 - OPG Board meeting on Novermeber 15 to approve critical business items
 - By the end of November IESO has to post its quarterly financial statements up to the end of September, which will include a regulatory asset of approximately \$800 million
 - OFA has intercept letter for ENERGY and IESO to sign for enhanced Line of Credit
- o Provincial Protection and Assurances Agreement (OFA / OPG)
 - OFA working with OPG, MOF, ENERGY, Blakes and Tories to finalize agreement by the end of the week
- o Commercial Agreement (OPG/ IESO)
 - Work ongoing between OPG and IESO
- o OPG's Financing Plan (OPG)
 - OPG to share draft with Ministry as soon as possible. OPG expects to have draft document by the end of next week
 - OPG expects to go to market by end of November – to include an offering memorandum, which goes to identified investors. OPG to prepare a process “road map” that outlines the diffent steps of going to market
 - Ministry to determine whether a NR or statement would need to be issued about a quiet period while OPG goes to market
 - Potential Technical Media briefing on OPG financing plan in early December – OPG to work on outline of deck
- o Regulatory Amendments (ENERGY)
 - To enable IESO to recove from the GA its carrying costs associated with the Letter of Credit
 - To the General regulation to address methodology for recovery in the event of default (i.e., acceleration) and potentially negative FAA amounts
 - Energy to prepare a Minister letter to OPG outlining the policy intent of proposed amendments and indicate that the ministry's plan to obtain approval of the ammendents at LRC on November 20 or Decemeber 11

2) Sepcial Report – Debrief

3) Other OFHP Initiatives

- o RRRP, OESP and FN (SNAP)
 - Reg tracking to LRC in December for OESP
- o Affordability Fund (CRED)
 - Next Trustees meeting is November 2nd.

RE_ Rate Mitigation Implementation Meeting - No...(3).pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [Nelms, Scott \(MOF\)](#); ["jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)](#); ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)"](#); ["Kim Marshall \(Kim.Marshall@ieso.ca\)"](#); [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["CROZZOLI Carlo -CBUSDEV&STRT"](#); [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY"](#); [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#); [Michael Boll](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [MacIntyre, Kyle \(TBS\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca"](#); ["catriona.king@opg.com"](#); [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Feather, Adam \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Edwards, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#); [Katona, Keley \(MOF\)](#); [HAHN PARKER Janet -TREASURY](#)
Subject: RE: Rate Mitigation Implementation Meeting - November 1, 2017
Date: November 1, 2017 7:59:53 PM
Attachments: [Action Items_Nov 1_v2.docx](#)

Hi everyone,

Attached are the action items from today's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: October 31, 2017 3:52 PM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Sermat-Harding, Kaili (ENERGY) <Kaili.Sermat-Harding@ontario.ca>; Calwell, Carolyn (ENERGY) <Carolyn.Calwell@ontario.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com) <jeffrey.lyash@opg.com>; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)' <ken.hartwick@opg.com>; 'Kim Marshall (Kim.Marshall@ieso.ca)' <Kim.Marshall@ieso.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Angus, Helen (TBS) <Helen.Angus@ontario.ca>; Davidson, Steven (CAB) <Steven.Davidson@ontario.ca>; 'CROZZOLI Carlo -CBUSDEV&STRT' <carlo.crozzoli@opg.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'LEE John -TREASURY' <john.s.lee@opg.com>; Hughes, Karen (TBS) <Karen.Hughes@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Michael Boll <Michael.Boll@ieso.ca>
Cc: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>; Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>; Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Baker, Carys (ENERGY) <Carys.Baker@ontario.ca>; MacIntyre, Kyle (TBS) <Kyle.MacIntyre@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Foster, Robert (CAB) <Robert.Foster@ontario.ca>; 'jordan.penic@ieso.ca' <jordan.penic@ieso.ca>; 'Turnevicius, Lorraine' <lorraine.turnevicius@ieso.ca>; 'catriona.king@opg.com' <catriona.king@opg.com>; Bungaro-Yemec, Francesca (ENERGY) <Francesca.Bungaro-Yemec@ontario.ca>; Feather, Adam (ENERGY) <SOM.Adam.Feather@ontario.ca>; Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>; Laughton, Patrick (TBS) <Patrick.Laughton@ontario.ca>; David Barrett <david.barrett@ieso.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: Rate Mitigation Implementation Meeting - November 1, 2017

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

Action Items_ Nov 1_v2_2.pdf

Action Items

November 1, 2017

Agenda

1) GA Refinancing

- o General Business Update (OPG / IESO / ENERGY)
 - Rating agencies (i.e., DBRS) would like to interview IESO as part of the ratings process
 - Energy to prepare a letter to OPG to clarify that although the FAA Letter includes negative amounts, OPG can still incur charges (e.g., interest). Alternatively, this matter could be address through regulation
 - IESO meeting with OPG and dealers tomorrow to finalize outstanding issues (e.g., agreement, security)
 - OPG Board meeting on Novermeber 15 to approve critical business items
 - By the end of November IESO has to post its quarterly financial statements up to the end of September, which will include a regulatory asset of approximately \$800 million
 - OFA has intercept letter for ENERGY and IESO to sign for enhanced Line of Credit
- o Provincial Protection and Assurances Agreement (OFA / OPG)
 - OFA working with OPG, MOF, ENERGY, Blakes and Tories to finalize agreement by the end of the week
- o Commercial Agreement (OPG/ IESO)
 - Work ongoing between OPG and IESO
- o OPG's Financing Plan (OPG)
 - OPG to share draft with Ministry as soon as possible. OPG expects to have draft document by the end of next week
 - OPG expects to go to market by end of November – to include an offering memorandum, which goes to identified investors. OPG to prepare a process “road map” that outlines the diffent steps of going to market
 - Ministry to determine whether a NR or statement would need to be issued about a quiet period while OPG goes to market
 - Potential Technical Media briefing on OPG financing plan in early December – OPG to work on outline of deck
- o Regulatory Amendments (ENERGY)
 - To enable IESO to recove from the GA its carrying costs associated with the Letter of Credit
 - To the General regulation to address methodology for recovery in the event of default (i.e., acceleration) and potentially negative FAA amounts
 - Energy to prepare a Minister letter to OPG outlining the policy intent of proposed amendments and indicate that the ministry's plan to obtain approval of the ammendents at LRC on November 20 or Decemeber 11

2) Sepcial Report – Debrief

3) Other OFHP Initiatives

- o RRRP, OESP and FN (SNAP)
 - Reg tracking to LRC in December for OESP
- o Affordability Fund (CRED)
 - Next Trustees meeting is November 2nd.

RE_ Rate Mitigation Implementation Meeting - No...(4).pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [Nelms, Scott \(MOF\)](#); ["jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)](#); ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)"](#); ["Kim Marshall \(Kim.Marshall@ieso.ca\)"](#); [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["CROZZOLI Carlo -CBUSDEV&STRT"](#); [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY"](#); [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#); [Michael Boll](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [MacIntyre, Kyle \(TBS\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca"](#); ["catriona.king@opg.com"](#); [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Feather, Adam \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Edwards, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#); [Katona, Keley \(MOF\)](#); [HAHN PARKER Janet -TREASURY](#)
Subject: RE: Rate Mitigation Implementation Meeting - November 1, 2017
Date: November 1, 2017 7:59:53 PM
Attachments: [Action Items_Nov 1_v2.docx](#)

Hi everyone,

Attached are the action items from today's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: October 31, 2017 3:52 PM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Sermat-Harding, Kaili (ENERGY) <Kaili.Sermat-Harding@ontario.ca>; Calwell, Carolyn (ENERGY) <Carolyn.Calwell@ontario.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com) <jeffrey.lyash@opg.com>; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)' <ken.hartwick@opg.com>; 'Kim Marshall (Kim.Marshall@ieso.ca)' <Kim.Marshall@ieso.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Angus, Helen (TBS) <Helen.Angus@ontario.ca>; Davidson, Steven (CAB) <Steven.Davidson@ontario.ca>; 'CROZZOLI Carlo -CBUSDEV&STRT' <carlo.crozzoli@opg.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'LEE John -TREASURY' <john.s.lee@opg.com>; Hughes, Karen (TBS) <Karen.Hughes@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Michael Boll <Michael.Boll@ieso.ca>
Cc: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>; Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>; Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Baker, Carys (ENERGY) <Carys.Baker@ontario.ca>; MacIntyre, Kyle (TBS) <Kyle.MacIntyre@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Foster, Robert (CAB) <Robert.Foster@ontario.ca>; 'jordan.penic@ieso.ca' <jordan.penic@ieso.ca>; 'Turnevicius, Lorraine' <lorraine.turnevicius@ieso.ca>; 'catriona.king@opg.com' <catriona.king@opg.com>; Bungaro-Yemec, Francesca (ENERGY) <Francesca.Bungaro-Yemec@ontario.ca>; Feather, Adam (ENERGY) <SOM.Adam.Feather@ontario.ca>; Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>; Laughton, Patrick (TBS) <Patrick.Laughton@ontario.ca>; David Barrett <david.barrett@ieso.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: Rate Mitigation Implementation Meeting - November 1, 2017

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

Action Items_ Nov 1_v2_3.pdf

Action Items

November 1, 2017

Agenda

1) GA Refinancing

- o General Business Update (OPG / IESO / ENERGY)
 - Rating agencies (i.e., DBRS) would like to interview IESO as part of the ratings process
 - Energy to prepare a letter to OPG to clarify that although the FAA Letter includes negative amounts, OPG can still incur charges (e.g., interest). Alternatively, this matter could be address through regulation
 - IESO meeting with OPG and dealers tomorrow to finalize outstanding issues (e.g., agreement, security)
 - OPG Board meeting on Novermeber 15 to approve critical business items
 - By the end of November IESO has to post its quarterly financial statements up to the end of September, which will include a regulatory asset of approximately \$800 million
 - OFA has intercept letter for ENERGY and IESO to sign for enhanced Line of Credit
- o Provincial Protection and Assurances Agreement (OFA / OPG)
 - OFA working with OPG, MOF, ENERGY, Blakes and Tories to finalize agreement by the end of the week
- o Commercial Agreement (OPG/ IESO)
 - Work ongoing between OPG and IESO
- o OPG's Financing Plan (OPG)
 - OPG to share draft with Ministry as soon as possible. OPG expects to have draft document by the end of next week
 - OPG expects to go to market by end of November – to include an offering memorandum, which goes to identified investors. OPG to prepare a process “road map” that outlines the diffent steps of going to market
 - Ministry to determine whether a NR or statement would need to be issued about a quiet period while OPG goes to market
 - Potential Technical Media briefing on OPG financing plan in early December – OPG to work on outline of deck
- o Regulatory Amendments (ENERGY)
 - To enable IESO to recove from the GA its carrying costs associated with the Letter of Credit
 - To the General regulation to address methodology for recovery in the event of default (i.e., acceleration) and potentially negative FAA amounts
 - Energy to prepare a Minister letter to OPG outlining the policy intent of proposed amendments and indicate that the ministry's plan to obtain approval of the ammendents at LRC on November 20 or Decemeber 11

2) Sepcial Report – Debrief

3) Other OFHP Initiatives

- o RRRP, OESP and FN (SNAP)
 - Reg tracking to LRC in December for OESP
- o Affordability Fund (CRED)
 - Next Trustees meeting is November 2nd.

RE_ Rate Mitigation Implementation Meeting - No....pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [Colalillo, Sam \(ENERGY\)](#); [""jeffrey.lyash@opg.com"" \(jeffrey.lyash@opg.com\)";](#) ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)";](#) ["Kim Marshall \(Kim.Marshall@ieso.ca\)";](#) [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["CROZZOLI Carlo -CBUSDEV&STRT";](#) [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY";](#) [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#); [Michael Boll](#); ["peter.gregg@ieso.ca"](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca"](#); ["catriona.king@opg.com"](#); [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Yordi, Samer \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Edwards, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#); [HAHN PARKER Janet -TREASURY](#); [Christie, Tim \(ENERGY\)](#); [Thouin, Alena \(ENERGY\)](#); [Ue, Allison \(TBS\)](#)
Subject: RE: Rate Mitigation Implementation Meeting - November 23, 2017
Date: November 23, 2017 8:34:12 PM
Attachments: [Action Items_Nov 23_Final.docx](#)

Hi everyone,

Attached are the action items from today's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: November 22, 2017 7:10 PM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Sermat-Harding, Kaili (ENERGY) <Kaili.Sermat-Harding@ontario.ca>; Calwell, Carolyn (ENERGY) <Carolyn.Calwell@ontario.ca>; Colalillo, Sam (ENERGY) <Sam.Colalillo@ontario.ca>; 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com) <jeffrey.lyash@opg.com>; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)' <ken.hartwick@opg.com>; 'Kim Marshall (Kim.Marshall@ieso.ca)' <Kim.Marshall@ieso.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Angus, Helen (TBS) <Helen.Angus@ontario.ca>; Davidson, Steven (CAB) <Steven.Davidson@ontario.ca>; 'CROZZOLI Carlo -CBUSDEV&STRT' <carlo.crozzoli@opg.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'LEE John -TREASURY' <john.s.lee@opg.com>; Hughes, Karen (TBS) <Karen.Hughes@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Michael Boll <Michael.Boll@ieso.ca>; 'peter.gregg@ieso.ca' <peter.gregg@ieso.ca>
Cc: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>; Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>; Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Baker, Carys (ENERGY) <Carys.Baker@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Foster, Robert (CAB) <Robert.Foster@ontario.ca>; 'jordan.penic@ieso.ca' <jordan.penic@ieso.ca>; 'catriona.king@opg.com' <catriona.king@opg.com>; Bungaro-Yemec, Francesca (ENERGY) <Francesca.Bungaro-Yemec@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>; Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>; Laughton, Patrick (TBS) <Patrick.Laughton@ontario.ca>; David Barrett <david.barrett@ieso.ca>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Ue, Allison (TBS) <Allison.Ue@ontario.ca>
Subject: Rate Mitigation Implementation Meeting - November 23, 2017

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

Action Items_Nov 23_Final_1.pdf

Action Items

November 23, 2017

1) GA Refinancing

- o General Business Update (OPG / IESO / ENERGY)
 - OPG to provide shareholder resolution for Minister of Energy's signature with respect to the OPG Equity Injection
 - OPG to share with ENERGY the debt loan agreement with respect to the Subordinated Debt
 - IESO to provide an update to its Board on November 29th. Note: IESO Board approved delegation of approval for OPG / IESO Commercial Agreements, which are expected to be finalized by end of next week (i.e., week of November 27th).
 - MOF to draft comfort letter and possible regulation (either LGIC or Minister's Reg) with respect to PILs Exemption
- o Provincial Support Agreement (OFA / OPG / ENERGY)
 - Ongoing work to finalize agreement wording between legal counsels
 - Briefing of Ministers' of Finance, Energy and President of TB – next week or early the following week. Note: MO will aim for November 30th or December 4th. Briefing would also provide an update from OPG on its approach to engaging the market
 - OPG to determine with legal counsel who would need to sign the agreement on behalf of the OPG /Trust. Note: Ministers' of Finance and Energy would sign on behalf of the province
- o OPG's Financing Plan / Market Activities (OPG)
 - OPG Chair to send a letter to Minister of Energy with respect to OPG's proposed Financing Plan. Note: ENERGY had provided preliminary feedback
 - With respect to market engagement, OPG is considering two options:
 - 1) Approach the market in early December. Note: Work would need to be finalized before December 15th; or
 - 2) Warehouse the funds on a revolving line of credit in December then go to market in New Year – possibly 2nd week of January. Following feedback from the rating agencies a decision on which option to proceed with can be made. Note: The matter will be raised at the joint Ministers' briefing next week

2) Technical Briefing (All)

- o Technical Briefing in December will be determined based on whether or not OPG goes to market in December (per the points raised above)

- o Technical Briefing presentation needs to be put in plain language and needs to be higher level, including a few context slides up front
- o Overall, the objective of the presentation is to providing a conclusion to the process (i.e., bookending the process)

3) Other OFHP Initiatives

- o RRRP, OESP and FN (SNAP)
- o Affordability Fund (CRED)

RE_ Rate Mitigation Implementation Meeting - Oc...(1).pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [Chander, Sunita \(ENERGY\)](#); [Nelms, Scott \(MOF\)](#); ["jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)](#); ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)"](#); ["Kim Marshall \(Kim.Marshall@ieso.ca\)"](#); [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["CROZZOLI Carlo -CBUSDEV&STRT"](#); [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY"](#); [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#); [Michael Boll](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [MacIntyre, Kyle \(TBS\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca"](#); ["Turnevicius, Lorraine"](#); ["catriona.king@opg.com"](#); [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Feather, Adam \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Edwards, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#); [Katona, Keley \(MOF\)](#)
Subject: RE: Rate Mitigation Implementation Meeting - October 12, 2017
Date: October 12, 2017 6:42:10 PM
Attachments: [Action Items_Oct12.docx](#)

Hi everyone,

Attached are the action items from today's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: October 11, 2017 8:24 PM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Sermat-Harding, Kaili (ENERGY) <Kaili.Sermat-Harding@ontario.ca>; Calwell, Carolyn (ENERGY) <Carolyn.Calwell@ontario.ca>; Chander, Sunita (ENERGY) <Sunita.Chander@ontario.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com) <jeffrey.lyash@opg.com>; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)' <ken.hartwick@opg.com>; 'Kim Marshall (Kim.Marshall@ieso.ca)' <Kim.Marshall@ieso.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Angus, Helen (TBS) <Helen.Angus@ontario.ca>; Davidson, Steven (CAB) <Steven.Davidson@ontario.ca>; 'CROZZOLI Carlo -CBUSDEV&STRT' <carlo.crozzoli@opg.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'LEE John -TREASURY' <john.s.lee@opg.com>; Hughes, Karen (TBS) <Karen.Hughes@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Michael Boll <Michael.Boll@ieso.ca>
Cc: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>; Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>; Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Baker, Carys (ENERGY) <Carys.Baker@ontario.ca>; MacIntyre, Kyle (TBS) <Kyle.MacIntyre@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Foster, Robert (CAB) <Robert.Foster@ontario.ca>; 'jordan.penic@ieso.ca' <jordan.penic@ieso.ca>; 'Turnevicius, Lorraine' <lorraine.turnevicius@ieso.ca>; 'catriona.king@opg.com' <catriona.king@opg.com>; Bungaro-Yemec, Francesca (ENERGY) <Francesca.Bungaro-Yemec@ontario.ca>; Feather, Adam (ENERGY) <Adam.Feather@ontario.ca>; Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>; Laughton, Patrick (TBS) <Patrick.Laughton@ontario.ca>; David Barrett <david.barrett@ieso.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: Rate Mitigation Implementation Meeting - October 12, 2017

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

Action Items_Oct12.pdf

Action Items

October 12, 2017

1) GA Refinancing

- o General Business Update (OPG / IESO / IGS)
 - OPG started rating agency process last week with DBRS and Moody's
 - OPG/IESO continue to work through commercial agreement
- o Provincial Protection and Assurances Agreement (OFA/OPG)
 - OFA/OPG continue to refine agreement – quantum/term etc.
- o Fees and Interest Payments (ENERGY)
 - Interest payments during moratorium can be dealt with through variance account and minor amendments to the General Reg for LRC on the 16th
 - Consolidation analysis to be shared with TBS
 - Fees reg would include 7.5 basis points for the base fee for 2017/2018 and OEB would do a review of comparables for future years. Internal OPG costs will become a pass through.
 - CO to explore direct to Cabinet on 18th
- o Letter of Credit (ENERGY / IESO / OPG)
 - Ministry will work on GA regulatory amendment for LRC on Oct 16 to allow these cost to be recovered
 - CO to explore direct to Cabinet on 18th
 - Ministry/OPG/IESO/OFA to determine primacy of payment between Crown, Generators Underwriters during four year moratorium – (could require regulatory amendment)

2) Other OFHP Initiatives

- o RRRP, OESP and FN (SNAP)
 - Need to go to LRC to proclaim section to allow it to move to tax base (tentatively Dec 7 LRC)
 - CRA has accepted online sign up
 - FNDC update from Hydro One on Oct 2 went well
- o Affordability Fund (CRED)
 - Plan is to announce Fund on Oct 24 in Hamilton
 - Soft launch is planned for today (1-800 number and microsite)

RE_ Rate Mitigation Implementation Meeting - Oc...(2).pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [Chander, Sunita \(ENERGY\)](#); [Nelms, Scott \(MOF\)](#); ["jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)](#); ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)"](#); ["Kim Marshall \(Kim.Marshall@ieso.ca\)"](#); [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["CROZZOLI Carlo -CBUSDEV&STRT"](#); [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY"](#); [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#); [Michael Boll](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [MacIntyre, Kyle \(TBS\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca"](#); ["Turnevicius, Lorraine"](#); ["catriona.king@opg.com"](#); [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Feather, Adam \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Edwards, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#); [Katona, Keley \(MOF\)](#)
Subject: RE: Rate Mitigation Implementation Meeting - October 12, 2017
Date: October 12, 2017 6:42:09 PM
Attachments: [Action Items_Oct12.docx](#)

Hi everyone,

Attached are the action items from today's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: October 11, 2017 8:24 PM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Sermat-Harding, Kaili (ENERGY) <Kaili.Sermat-Harding@ontario.ca>; Calwell, Carolyn (ENERGY) <Carolyn.Calwell@ontario.ca>; Chander, Sunita (ENERGY) <Sunita.Chander@ontario.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com) <jeffrey.lyash@opg.com>; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)' <ken.hartwick@opg.com>; 'Kim Marshall (Kim.Marshall@ieso.ca)' <Kim.Marshall@ieso.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Angus, Helen (TBS) <Helen.Angus@ontario.ca>; Davidson, Steven (CAB) <Steven.Davidson@ontario.ca>; 'CROZZOLI Carlo -CBUSDEV&STRT' <carlo.crozzoli@opg.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'LEE John -TREASURY' <john.s.lee@opg.com>; Hughes, Karen (TBS) <Karen.Hughes@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Michael Boll <Michael.Boll@ieso.ca>
Cc: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>; Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>; Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Baker, Carys (ENERGY) <Carys.Baker@ontario.ca>; MacIntyre, Kyle (TBS) <Kyle.MacIntyre@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Foster, Robert (CAB) <Robert.Foster@ontario.ca>; 'jordan.penic@ieso.ca' <jordan.penic@ieso.ca>; 'Turnevicius, Lorraine' <lorraine.turnevicius@ieso.ca>; 'catriona.king@opg.com' <catriona.king@opg.com>; Bungaro-Yemec, Francesca (ENERGY) <Francesca.Bungaro-Yemec@ontario.ca>; Feather, Adam (ENERGY) <Adam.Feather@ontario.ca>; Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>; Laughton, Patrick (TBS) <Patrick.Laughton@ontario.ca>; David Barrett <david.barrett@ieso.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: Rate Mitigation Implementation Meeting - October 12, 2017

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

Action Items_Oct12_1.pdf

Action Items

October 12, 2017

1) GA Refinancing

- o General Business Update (OPG / IESO / IGS)
 - OPG started rating agency process last week with DBRS and Moody's
 - OPG/IESO continue to work through commercial agreement
- o Provincial Protection and Assurances Agreement (OFA/OPG)
 - OFA/OPG continue to refine agreement – quantum/term etc.
- o Fees and Interest Payments (ENERGY)
 - Interest payments during moratorium can be dealt with through variance account and minor amendments to the General Reg for LRC on the 16th
 - Consolidation analysis to be shared with TBS
 - Fees reg would include 7.5 basis points for the base fee for 2017/2018 and OEB would do a review of comparables for future years. Internal OPG costs will become a pass through.
 - CO to explore direct to Cabinet on 18th
- o Letter of Credit (ENERGY / IESO / OPG)
 - Ministry will work on GA regulatory amendment for LRC on Oct 16 to allow these cost to be recovered
 - CO to explore direct to Cabinet on 18th
 - Ministry/OPG/IESO/OFA to determine primacy of payment between Crown, Generators Underwriters during four year moratorium – (could require regulatory amendment)

2) Other OFHP Initiatives

- o RRRP, OESP and FN (SNAP)
 - Need to go to LRC to proclaim section to allow it to move to tax base (tentatively Dec 7 LRC)
 - CRA has accepted online sign up
 - FNDC update from Hydro One on Oct 2 went well
- o Affordability Fund (CRED)
 - Plan is to announce Fund on Oct 24 in Hamilton
 - Soft launch is planned for today (1-800 number and microsite)

RE_ Rate Mitigation Implementation Meeting - Oc...(3).pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [Chander, Sunita \(ENERGY\)](#); [Nelms, Scott \(MOF\)](#); ["jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)](#); ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)"](#); ["Kim Marshall \(Kim.Marshall@ieso.ca\)"](#); [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["CROZZOLI Carlo -CBUSDEV&STRT"](#); [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY"](#); [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#); [Michael Boll](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [MacIntyre, Kyle \(TBS\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca"](#); ["Turnevicius, Lorraine"](#); ["catriona.king@opg.com"](#); [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Feather, Adam \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Edwards, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#); [Katona, Keley \(MOF\)](#)
Subject: RE: Rate Mitigation Implementation Meeting - October 12, 2017
Date: October 12, 2017 6:42:09 PM
Attachments: [Action Items_Oct12.docx](#)

Hi everyone,

Attached are the action items from today's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: October 11, 2017 8:24 PM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Sermat-Harding, Kaili (ENERGY) <Kaili.Sermat-Harding@ontario.ca>; Calwell, Carolyn (ENERGY) <Carolyn.Calwell@ontario.ca>; Chander, Sunita (ENERGY) <Sunita.Chander@ontario.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com) <jeffrey.lyash@opg.com>; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)' <ken.hartwick@opg.com>; 'Kim Marshall (Kim.Marshall@ieso.ca)' <Kim.Marshall@ieso.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Angus, Helen (TBS) <Helen.Angus@ontario.ca>; Davidson, Steven (CAB) <Steven.Davidson@ontario.ca>; 'CROZZOLI Carlo -CBUSDEV&STRT' <carlo.crozzoli@opg.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'LEE John -TREASURY' <john.s.lee@opg.com>; Hughes, Karen (TBS) <Karen.Hughes@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Michael Boll <Michael.Boll@ieso.ca>
Cc: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>; Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>; Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Baker, Carys (ENERGY) <Carys.Baker@ontario.ca>; MacIntyre, Kyle (TBS) <Kyle.MacIntyre@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Foster, Robert (CAB) <Robert.Foster@ontario.ca>; 'jordan.penic@ieso.ca' <jordan.penic@ieso.ca>; 'Turnevicius, Lorraine' <lorraine.turnevicius@ieso.ca>; 'catriona.king@opg.com' <catriona.king@opg.com>; Bungaro-Yemec, Francesca (ENERGY) <Francesca.Bungaro-Yemec@ontario.ca>; Feather, Adam (ENERGY) <Adam.Feather@ontario.ca>; Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>; Laughton, Patrick (TBS) <Patrick.Laughton@ontario.ca>; David Barrett <david.barrett@ieso.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: Rate Mitigation Implementation Meeting - October 12, 2017

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

Action Items_Oct12_2.pdf

Action Items

October 12, 2017

1) GA Refinancing

- o General Business Update (OPG / IESO / IGS)
 - OPG started rating agency process last week with DBRS and Moody's
 - OPG/IESO continue to work through commercial agreement
- o Provincial Protection and Assurances Agreement (OFA/OPG)
 - OFA/OPG continue to refine agreement – quantum/term etc.
- o Fees and Interest Payments (ENERGY)
 - Interest payments during moratorium can be dealt with through variance account and minor amendments to the General Reg for LRC on the 16th
 - Consolidation analysis to be shared with TBS
 - Fees reg would include 7.5 basis points for the base fee for 2017/2018 and OEB would do a review of comparables for future years. Internal OPG costs will become a pass through.
 - CO to explore direct to Cabinet on 18th
- o Letter of Credit (ENERGY / IESO / OPG)
 - Ministry will work on GA regulatory amendment for LRC on Oct 16 to allow these cost to be recovered
 - CO to explore direct to Cabinet on 18th
 - Ministry/OPG/IESO/OFA to determine primacy of payment between Crown, Generators Underwriters during four year moratorium – (could require regulatory amendment)

2) Other OFHP Initiatives

- o RRRP, OESP and FN (SNAP)
 - Need to go to LRC to proclaim section to allow it to move to tax base (tentatively Dec 7 LRC)
 - CRA has accepted online sign up
 - FNDC update from Hydro One on Oct 2 went well
- o Affordability Fund (CRED)
 - Plan is to announce Fund on Oct 24 in Hamilton
 - Soft launch is planned for today (1-800 number and microsite)

RE_ Rate Mitigation Implementation Meeting - Oc....pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [Chander, Sunita \(ENERGY\)](#); [Nelms, Scott \(MOF\)](#); ["jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)](#); ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)"](#); ["Kim Marshall \(Kim.Marshall@ieso.ca\)"](#); [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["CROZZOLI Carlo -CBUSDEV&STRT"](#); [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY"](#); [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#); [Michael Boll](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [MacIntyre, Kyle \(TBS\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca"](#); ["Turnevicius, Lorraine"](#); ["catriona.king@opg.com"](#); [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Feather, Adam \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Edwards, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#); [Katona, Keley \(MOF\)](#)
Subject: RE: Rate Mitigation Implementation Meeting - October 12, 2017
Date: October 12, 2017 6:42:10 PM
Attachments: [Action Items_Oct12.docx](#)

Hi everyone,

Attached are the action items from today's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: October 11, 2017 8:24 PM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Sermat-Harding, Kaili (ENERGY) <Kaili.Sermat-Harding@ontario.ca>; Calwell, Carolyn (ENERGY) <Carolyn.Calwell@ontario.ca>; Chander, Sunita (ENERGY) <Sunita.Chander@ontario.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com) <jeffrey.lyash@opg.com>; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)' <ken.hartwick@opg.com>; 'Kim Marshall (Kim.Marshall@ieso.ca)' <Kim.Marshall@ieso.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Angus, Helen (TBS) <Helen.Angus@ontario.ca>; Davidson, Steven (CAB) <Steven.Davidson@ontario.ca>; 'CROZZOLI Carlo -CBUSDEV&STRT' <carlo.crozzoli@opg.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'LEE John -TREASURY' <john.s.lee@opg.com>; Hughes, Karen (TBS) <Karen.Hughes@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Michael Boll <Michael.Boll@ieso.ca>
Cc: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>; Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>; Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Baker, Carys (ENERGY) <Carys.Baker@ontario.ca>; MacIntyre, Kyle (TBS) <Kyle.MacIntyre@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Foster, Robert (CAB) <Robert.Foster@ontario.ca>; 'jordan.penic@ieso.ca' <jordan.penic@ieso.ca>; 'Turnevicius, Lorraine' <lorraine.turnevicius@ieso.ca>; 'catriona.king@opg.com' <catriona.king@opg.com>; Bungaro-Yemec, Francesca (ENERGY) <Francesca.Bungaro-Yemec@ontario.ca>; Feather, Adam (ENERGY) <Adam.Feather@ontario.ca>; Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>; Laughton, Patrick (TBS) <Patrick.Laughton@ontario.ca>; David Barrett <david.barrett@ieso.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: Rate Mitigation Implementation Meeting - October 12, 2017

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

Action Items_Oct12_3.pdf

Action Items

October 12, 2017

1) GA Refinancing

- o General Business Update (OPG / IESO / IGS)
 - OPG started rating agency process last week with DBRS and Moody's
 - OPG/IESO continue to work through commercial agreement
- o Provincial Protection and Assurances Agreement (OFA/OPG)
 - OFA/OPG continue to refine agreement – quantum/term etc.
- o Fees and Interest Payments (ENERGY)
 - Interest payments during moratorium can be dealt with through variance account and minor amendments to the General Reg for LRC on the 16th
 - Consolidation analysis to be shared with TBS
 - Fees reg would include 7.5 basis points for the base fee for 2017/2018 and OEB would do a review of comparables for future years. Internal OPG costs will become a pass through.
 - CO to explore direct to Cabinet on 18th
- o Letter of Credit (ENERGY / IESO / OPG)
 - Ministry will work on GA regulatory amendment for LRC on Oct 16 to allow these cost to be recovered
 - CO to explore direct to Cabinet on 18th
 - Ministry/OPG/IESO/OFA to determine primacy of payment between Crown, Generators Underwriters during four year moratorium – (could require regulatory amendment)

2) Other OFHP Initiatives

- o RRRP, OESP and FN (SNAP)
 - Need to go to LRC to proclaim section to allow it to move to tax base (tentatively Dec 7 LRC)
 - CRA has accepted online sign up
 - FNDC update from Hydro One on Oct 2 went well
- o Affordability Fund (CRED)
 - Plan is to announce Fund on Oct 24 in Hamilton
 - Soft launch is planned for today (1-800 number and microsite)

RE_ Rate Mitigation Implementation Meeting - Se...(1).pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Talwar, Shruti \(ENERGY\)](#); [Nelms, Scott \(MOF\)](#); ["jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)](#); ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)"](#); ["Kim Marshall \(Kim.Marshall@ieso.ca\)"](#); [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["CROZZOLI Carlo -CBUSDEV&STRT"](#); [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY"](#); [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#); [Michael Boll](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [MacIntyre, Kyle \(TBS\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca"](#); ["Turnevicius, Lorraine"](#); ["catriona.king@opg.com"](#); [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Feather, Adam \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Edwards, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#); [Katona, Keley \(MOF\)](#)
Subject: RE: Rate Mitigation Implementation Meeting - September 28, 2017
Date: September 28, 2017 9:03:19 PM
Attachments: [Action Items_Sept 28_v2.docx](#)

Hi everyone,

Please find attached the action items from today's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: September 27, 2017 8:03 PM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Sermat-Harding, Kaili (ENERGY) <Kaili.Sermat-Harding@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; "jeffrey.lyash@opg.com" (jeffrey.lyash@opg.com) <jeffrey.lyash@opg.com>; "HARTWICK Ken -FINANCE (ken.hartwick@opg.com)" <ken.hartwick@opg.com>; "Kim Marshall (Kim.Marshall@ieso.ca)" <Kim.Marshall@ieso.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Angus, Helen (TBS) <Helen.Angus@ontario.ca>; Davidson, Steven (CAB) <Steven.Davidson@ontario.ca>; "CROZZOLI Carlo -CBUSDEV&STRT" <carlo.crozzoli@opg.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; "LEE John -TREASURY" <john.s.lee@opg.com>; Hughes, Karen (TBS) <Karen.Hughes@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Michael Boll <Michael.Boll@ieso.ca>
Cc: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>; Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>; Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Baker, Carys (ENERGY) <Carys.Baker@ontario.ca>; MacIntyre, Kyle (TBS) <Kyle.MacIntyre@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Foster, Robert (CAB) <Robert.Foster@ontario.ca>; "jordan.penic@ieso.ca" <jordan.penic@ieso.ca>; "Turnevicius, Lorraine" <lorraine.turnevicius@ieso.ca>; "catriona.king@opg.com" <catriona.king@opg.com>; Bungaro-Yemec, Francesca (ENERGY) <Francesca.Bungaro-Yemec@ontario.ca>; Feather, Adam (ENERGY) <Adam.Feather@ontario.ca>; Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>; Laughton, Patrick (TBS) <Patrick.Laughton@ontario.ca>; David Barrett <david.barrett@ieso.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: Rate Mitigation Implementation Meeting - September 28, 2017

Hi everyone,

Please find attached the material for discussion tomorrow morning.

Thanks,
Martin

Action Items_ Sept 28_v2.pdf

Action Items – September 28, 2017

Agenda

1) GA Refinancing

- o General Update (OPG / IESO)
 - OPG has shared comments on the FAA letter. OPG advises that it requires the letter for its OPG Board meeting (September 29, 2017)
 - Fees and interest payments during the moratorium period regulations are underdevelopment. OPG advise that these are required when going back to rating agencies. Regulations are tracking to LRC on October 16
 - As part of the IESO/OPG Commercial Agreement process, IESO is working through its role going forward (e.g., recovery of funds, etc). To provide additional security to creditors, IESO is exploring a credit enhancement. IESO/OPG continues to work through details regarding a letter of credit
- o Business Item (OPG/IGS)
 - Items are tracking towards completion in Fall.
- o Provincial Protection and Assurances Agreement (OFA/OPG)
 - Term sheet approved. Final agreement is under development and needs to be finalized before going to market (i.e., November)
- o Fees, Interest Payments and FAA Letter (ENERGY)
 - Fees and interest payment regulations are under development and drafts have been circulated for comments (i.e., to OEB, OPG, IESO, MOF and OFA). Drafts will also be circulated to TBS/OPCD

2) Estimates

- Ministry prepping for questions related to OFHP
- IESO and OPG representative to attend to answer specific questions

3) Other OFHP Initiatives

- o RRRP, OESP and FN (SNAP)
- o Affordability Fund (CRED)

RE_ Rate Mitigation Implementation Meeting - Se...(2).pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Talwar, Shruti \(ENERGY\)](#); [Nelms, Scott \(MOF\)](#); ["jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)](#); ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)"](#); ["Kim Marshall \(Kim.Marshall@ieso.ca\)"](#); [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["CROZZOLI Carlo -CBUSDEV&STRT"](#); [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY"](#); [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#); [Michael Boll](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [MacIntyre, Kyle \(TBS\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca"](#); ["Turnevicius, Lorraine"](#); ["catriona.king@opg.com"](#); [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Feather, Adam \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Edwards, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#); [Katona, Keley \(MOF\)](#)
Subject: RE: Rate Mitigation Implementation Meeting - September 28, 2017
Date: September 28, 2017 9:03:19 PM
Attachments: [Action Items_Sept 28_v2.docx](#)

Hi everyone,

Please find attached the action items from today's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: September 27, 2017 8:03 PM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Sermat-Harding, Kaili (ENERGY) <Kaili.Sermat-Harding@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; "jeffrey.lyash@opg.com" (jeffrey.lyash@opg.com) <jeffrey.lyash@opg.com>; "HARTWICK Ken -FINANCE (ken.hartwick@opg.com)" <ken.hartwick@opg.com>; "Kim Marshall (Kim.Marshall@ieso.ca)" <Kim.Marshall@ieso.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Angus, Helen (TBS) <Helen.Angus@ontario.ca>; Davidson, Steven (CAB) <Steven.Davidson@ontario.ca>; "CROZZOLI Carlo -CBUSDEV&STRT" <carlo.crozzoli@opg.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; "LEE John -TREASURY" <john.s.lee@opg.com>; Hughes, Karen (TBS) <Karen.Hughes@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Michael Boll <Michael.Boll@ieso.ca>
Cc: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>; Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>; Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Baker, Carys (ENERGY) <Carys.Baker@ontario.ca>; MacIntyre, Kyle (TBS) <Kyle.MacIntyre@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Foster, Robert (CAB) <Robert.Foster@ontario.ca>; "jordan.penic@ieso.ca" <jordan.penic@ieso.ca>; "Turnevicius, Lorraine" <lorraine.turnevicius@ieso.ca>; "catriona.king@opg.com" <catriona.king@opg.com>; Bungaro-Yemec, Francesca (ENERGY) <Francesca.Bungaro-Yemec@ontario.ca>; Feather, Adam (ENERGY) <Adam.Feather@ontario.ca>; Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>; Laughton, Patrick (TBS) <Patrick.Laughton@ontario.ca>; David Barrett <david.barrett@ieso.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: Rate Mitigation Implementation Meeting - September 28, 2017

Hi everyone,

Please find attached the material for discussion tomorrow morning.

Thanks,
Martin

Action Items_ Sept 28_v2_1.pdf

Action Items – September 28, 2017

Agenda

1) GA Refinancing

- o General Update (OPG / IESO)
 - OPG has shared comments on the FAA letter. OPG advises that it requires the letter for its OPG Board meeting (September 29, 2017)
 - Fees and interest payments during the moratorium period regulations are underdevelopment. OPG advise that these are required when going back to rating agencies. Regulations are tracking to LRC on October 16
 - As part of the IESO/OPG Commercial Agreement process, IESO is working through its role going forward (e.g., recovery of funds, etc). To provide additional security to creditors, IESO is exploring a credit enhancement. IESO/OPG continues to work through details regarding a letter of credit
- o Business Item (OPG/IGS)
 - Items are tracking towards completion in Fall.
- o Provincial Protection and Assurances Agreement (OFA/OPG)
 - Term sheet approved. Final agreement is under development and needs to be finalized before going to market (i.e., November)
- o Fees, Interest Payments and FAA Letter (ENERGY)
 - Fees and interest payment regulations are under development and drafts have been circulated for comments (i.e., to OEB, OPG, IESO, MOF and OFA). Drafts will also be circulated to TBS/OPCD

2) Estimates

- Ministry prepping for questions related to OFHP
- IESO and OPG representative to attend to answer specific questions

3) Other OFHP Initiatives

- o RRRP, OESP and FN (SNAP)
- o Affordability Fund (CRED)

RE_ Rate Mitigation Implementation Meeting - Se...(3).pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Christie, Tim \(ENERGY\)](#); [Nalasco, Adrian \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [Nelms, Scott \(MOF\)](#); [""jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)";](#) ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)";](#) ["Kim Marshall \(Kim.Marshall@ieso.ca\)";](#) [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["CROZZOLI Carlo -CBUSDEV&STRT";](#) [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY";](#) [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#); [Michael Boll](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [MacIntyre, Kyle \(TBS\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca";](#) ["Turnevicius, Lorraine";](#) ["catriona.king@opg.com";](#) [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Feather, Adam \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Edwards, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#); [Katona, Keley \(MOF\)](#)
Subject: RE: Rate Mitigation Implementation Meeting - September 14, 2017
Date: September 14, 2017 12:24:39 PM
Attachments: [Action Items_Sept 14_v2.docx](#)

Hi everyone,

Attached are the action items from today's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: September 14, 2017 5:47 AM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Nalasco, Adrian (ENERGY) <Adrian.Nalasco@ontario.ca>; Sermat-Harding, Kaili (ENERGY) <Kaili.Sermat-Harding@ontario.ca>; Calwell, Carolyn (ENERGY) <Carolyn.Calwell@ontario.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com) <jeffrey.lyash@opg.com>; 'HARTWICK Ken - FINANCE (ken.hartwick@opg.com)' <ken.hartwick@opg.com>; 'Kim Marshall (Kim.Marshall@ieso.ca)' <Kim.Marshall@ieso.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Angus, Helen (TBS) <Helen.Angus@ontario.ca>; Davidson, Steven (CAB) <Steven.Davidson@ontario.ca>; 'CROZZOLI Carlo -CBUSDEV&STRT' <carlo.crozzoli@opg.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'LEE John -TREASURY' <john.s.lee@opg.com>; Hughes, Karen (TBS) <Karen.Hughes@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Michael Boll <Michael.Boll@ieso.ca>
Cc: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>; Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>; Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Baker, Carys (ENERGY) <Carys.Baker@ontario.ca>; MacIntyre, Kyle (TBS) <Kyle.MacIntyre@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Foster, Robert (CAB) <Robert.Foster@ontario.ca>; 'jordan.penic@ieso.ca' <jordan.penic@ieso.ca>; 'Turnevicius, Lorraine' <lorraine.turnevicius@ieso.ca>; 'catriona.king@opg.com' <catriona.king@opg.com>; Bungaro-Yemec, Francesca (ENERGY) <Francesca.Bungaro-Yemec@ontario.ca>; Feather, Adam (ENERGY) <Adam.Feather@ontario.ca>; Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>; Laughton, Patrick (TBS) <Patrick.Laughton@ontario.ca>; David Barrett <david.barrett@ieso.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: Rate Mitigation Implementation Meeting - September 14, 2017

Hi everyone,

Please find attached the material for discussion this morning.

Thanks,
Martin

Action Items_Sept 14_v2.pdf

Action Items – September 14, 2017

Agenda

1) GA Refinancing

- o General Update (OPG / IESO)
 - OPG Board meeting set up for Sept 27 to seek approval of the structure (materials typically go to the Board a week in advance). OPG will require finals or advanced drafts of the support agreement, FAA model, and fees regulation
 - OPG and IESO continue to work on LOC to protect against LDC defaults, or an alternative of a guarantee, to land for next week
 - A LOC could require a change to the general regulation (could track to Oct 16 LRC)
 - IESO/ENERGY Legal continue discussions on the LOC to flesh out any required regulatory changes
- o Supporting Agreement (OFA/OPG)
 - OPG has indicated that EY doesn't believe the agreement, as currently drafted, will pass the consolidation test.
 - OFA/ENERGY to work with OPG to determine what can be done to address this concern
 - TB/MBC will likely move to Monday Sept 25
- o Business Item (OPG/IGS)
 - Moratorium period will last for until 2022. After that, both interest and principal will flow through CEAs.
 - Treatment of interest during first four years is still not resolved. ENERGY to work with IESO to investigate alternatives to GA.
- o Fees (ENERGY)
 - ENERGY legal is working through latest proposal from OPG and a draft that will not substantially change is needed for Board meeting. Proposal has been shared with OEB but has not yet been formally drafted by legislative counsel.
- o FAA (ENERGY/OPG)
 - Energy and OPG to meet in the next few days to finalize the FAA model with an aim to get the Minister's signature on the FAA letter next Thursday

2) Other OFHP Initiatives

- o RRRP, OESP and FN (SNAP)
 - No updates
- o Affordability Fund (CRED)
 - Trustees are currently meeting on a weekly basis and working towards a soft launch in early October

RE_ Rate Mitigation Implementation Meeting - Se...(4).pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Christie, Tim \(ENERGY\)](#); [Nalasco, Adrian \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [Nelms, Scott \(MOF\)](#); [""jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)";](#) ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)";](#) ["Kim Marshall \(Kim.Marshall@ieso.ca\)";](#) [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["CROZZOLI Carlo -CBUSDEV&STRT";](#) [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY";](#) [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#); [Michael Boll](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [MacIntyre, Kyle \(TBS\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca";](#) ["Turnevicius, Lorraine";](#) ["catriona.king@opg.com";](#) [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Feather, Adam \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Edwards, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#); [Katona, Keley \(MOF\)](#)
Subject: RE: Rate Mitigation Implementation Meeting - September 14, 2017
Date: September 14, 2017 12:24:39 PM
Attachments: [Action Items_Sept 14_v2.docx](#)

Hi everyone,

Attached are the action items from today's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: September 14, 2017 5:47 AM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Nalasco, Adrian (ENERGY) <Adrian.Nalasco@ontario.ca>; Sermat-Harding, Kaili (ENERGY) <Kaili.Sermat-Harding@ontario.ca>; Calwell, Carolyn (ENERGY) <Carolyn.Calwell@ontario.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; 'jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com) <jeffrey.lyash@opg.com>; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)' <ken.hartwick@opg.com>; 'Kim Marshall (Kim.Marshall@ieso.ca)' <Kim.Marshall@ieso.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Angus, Helen (TBS) <Helen.Angus@ontario.ca>; Davidson, Steven (CAB) <Steven.Davidson@ontario.ca>; 'CROZZOLI Carlo -CBUSDEV&STRT' <carlo.crozzoli@opg.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'LEE John -TREASURY' <john.s.lee@opg.com>; Hughes, Karen (TBS) <Karen.Hughes@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Michael Boll <Michael.Boll@ieso.ca>
Cc: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>; Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>; Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Baker, Carys (ENERGY) <Carys.Baker@ontario.ca>; MacIntyre, Kyle (TBS) <Kyle.MacIntyre@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Foster, Robert (CAB) <Robert.Foster@ontario.ca>; 'jordan.penic@ieso.ca' <jordan.penic@ieso.ca>; 'Turnevicius, Lorraine' <lorraine.turnevicius@ieso.ca>; 'catriona.king@opg.com' <catriona.king@opg.com>; Bungaro-Yemec, Francesca (ENERGY) <Francesca.Bungaro-Yemec@ontario.ca>; Feather, Adam (ENERGY) <Adam.Feather@ontario.ca>; Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>; Laughton, Patrick (TBS) <Patrick.Laughton@ontario.ca>; David Barrett <david.barrett@ieso.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: Rate Mitigation Implementation Meeting - September 14, 2017

Hi everyone,

Please find attached the material for discussion this morning.

Thanks,
Martin

Action Items_Sept 14_v2_1.pdf

Action Items – September 14, 2017

Agenda

1) GA Refinancing

- o General Update (OPG / IESO)
 - OPG Board meeting set up for Sept 27 to seek approval of the structure (materials typically go to the Board a week in advance). OPG will require finals or advanced drafts of the support agreement, FAA model, and fees regulation
 - OPG and IESO continue to work on LOC to protect against LDC defaults, or an alternative of a guarantee, to land for next week
 - A LOC could require a change to the general regulation (could track to Oct 16 LRC)
 - IESO/ENERGY Legal continue discussions on the LOC to flesh out any required regulatory changes
- o Supporting Agreement (OFA/OPG)
 - OPG has indicated that EY doesn't believe the agreement, as currently drafted, will pass the consolidation test.
 - OFA/ENERGY to work with OPG to determine what can be done to address this concern
 - TB/MBC will likely move to Monday Sept 25
- o Business Item (OPG/IGS)
 - Moratorium period will last for until 2022. After that, both interest and principal will flow through CEAs.
 - Treatment of interest during first four years is still not resolved. ENERGY to work with IESO to investigate alternatives to GA.
- o Fees (ENERGY)
 - ENERGY legal is working through latest proposal from OPG and a draft that will not substantially change is needed for Board meeting. Proposal has been shared with OEB but has not yet been formally drafted by legislative counsel.
- o FAA (ENERGY/OPG)
 - Energy and OPG to meet in the next few days to finalize the FAA model with an aim to get the Minister's signature on the FAA letter next Thursday

2) Other OFHP Initiatives

- o RRRP, OESP and FN (SNAP)
 - No updates
- o Affordability Fund (CRED)
 - Trustees are currently meeting on a weekly basis and working towards a soft launch in early October

RE_ Rate Mitigation Implementation Meeting - Se....pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Talwar, Shruti \(ENERGY\)](#); [Nelms, Scott \(MOF\)](#); ["jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)](#); ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)"](#); ["Kim Marshall \(Kim.Marshall@ieso.ca\)"](#); [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["CROZZOLI Carlo -CBUSDEV&STRT"](#); [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY"](#); [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#); [Michael Boll](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [MacIntyre, Kyle \(TBS\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca"](#); ["Turnevicius, Lorraine"](#); ["catriona.king@opg.com"](#); [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Feather, Adam \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Edwards, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#); [Katona, Keley \(MOF\)](#)
Subject: RE: Rate Mitigation Implementation Meeting - September 28, 2017
Date: September 28, 2017 9:03:19 PM
Attachments: [Action Items_Sept 28_v2.docx](#)

Hi everyone,

Please find attached the action items from today's meeting.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: September 27, 2017 8:03 PM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Sermat-Harding, Kaili (ENERGY) <Kaili.Sermat-Harding@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; "jeffrey.lyash@opg.com" (jeffrey.lyash@opg.com) <jeffrey.lyash@opg.com>; "HARTWICK Ken -FINANCE (ken.hartwick@opg.com)" <ken.hartwick@opg.com>; "Kim Marshall (Kim.Marshall@ieso.ca)" <Kim.Marshall@ieso.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Angus, Helen (TBS) <Helen.Angus@ontario.ca>; Davidson, Steven (CAB) <Steven.Davidson@ontario.ca>; "CROZZOLI Carlo -CBUSDEV&STRT" <carlo.crozzoli@opg.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; "LEE John -TREASURY" <john.s.lee@opg.com>; Hughes, Karen (TBS) <Karen.Hughes@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Michael Boll <Michael.Boll@ieso.ca>
Cc: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>; Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>; Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Baker, Carys (ENERGY) <Carys.Baker@ontario.ca>; MacIntyre, Kyle (TBS) <Kyle.MacIntyre@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Foster, Robert (CAB) <Robert.Foster@ontario.ca>; "jordan.penic@ieso.ca" <jordan.penic@ieso.ca>; "Turnevicius, Lorraine" <lorraine.turnevicius@ieso.ca>; "catriona.king@opg.com" <catriona.king@opg.com>; Bungaro-Yemec, Francesca (ENERGY) <Francesca.Bungaro-Yemec@ontario.ca>; Feather, Adam (ENERGY) <Adam.Feather@ontario.ca>; Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>; Laughton, Patrick (TBS) <Patrick.Laughton@ontario.ca>; David Barrett <david.barrett@ieso.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: Rate Mitigation Implementation Meeting - September 28, 2017

Hi everyone,

Please find attached the material for discussion tomorrow morning.

Thanks,
Martin

Action Items_ Sept 28_v2_2.pdf

Action Items – September 28, 2017

Agenda

1) GA Refinancing

- o General Update (OPG / IESO)
 - OPG has shared comments on the FAA letter. OPG advises that it requires the letter for its OPG Board meeting (September 29, 2017)
 - Fees and interest payments during the moratorium period regulations are underdevelopment. OPG advise that these are required when going back to rating agencies. Regulations are tracking to LRC on October 16
 - As part of the IESO/OPG Commercial Agreement process, IESO is working through its role going forward (e.g., recovery of funds, etc). To provide additional security to creditors, IESO is exploring a credit enhancement. IESO/OPG continues to work through details regarding a letter of credit
- o Business Item (OPG/IGS)
 - Items are tracking towards completion in Fall.
- o Provincial Protection and Assurances Agreement (OFA/OPG)
 - Term sheet approved. Final agreement is under development and needs to be finalized before going to market (i.e., November)
- o Fees, Interest Payments and FAA Letter (ENERGY)
 - Fees and interest payment regulations are under development and drafts have been circulated for comments (i.e., to OEB, OPG, IESO, MOF and OFA). Drafts will also be circulated to TBS/OPCD

2) Estimates

- Ministry prepping for questions related to OFHP
- IESO and OPG representative to attend to answer specific questions

3) Other OFHP Initiatives

- o RRRP, OESP and FN (SNAP)
- o Affordability Fund (CRED)

Rate Implementation Group meeting -Jan 11.pdf

From: [Hume, Steen \(ENERGY\)](#)
To: [ROWE Jennifer -CORPAFFAIRS](#); Ken.hartwick@opg.com
Cc: [Hilary Cox \(ENERGY\) \(Hilary.Cox@ontario.ca\)](#)
Subject: Rate Implementation Group meeting -Jan 11
Date: January 9, 2018 10:13:00 AM
Attachments: [FHP Trust Timeline \(002\).pdf](#)
[Technical Briefing Ontario Fair Hydro Plan Global Adjustment \(003\).pptx](#)

Happy New Year! Hope you both got some much deserved down time over the holidays.
Here we go 2018!

We have a Rate Implementation Group meeting on Thursday. In speaking with the DMO, we'll likely want to discuss any updates to the FHP Trust Timelines (as outlined in the attached presentation that was used with the Minister before the holidays) and the latest draft of OPG's Technical Briefing deck. I've attached the version that we initially reviewed and discussed in late November. Hopefully we can turn around a updated version of the Technical Briefing deck for circulation on late Wednesday. I imagine that this is still a work in progress.

I'm around if you'd like to chat further.

Steen

(416) 314-6190

FHP Trust Timeline (002).pdf



Fair Hydro Plan Trust Rollout Briefing for Minister of Energy

December 14, 2017

ONTARIO**POWER**
GENERATION



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



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



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



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

Technical Briefing Ontario Fair Hydro Plan Gl.pdf

Technical Briefing Ontario Fair Hydro Plan Global Adjustment Refinancing

January 2017

Ontario's Fair Hydro Plan – Context

- Ontario's Fair Hydro Plan (OFHP) is delivering rate relief to residential consumers, farms, most small businesses, long-term care homes and condominiums.
 - Since 2003, the government has invested nearly \$70 billion in the electricity system, including more than \$37 billion in electricity generation to ensure the system is clean and reliable.
- OFHP is comprised of a series of initiatives, including the refinancing of a portion of Global Adjustment (GA), the shifting of cost recovery for electricity support programs from electricity bills to provincial revenue, and the 8 per cent rebate introduced by the government on January 1, 2017.
- Refinancing the GA, which pays for the bulk of the recent investments in the electricity system, provides significant and immediate rate relief by matching the cost of electricity investments with the expected useful life of the generation that has been built.
 - The majority of the province's electricity generators are under 20-year contracts, and are expected to be able to operate beyond their contract lives.

Ontario's Fair Hydro Plan – Context (cont'd)

- Since the March 2, 2017 OFHP announcement, a number of key milestones have been reached in the implementation of OFHP, including:
 - May 1, 2017: Partial Global Adjustment (GA) refinancing incorporated into the OEB's Regulated Price Plan (RPP) report;
 - June 1, 2017: The Fair Hydro Act, 2017 (FHA) received Royal Assent;
 - June 15, 2017: Regulations to enable new and enhanced electricity social programs and shift associated program cost from the rate-base to tax-base came into effect; and
 - July 1, 2017: The full 25 per cent reduction of electricity bill came into effect on July 1, 2017, including the 8% rebate.
- Ontario Power Generation (OPG) is wholly-owned by the Province of Ontario and produces almost half of the electricity used in Ontario. OPG owns and operates: two nuclear stations, 66 hydroelectric stations, two biomass stations and one thermal station.
- OPG has been working with the government, the Independent Electricity System Operator (IESO), the Ontario Energy Board (OEB) and legal, financial and energy sector third-party experts on the implementation of OFHP.

Role of Ontario Power Generation (OPG)

- The OHFP identified OPG as the Financial Services Manager (FSM) assigned to develop the financing plans and manage the Fair Hydro Plan Trust, which manages the debt obligations associated with GA refinancing.
- OPG has extensive experience in the Ontario energy market, capital markets, regulation and fund management and will ensure that the refinancing will be done in the most efficient and cost-effective manner.
 - In addition to executing hundreds of millions in project financing over the past several years, OPG completed its first bond offering in the Canadian public market with \$500 million unsecured 10-year bonds in October 2017.
 - OPG currently manages approximately \$20 billion in nuclear funds through the Decommissioning Segregated Fund and the Used Fuel Segregated Fund, and \$15 billion in pension funds.
 - OPG has developed solid investor relationships and has a large investor base in the structured finance space for financing Ontario's Fair Hydro Plan (OFHP) initiative.

Fair Hydro Trust

- On November 22, OPG's Board of Directors approved OPG's plan for participation in the Fair Hydro Plan, and to act as the Financial Services Manager.
 - The Fair Hydro Trust was established on [Dec xx 2017]
- Rating agencies have assigned ratings of:
 - Senior Debt: xxx Moody's, yyy DBRS
 - Subordinated Debt: xxx Moody's yyy DBRS
 - Junior Subordinated Debt: xxx Moody's yyy DBRS

Fair Hydro Trust Financing to Date

- To date, [\$1.2 billion] in Global Adjustment payments have been deferred under the Fair Hydro Plan and held by the Independent Electricity System Operator (IESO).
- The Fair Hydro Trust purchased this asset in December, and the purchase was financed as follows:
 - Borrowing by the Trust through a bank syndicate in December, which was refinanced in January by senior debt from capital markets [\$610 million] (51%)
 - Equity injection by the Province [\$530 million] (44%) invested as subordinated debt in the Trust
 - OPG subordinated debt in the Trust [\$60 million] (5%) already raised through the initial borrowing
- [NTD: Placeholder about success/level of interest in the offering]
- For comparison purposes, OPG's debt financing in October 2017 was priced at 3.32%

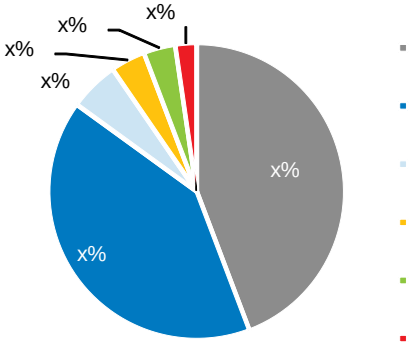
Debt Offering Summary

Do we need this slide or is it just too detailed?

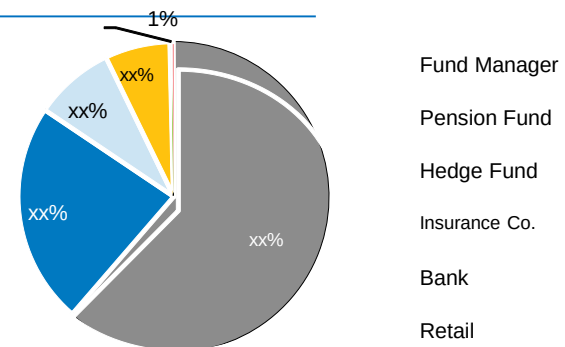
TERMS SUMMARY

Issuer	Fair Hydro Trust .
Pricing Date	xx-Dec 17
Settlement Date	xx-Dec-17
Ratings (DBRS/Moodys)	xxx
Amount	\$xxx million
Coupon	x.xx%
Coupon Dates	xxx and xxx
Maturity Date	x-xxx-xx
Spread vs. Benchmark	+xx bps (credit: +xx bps, curve: +xx bps)
GoC Curve	GoC x.xx% due xx, xxxx GoC x.xx% due xx, xxxx
GoC Benchmark	GoC x.xx% due xx, xxxx
Benchmark Price/ Yield	\$xx.xx / x.xx%
Price	\$xxxx
Yield	x.xxx%
Syndicate	xxxx

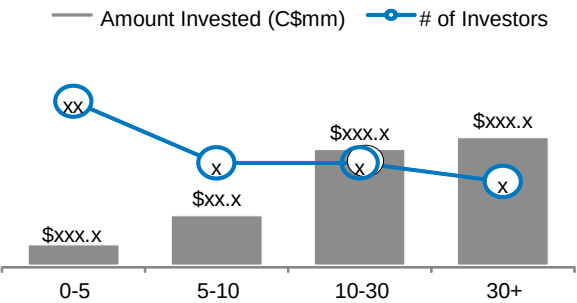
INVESTOR LOCATION



INVESTOR TYPE



ALLOCATION HISTOGRAM⁽¹⁾



1. Co-Lead Agent & Bookrunner.

7

Fair Hydro Trust Financing Moving Forward

- In subsequent months it is expected the Trust will purchase subsequent assets from IESO (approximately \$200 million per month) and raise any required financing.
- A second round of borrowing will take place in [Q2 – 2018] to provide the long term financing for the Trust
- [anything we may want to add about how the program will mature over time]

Reporting

- Due to OPG's ownership and control over the key activities of the Trust, OPG will consolidate the financial results of the Trust in accordance with US GAAP.
- OPG will report the financial results of the Trust's operations in its 2017 annual report and 4th Quarter financial results and will continue to be reported in subsequent financial reports
- The Trust's activities will be reported as a separate segment in OPG's overall results as follows:
 - Regulated – Nuclear Generation
 - Regulated - Hydroelectric
 - Contracted Generation Portfolio
 - Regulated - Nuclear Waste Management
 - Services, Trading, and Other Generation
 - Fair Hydro Trust
- The Trust's financial results will also be reported directly to the Province as OPG's shareholder.

Questions?

Rate Mitigation Implementation Meeting - Decemb...(1).pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [""jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)";](#) ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)";](#) ["Kim Marshall \(Kim.Marshall@ieso.ca\)";](#) [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["CROZZOLI Carlo -CBUSDEV&STRT";](#) [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY";](#) [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#); [Michael Boll](#); ["peter.gregg@ieso.ca";](#) ["ROWE Jennifer -CORPAFFAIRS"](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca";](#) ["catriona.king@opg.com";](#) [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Yordi, Samer \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Edwards, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#); [HAHN PARKER Janet -TREASURY](#); [Christie, Tim \(ENERGY\)](#); [Thouin, Alena \(ENERGY\)](#); [Murray, Maud \(ENERGY/MEDG/MRIS/MOI\)](#)
Subject: Rate Mitigation Implementation Meeting - December 7, 2017
Date: December 6, 2017 5:27:24 PM
Attachments: [Agenda Weekly Rate Mitig Implmentation Group Dec 7.docx](#)
[2017 OFHP Matrix and Outstanding Business Issues - Week of Dec 4 - EPE docx](#)

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

Agenda_Weekly Rate Mitig Implmentation Group__3.pdf

WEEKLY RATE MITIGATION IMPLEMENTATION GROUP

December 7, 2017

Agenda

- 1) GA Refinancing
 - o Provincial Support Agreements (OFA / OPG / ENERGY)
 - o General Business Update (OPG / IESO / ENERGY)
- 2) OPG's Market Activities – Rollout (All)
- 3) Other OFHP Initiatives
 - o RRRP, OESP and FN (SNAP)
 - o Affordability Fund (CRED)

Notes:

2017 OFHP Matrix and Outstanding Business Iss_3.pdf

Implementation of Ontario's Fair Hydro Plan

Week of December 4, 2017

Global Adjustment (GA) Refinancing – Business Issues / Implementation

Issue	Overview	Supporting Documentation	Timing / Next Steps
Provincial Support Agreements	Province to provide contingent supports to enable structure	- Term Sheet - Change of Law Protection Agreement - Change of Law Process Agreement	- MOF / OPG / ENERGY to finalize Protection Agreement and Process Agreement based on Term Sheet approved by TB/CAB Timing / Next Steps: - Agreements to be finalized by mid-December (Note: No later than December 15)
OPG's Financing Plan / Market Activity	OPG, as Financial Services Manager (FSM), to provide a Financing Plan in accordance with legislation, to evaluate the incurrence of funding obligations consistent with the FAA	- Minister's FAA letter to OPG - Financing Plan - Transaction Documents	- OPG has provided another draft of the Financing Plan to ENERGY for review Timing / Next Steps: - Final Financing Plan expected the week of December 11, pending conclusion of rating agency assessment and Ministry of Energy review - Finalization of Transaction Documents in December / January as required (TBD): - December – OPG initial purchase of IESO regulatory asset utilizing warehouse facility - January – OPG to proceed with initial issuance of term debt
Equity Injection	Province to purchase shares of OPG on a monthly basis	- Master Subscription Agreement – Complete - MOU between OFA and Energy – Complete - Notice of Subscription	- Master Share Subscription Agreement and Shareholder resolution signed on November 29 - OFA/ENE MOU will be signed by December 7

Issue	Overview	Supporting Documentation	Timing / Next Steps
		Amendment to Articles Signed – Complete	Timing / Next Steps: First equity injection expected to be completed by December 18
Protocol for Subordinated and Junior Subordinated Debt	OPG will lend the equity injection from the Province to the Trust by way of subordinated debt	- Draft Term Sheet - Debt Loan Arrangement	- OFA has provided comments - OPG to draft Debt Loan Arrangement Timing / Next Steps: - OPG to provide additional details
PILs Exemption	- The beneficiary of the OFHP Trust would be subject to tax under the payments in lieu of taxes (PILs) regime under the <i>Electricity Act, 1998</i> (EA), and would pay PILs to the Ontario Electricity Financial Corporation (OEFC) - Province to mitigate cost to ratepayers by minimizing PILs payable by the Trust beneficiary - A regulation under the EA is required to exempt the beneficiary from PILs	Regulation	- MOF is drafting the regulation Timing / Next Steps: - Regulation expected to proceed to LRC (TBD)
OPG / IESO Commercial Agreement	OPG and IESO to enter in to commercial agreements governing the Financing Entity purchase of the regulatory assets (i.e., the Master Transfer and Servicing Agreement, Security Agreement and Acknowledgement and Indemnity Agreement)		- OPG and IESO working to finalize Agreement - IESO Board has approved delegation of approval for agreements - IESO provided an update to its Board on November 29 Timing / Next Steps: - Agreements to be finalized. - Further changes may be required pending the completion of the rating process

Ontario's Fair Hydro Plan – Implementation Matrix of Other Items

Item	Key Deliverables / Considerations	Timing / Next Steps
1) Broadening Rural or Remote Rate Protection (RRRP) (SNAP)		
ENERGY, LSB and LDCs	<u>Recent Action Items</u> - All LDCs have indicated they have implemented the program - IESO has begun to submit reimbursement claims to the Ministry	- Discussions have begun with OEB over content of cost forecast report, as contemplated in Regulation
2) Expanding Ontario Electricity Support Program (OESP) (SNAP)		
ENERGY, LSB, MCSS and OEB	<u>Recent Action Items</u> - MCSS has begun work to enroll social assistance (SA) clients to OESP, and is directly contacting these clients by phone and letters. The temporary call center is operational and OESP posters and brochures are being distributed to SA offices. - OEB and MCSS are working together on aligning software systems to electronically automate enrollment of SA clients into OESP. Targeting summer 2018 for completion. - The OEB and CRA have reached an agreement to implement an e-signature solution for OESP applications. Work is underway to implement the solution and is expected for Q1 2018. Once completed, the MOU between CRA and MOF will be updated to reflect change. - Ministry is targeting a January 22 – LRC date to proclaim OEBA amendments to shift the OESP to the tax base and to transfer program administration authorities to the Ministry. OESP variance account is expected to deplete in February 2018, and mechanisms to compensate program delivery partners through the tax base needs to be in place for that date. - The Ministry is working with the OEB on knowledge transfer in order to take over program administration in Q1 / Q2 2018. Awaiting feedback from TBS on FTE allocations – the Ministry requested 5 FTEs to support OESP administration through PRRT	- LRC package being developed for proclaiming OEBA provisions and amending OESP regulation for Q1 2018 - Continue to work with OEB to build up the Ministry's knowledge base on administering the OESP

Item	Key Deliverables / Considerations	Timing / Next Steps
3) Providing a First Nations On-Reserve Delivery Credit (SNAP)		
ENERGY and LSB	<u>Recent Action Items</u> - All LDCs have indicated they have implemented the program. - FNDC post card has been distributed to First Nations Band Councils - IESO has begun submitting claims for reimbursement to the Ministry	Receiving regular updates from H1 on enrollment
4) Establishing an Affordability Fund (CRED)		
ENERGY, IGS, LSB, Blakes, CSD, OPCD, TBS, MOF and H1 (KPMG and Osler)	<u>Recent Action Items</u> - October 12 – Soft launch of microsite and 1-800 number - October 24 – Formal announcement in Hamilton involving the Minister of Energy - As of November 16 – 1,634 intake forms submitted; over 1,000 AFT applications sent to Hydro One or the 41 active/pending participating distributors - On Oct. 24 – the Trustees held a webinar with 200 participants to overview program design, walk-through the web site, and answer distributor questions - Next Trustee meetings scheduled for December 14, 2017 - The Trust expects to enter into agreements with interested electricity distributors starting mid to late December 2017 (Hydro One will deliver the program in service areas of those distributors who do not apply)	Fall 2017: - The Trustees are considering the use of Ontario 211 services for the Affordability Fund - The Fund will have an iterative design process to support continuous improvement, and will revisit design elements every 6 months and measures every 3 months - ENERGY has amended the TPA with the Affordability Fund Trust to require use of the Ontario logo in Fund marketing and communications and is waiting for the Trustees to sign - Report back to TB/MBC through the PRRT process with final program details and a performance management framework including outcome measures and targets Early 2018: - ENERGY can apply for additional funds through an in-

Item	Key Deliverables / Considerations	Timing / Next Steps
		year TB submission based on performance and need. Trust term can be extended with amended/new TPA if agreed by Trust
5) Bill Presentment (SNAP/LSB)		
ENERGY	<u>Recent Action Items</u> Ongoing Ministry work re bill presentment	2017-2018 – Bill redesign
6) Expanding ICI (ESP/COMs)		
ENERGY, LSB, IESO and LDCs	<u>Recent Action Items</u> - Ongoing OCC outreach campaign to promote ICI. Ministry finalizing OCC's expansion proposal - Ministry finalizing CME proposal	Quarterly Report Backs re ICI to TBS / MBC
7) Energy Sector Efficiencies (i.e., Ontario Energy Board and IESO) (SNAP / ESP)		
ENERGY, LSB, OEB and IESO	<u>Recent Actions Items</u> Work with agencies ongoing	Continue this work as part of 2017 LTEP implementation

Rate Mitigation Implementation Meeting - Decemb....pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [""jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)";](#) ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)";](#) ["Kim Marshall \(Kim.Marshall@ieso.ca\)";](#) [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["CROZZOLI Carlo -CBUSDEV&STRT";](#) [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY";](#) [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#); [Michael Boll](#); ["peter.gregg@ieso.ca";](#) ["ROWE Jennifer -CORPAFFAIRS"](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca";](#) ["catriona.king@opg.com";](#) [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Yordi, Samer \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Edwards, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#); [HAHN PARKER Janet -TREASURY](#); [Christie, Tim \(ENERGY\)](#); [Thouin, Alena \(ENERGY\)](#); [Murray, Maud \(ENERGY/MEDG/MRIS/MOI\)](#)
Subject: Rate Mitigation Implementation Meeting - December 7, 2017
Date: December 6, 2017 5:27:24 PM
Attachments: [Agenda Weekly Rate Mitig Implmentation Group Dec 7.docx](#)
[2017 OFHP Matrix and Outstanding Business Issues - Week of Dec 4 - EPE docx](#)

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

Agenda_Weekly Rate Mitig Implmentation Group__4.pdf

WEEKLY RATE MITIGATION IMPLEMENTATION GROUP

December 7, 2017

Agenda

- 1) GA Refinancing
 - o Provincial Support Agreements (OFA / OPG / ENERGY)
 - o General Business Update (OPG / IESO / ENERGY)

- 2) OPG's Market Activities – Rollout (All)

- 3) Other OFHP Initiatives
 - o RRRP, OESP and FN (SNAP)
 - o Affordability Fund (CRED)

Notes:

2017 OFHP Matrix and Outstanding Business Iss_4.pdf

Implementation of Ontario's Fair Hydro Plan

Week of December 4, 2017

Global Adjustment (GA) Refinancing – Business Issues / Implementation

Issue	Overview	Supporting Documentation	Timing / Next Steps
Provincial Support Agreements	Province to provide contingent supports to enable structure	- Term Sheet - Change of Law Protection Agreement - Change of Law Process Agreement	- MOF / OPG / ENERGY to finalize Protection Agreement and Process Agreement based on Term Sheet approved by TB/CAB Timing / Next Steps: - Agreements to be finalized by mid-December (Note: No later than December 15)
OPG's Financing Plan / Market Activity	OPG, as Financial Services Manager (FSM), to provide a Financing Plan in accordance with legislation, to evaluate the incurrence of funding obligations consistent with the FAA	- Minister's FAA letter to OPG - Financing Plan - Transaction Documents	- OPG has provided another draft of the Financing Plan to ENERGY for review Timing / Next Steps: - Final Financing Plan expected the week of December 11, pending conclusion of rating agency assessment and Ministry of Energy review - Finalization of Transaction Documents in December / January as required (TBD): - December – OPG initial purchase of IESO regulatory asset utilizing warehouse facility - January – OPG to proceed with initial issuance of term debt
Equity Injection	Province to purchase shares of OPG on a monthly basis	- Master Subscription Agreement – Complete - MOU between OFA and Energy – Complete - Notice of Subscription	- Master Share Subscription Agreement and Shareholder resolution signed on November 29 - OFA/ENE MOU will be signed by December 7

Issue	Overview	Supporting Documentation	Timing / Next Steps
		Amendment to Articles Signed – Complete	Timing / Next Steps: First equity injection expected to be completed by December 18
Protocol for Subordinated and Junior Subordinated Debt	OPG will lend the equity injection from the Province to the Trust by way of subordinated debt	- Draft Term Sheet - Debt Loan Arrangement	- OFA has provided comments - OPG to draft Debt Loan Arrangement Timing / Next Steps: - OPG to provide additional details
PILs Exemption	- The beneficiary of the OFHP Trust would be subject to tax under the payments in lieu of taxes (PILs) regime under the <i>Electricity Act, 1998</i> (EA), and would pay PILs to the Ontario Electricity Financial Corporation (OEFC) - Province to mitigate cost to ratepayers by minimizing PILs payable by the Trust beneficiary - A regulation under the EA is required to exempt the beneficiary from PILs	Regulation	- MOF is drafting the regulation Timing / Next Steps: - Regulation expected to proceed to LRC (TBD)
OPG / IESO Commercial Agreement	OPG and IESO to enter in to commercial agreements governing the Financing Entity purchase of the regulatory assets (i.e., the Master Transfer and Servicing Agreement, Security Agreement and Acknowledgement and Indemnity Agreement)		- OPG and IESO working to finalize Agreement - IESO Board has approved delegation of approval for agreements - IESO provided an update to its Board on November 29 Timing / Next Steps: - Agreements to be finalized. - Further changes may be required pending the completion of the rating process

Ontario's Fair Hydro Plan – Implementation Matrix of Other Items

Item	Key Deliverables / Considerations	Timing / Next Steps
1) Broadening Rural or Remote Rate Protection (RRRP) (SNAP)		
ENERGY, LSB and LDCs	<u>Recent Action Items</u> - All LDCs have indicated they have implemented the program - IESO has begun to submit reimbursement claims to the Ministry	- Discussions have begun with OEB over content of cost forecast report, as contemplated in Regulation
2) Expanding Ontario Electricity Support Program (OESP) (SNAP)		
ENERGY, LSB, MCSS and OEB	<u>Recent Action Items</u> - MCSS has begun work to enroll social assistance (SA) clients to OESP, and is directly contacting these clients by phone and letters. The temporary call center is operational and OESP posters and brochures are being distributed to SA offices. - OEB and MCSS are working together on aligning software systems to electronically automate enrollment of SA clients into OESP. Targeting summer 2018 for completion. - The OEB and CRA have reached an agreement to implement an e-signature solution for OESP applications. Work is underway to implement the solution and is expected for Q1 2018. Once completed, the MOU between CRA and MOF will be updated to reflect change. - Ministry is targeting a January 22 – LRC date to proclaim OEBA amendments to shift the OESP to the tax base and to transfer program administration authorities to the Ministry. OESP variance account is expected to deplete in February 2018, and mechanisms to compensate program delivery partners through the tax base needs to be in place for that date. - The Ministry is working with the OEB on knowledge transfer in order to take over program administration in Q1 / Q2 2018. Awaiting feedback from TBS on FTE allocations – the Ministry requested 5 FTEs to support OESP administration through PRRT	- LRC package being developed for proclaiming OEBA provisions and amending OESP regulation for Q1 2018 - Continue to work with OEB to build up the Ministry's knowledge base on administering the OESP

Item	Key Deliverables / Considerations	Timing / Next Steps
3) Providing a First Nations On-Reserve Delivery Credit (SNAP)		
ENERGY and LSB	<u>Recent Action Items</u> - All LDCs have indicated they have implemented the program. - FNDC post card has been distributed to First Nations Band Councils - IESO has begun submitting claims for reimbursement to the Ministry	Receiving regular updates from H1 on enrollment
4) Establishing an Affordability Fund (CRED)		
ENERGY, IGS, LSB, Blakes, CSD, OPCD, TBS, MOF and H1 (KPMG and Osler)	<u>Recent Action Items</u> - October 12 – Soft launch of microsite and 1-800 number - October 24 – Formal announcement in Hamilton involving the Minister of Energy - As of November 16 – 1,634 intake forms submitted; over 1,000 AFT applications sent to Hydro One or the 41 active/pending participating distributors - On Oct. 24 – the Trustees held a webinar with 200 participants to overview program design, walk-through the web site, and answer distributor questions - Next Trustee meetings scheduled for December 14, 2017 - The Trust expects to enter into agreements with interested electricity distributors starting mid to late December 2017 (Hydro One will deliver the program in service areas of those distributors who do not apply)	Fall 2017: - The Trustees are considering the use of Ontario 211 services for the Affordability Fund - The Fund will have an iterative design process to support continuous improvement, and will revisit design elements every 6 months and measures every 3 months - ENERGY has amended the TPA with the Affordability Fund Trust to require use of the Ontario logo in Fund marketing and communications and is waiting for the Trustees to sign - Report back to TB/MBC through the PRRT process with final program details and a performance management framework including outcome measures and targets Early 2018: - ENERGY can apply for additional funds through an in-

Item	Key Deliverables / Considerations	Timing / Next Steps
		year TB submission based on performance and need. Trust term can be extended with amended/new TPA if agreed by Trust
5) Bill Presentment (SNAP/LSB)		
ENERGY	<u>Recent Action Items</u> Ongoing Ministry work re bill presentment	2017-2018 – Bill redesign
6) Expanding ICI (ESP/COMs)		
ENERGY, LSB, IESO and LDCs	<u>Recent Action Items</u> - Ongoing OCC outreach campaign to promote ICI. Ministry finalizing OCC's expansion proposal - Ministry finalizing CME proposal	Quarterly Report Backs re ICI to TBS / MBC
7) Energy Sector Efficiencies (i.e., Ontario Energy Board and IESO) (SNAP / ESP)		
ENERGY, LSB, OEB and IESO	<u>Recent Actions Items</u> Work with agencies ongoing	Continue this work as part of 2017 LTEP implementation

Rate Mitigation Implementation Meeting - Novemb....pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [Colalillo, Sam \(ENERGY\)](#); [""jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)";](#) ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)";](#) ["Kim Marshall \(Kim.Marshall@ieso.ca\)";](#) [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["CROZZOLI Carlo -CBUSDEV&STRT";](#) [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY";](#) [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#); [Michael Boll](#); ["peter.gregg@ieso.ca"](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca"](#); ["catriona.king@opg.com"](#); [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Yordi, Samer \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Edwards, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#); [HAHN PARKER Janet -TREASURY](#); [Christie, Tim \(ENERGY\)](#); [Thouin, Alena \(ENERGY\)](#); [Ue, Allison \(TBS\)](#)
Subject: Rate Mitigation Implementation Meeting - November 23, 2017
Date: November 22, 2017 7:10:21 PM
Attachments: [2017 OFHP Matrix and Outstanding Business Issues - Week of Nov 20 DOCX_.docx](#)
[Agenda Weekly Rate Mitig Implimentation Group Nov 22.docx](#)
[Technical Briefing Fair Hydro Plan OPG Financing Plan Nov 22.pptx](#)

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,

Martin

2017 OFHP Matrix and Outstanding Business Iss_5.pdf

Implementation of Ontario's Fair Hydro Plan

Week of November 20, 2017

Global Adjustment (GA) Refinancing – Business Issues / Implementation

Issue	Overview	Supporting Documentation	Timing / Next Steps
Provincial Support Agreements	Province to provide contingent supports to enable structure	- Term Sheet - Change of Law Protection Agreement - Change of Law Process Agreement	- MOF / OPG / ENE to finalize Protection Agreement and Process Agreement based on Term Sheet approved by TB/CAB Timing / Next Steps: - Briefing of the ENERGY, MOF and TBS Ministers - Agreements to be finalized in late November or early December
OPG's Financing Plan / Market Activity	OPG, as Financial Services Manager (FSM), to provide a Financing Plan in accordance with legislation, to evaluate the incurrence of funding obligations consistent with the FAA	Minister's FAA letter to OPG	- OPG has provided a draft of the Financing Plan to ENERGY Timing / Next Steps: - OPG Board committee review and approval by the OPG Board (TBD) - OPG initial debt issuance is currently planned to proceed in December (TBD)
Equity Injection	Province to purchase shares of OPG on a monthly basis	- Master Subscription Agreement /MOU between OFA and Energy - Notice of Subscription - Amendment to Articles	- OPG to request Minister's signature on the Shareholder resolution. - OPG/ENE to sign Master Share Subscription Agreement - OFA / ENE to finalize monthly process and sign-off mechanism Timing / Next Steps: - Agreements to be signed by end of November

Issue	Overview	Supporting Documentation	Timing / Next Steps
Subordinated Debt Loan Agreement	OPG will lend the equity injection from the Province to the Trust by way of subordinated debt	- Draft Term Sheet - Debt Loan Arrangement	- OFA to provide comments - OPG to draft Debt Loan Arrangement Timing / Next Steps: - Fall (TBD) - OPG to provide additional details
PILs Exemption	- The beneficiary of the OFHP Trust would be subject to tax under the payments in lieu of taxes (PILs) regime under the <i>Electricity Act, 1998</i> (EA), and would pay PILs to the Ontario Electricity Financial Corporation (OEFC) - Province to mitigate cost to ratepayers by minimizing PILs payable by the Trust beneficiary - A regulation under the EA is required to exempt the beneficiary from PILs - OPG has advised that a comfort letter signed by the Minister is required	- Comfort Letter - Tax Regulation	- MOF is working to complete comfort letter to OPG and to finalize the regulation Timing / Nexts Steps: - Regulation expected to proceed to LRC in December 2017 (TBD)
OPG / IESO Commercial Agreement	OPG and IESO to enter in to commercial agreements governing the Financing Entity purchase of the regulatory assets (i.e., the Master Transfer and Servicing Agreement, Security Agreement and Acknowledgement and Indemnity Agreement)		- OPG and IESO working to finalize Agreement Timing / Next Steps: - The draft commercial agreements to be reviewed by IESO Board on November 22 - Further changes may be required pending the completion of the rating process

Ontario's Fair Hydro Plan – Implementation Matrix of Other Items

Item	Key Deliverables / Considerations	Timing / Next Steps
1) Broadening Rural or Remote Rate Protection (RRRP) (SNAP)		
ENERGY, LSB and LDCs	<u>Recent Action Items</u> - All LDCs have indicated they have implemented the program - IESO has begun to submit reimbursement claims to the Ministry	Discussions have begun with OEB over content of cost forecast report, as contemplated in Regulation
2) Expanding Ontario Electricity Support Program (OESP) (SNAP)		
ENERGY, LSB, MCSS and OEB	<u>Recent Action Items</u> - July 26 TB/MB approval for MCSS to expand FTEs and create team dedicated to OESP enrolment, using funds approved on March 1, 2017 under FHP. Sought 50 FTEs, but only received 20 – MCSS is considering report-back in the fall to ask for more FTEs - OEB and MCSS completed data exchange to identify SA clients currently not enrolled in OESP. Outreach calls began late August, with direct mail-outs in late September. New call centre to be ready to receive calls in October, and MCSS to continue developing software solution for automation over next several months - CRA approval of proposal for e-signatures on OESP applications. OEB is working with service provider to upgrade online application process (November), and CRA will formally accept e-signature process by amending MOU with Ministry of Finance - Ministry is targeting November/December to proclaim OEBA amendments to shift OESP to tax base, along with supporting regulatory amendments - Ministry and OEB have initiated work to transfer OESP to government	- LRC package being developed for proclaiming OEBA provisions and amending OESP regulation; scheduled for December 11 - Continue to work with OEB to build up the Ministry's knowledge base on administering the OESP

Item	Key Deliverables / Considerations	Timing / Next Steps
3) Providing a First Nations On-Reserve Delivery Credit (SNAP)		
ENERGY and LSB	<u>Recent Action Items</u> - All LDCs have indicated they have implemented the program. - FNDC post card has been distributed to First Nations Band Councils - IESO has begun submitting claims for reimbursement to the Ministry	Receiving regular updates from H1 on enrollment
4) Establishing an Affordability Fund (CRED)		
ENERGY, IGS, LSB, Blakes, CSD, OPCD, TBS, MOF and H1 (KPMG and Osler)	<u>Recent Action Items</u> - October 12 – Soft launch of microsite and 1-800 number - October 24 – Formal announcement in Hamilton involving the Minister of Energy - As of Oct. 23 – 66 applications from 6 LDCs processed through the AFT program - On Oct. 24 – the Trustees held a webinar with 200 participants to overview program design, walk-through the web site, and answer distributor questions - Next Trustees meetings are scheduled for November 30 and December 14, 2017 - The Trust expects to enter into agreements with interested electricity distributors starting mid to late December 2017 (Hydro One will deliver the program in service areas of those distributors who do not apply)	Fall 2017: - The Trustees are considering the use of Ontario 211 services for the Affordability Fund - The Fund will have an iterative design process to support continuous improvement, and will revisit design elements every 6 months and measures every 3 months - ENERGY has amended the TPA with the Affordability Fund Trust to require use of the Ontario logo in Fund marketing and communications and is waiting for the Trustees to sign - Report back to TB/MBC through the PRRT process with final program details and a performance management framework including outcome measures and targets Early 2018: - ENERGY can apply for additional funds through an in-

Item	Key Deliverables / Considerations	Timing / Next Steps
		year TB submission based on performance and need. Trust term can be extended with amended/new TPA if agreed by Trust
5) Bill Presentment (SNAP/LSB)		
ENERGY	<u>Recent Action Items</u> Ongoing Ministry work re bill presentment	2017-2018 – Bill redesign
6) Expanding ICI (ESP/COMs)		
ENERGY, LSB, IESO and LDCs	<u>Recent Action Items</u> - Ongoing OCC outreach campaign to promote ICI - Ministry review OCC proposal to expand ICI outreach program - Ongoing outreach with LDCs being undertaken by IESO - CME proposal (TBD)	Quarterly Report Backs re ICI to TBS / MBC
7) Energy Sector Efficiencies (i.e., Ontario Energy Board and IESO) (SNAP / ESP)		
ENERGY, LSB, OEB and IESO	OEB: - Directive / Letter (TBD) <u>Considerations</u> - Signal efficiencies intent in OEB business plan letter - Work with OEB/LDCs on LTEP document and proposed directive to OEB - Mandate Review implementation is an opportunity to reiterate expectations IESO: - Directive / Letter (TBD) <u>Considerations</u> - IESO's stakeholder engagement re Market Renewal is ongoing	Continue this work as part of 2017 LTEP implementation

Agenda_Weekly Rate Mitig Implmentation Group__5.pdf

WEEKLY RATE MITIGATION IMPLEMENTATION GROUP

November 23, 2017

Agenda

- 1) GA Refinancing
 - o General Business Update (OPG / IESO / ENERGY)
 - o Provincial Support Agreement (OFA / OPG / ENERGY)
 - o OPG's Financing Plan / Market Activities (OPG)
- 2) Technical Briefing (All)
- 3) Other OFHP Initiatives
 - o RRRP, OESP and FN (SNAP)
 - o Affordability Fund (CRED)

Notes:

Technical Briefing Fair Hydro Plan OPG Financ_3.pdf



Fair Hydro Plan OPG's Role and Financing Plan Technical Briefing

December, 2017

Confidential and Commercially Sensitive

DRAFT

ONTARIO**POWER**
GENERATION



Role of Ontario Power Generation (OPG) in Global Adjustment Refinancing

- ▶ The *Ontario Fair Hydro Plan Act, 2017*, identifies OPG as the Financial Services Manager (FSM) to develop the financing plans and manage the financing entity (i.e. Fair Hydro Plan Trust) responsible for managing the debt obligations associated with GA refinancing.
 - ▶ OPG has extensive experience and expertise in the Ontario energy market, capital markets, regulation and fund management and will ensure that the refinancing will be done in the most efficient and cost-effective manner.
 - ▶ In addition to executing hundreds of millions in project financing over the past several years, OPG completed its first bond offering in the Canadian public market with \$500 million unsecured 10-year bonds in October 2017.
 - ▶ OPG has established the Trust.
- ▶ OPG currently manages approximately \$20 billion in nuclear funds through the Decommissioning Segregated Fund and the Used Fuel Segregated Fund, and \$15 billion in pension funds.
- ▶ OPG has also developed solid investor relationships and has a large investor base in the structured finance space [NTD: insert target market] for financing Ontario's Fair Hydro Plan (OFHP) initiative. For example, the Lower Mattagami project financing attracted a broad investor base of about 80 institutional investors, including major investors in the Canadian power and utility bonds market.



OPG Recent Financing Activities

- ▶ On September 12, 2017, OPG filed a \$2 billion short form shelf prospectus to facilitate corporate borrowing through a medium term note program over the next two years. The net proceeds from borrowing under this prospectus will be used for general corporate purposes and the financing of OPG's subordinated debt investment in the Fair Hydro Plan
- ▶ In October, OPG issued \$500 million of senior notes payable under the Medium Term Note Program. The notes have a coupon interest rate of 3.32 percent and an effective rate of 3.43 percent, payable semi-annually with a maturity date of October 4, 2027
- ▶ Notes issued exceeded the original OPG target of \$300 million because of the strong reception from investors.



Fair Hydro Trust Financing

- ▶ On November 22, OPG's Board of Directors approved OPG's plan for participation in the Fair Hydro Plan, and to act as the Financial Services Manager.
 - ▶ OPG has established a holding company FHP 2017 Inc. which will own and control the Trust.
- ▶ To date, \$1 billion in Global Adjustment payments have been deferred under the Fair Hydro Plan and held by the Independent Electricity System Operator (IESO).
- ▶ The Fair Hydro Trust purchased this asset in December. The initial \$1 billion in investment assets purchased by the Trust was financed as follows:
 - Borrowing by the Trust through senior debt from capital markets \$510 million (51%)
 - Equity injection by the Province \$440 million (44%) invested as subordinated debt in the Trust
 - OPG subordinated debt in the Trust \$50 million (5%) already raised through the initial borrowing
- ▶ In subsequent months the Trust will make a decision on the purchase of subsequently generated assets (approximately \$200 million per month) and any required financing.
- ▶ A second round of borrowing will take place in Q1 - 2018 to continue managing the refinancing of the Global Adjustment.
- ▶ [NTD: Placeholder about success/level of interest in the offering]



Debt Offering Summary

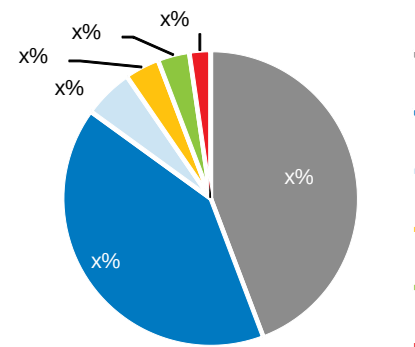
TERMS SUMMARY

Issuer	Fair Hydro Trust .
Pricing Date	xx-Dec 17
Settlement Date	xx-Dec-17
Ratings (DBRS/Moodys)	xxx
Amount	\$xxx million
Coupon	x.xx%
Coupon Dates	xxx and xxx
Maturity Date	x-xxx-xx
Spread vs. Benchmark	+xx bps (credit: +xx bps, curve: +xx bps)
GoC Curve	GoC x.xx% due xx, xxxx GoC x.xx% due xx, xxxx
GoC Benchmark	GoC x.xx% due xx, xxxx
Benchmark Price/ Yield	\$xx.xx / x.xx%
Price	\$xxxx
Yield	x.xxx%

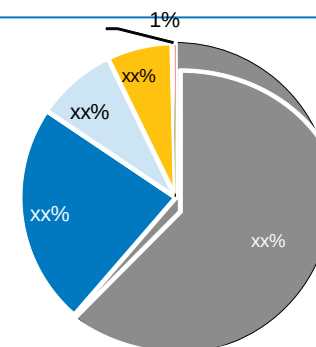
Syndicate

xxxx

INVESTOR LOCATION



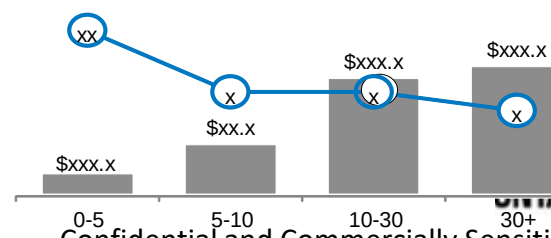
INVESTOR TYPE



Fund Manager
Pension Fund
Hedge Fund
Insurance Co.
Bank
Retail

ALLOCATION HISTOGRAM⁽¹⁾

— Amount Invested (C\$m) — # of Investors



1. Co-Lead Agent & Bookrunner.



Reporting

- ▶ Through OPG's ownership and control over the key activities of the Trust, OPG will consolidate the financial results of the Trust in accordance with US GAAP.
- ▶ OPG will report the financial results of the Trust's operations in its annual report and 4th Quarter financial results. These results will be released by OPG in early March 2018.
- ▶ The Trust's activities will be reported as a separate segment in OPG's overall results as follows:
 - Regulated – Nuclear Generation
 - Regulated - Hydroelectric
 - Contracted Generation Portfolio
 - Regulated - Nuclear Waste Management
 - Services, Trading, and Other Generation
 - Fair Hydro Trust
- ▶ The Trust's financial results will also be reported directly to the Province as OPG's shareholder.

Rate Mitigation Meeting.pdf

From: [Hume, Steen \(ENERGY\)](#)
To: [Schlaepfer, Martin \(ENERGY\)](#)
Cc: [Hilary Cox \(ENERGY\) \(Hilary.Cox@ontario.ca\)](#)
Subject: Rate Mitigation Meeting
Date: November 22, 2017 3:54:00 PM
Attachments: [Agenda Weekly Rate Mitig Implementation Group Nov 22.docx](#)
[Technical Briefing Fair Hydro Plan OPG Financing Plan Nov 22.pptx](#)

Hi Martin: attached is a proposed agenda and OPG's Technical Briefing presentation.

We're still waiting for the other Divisions' feedback on the Business Items and OFHP Matrix.

We'll send that along when it comes in.

I have to run to a personal appointment and will be off-line for an hour.

Thanks, Steen

Agenda_Weekly Rate Mitig Implmentation Group__6.pdf

WEEKLY RATE MITIGATION IMPLEMENTATION GROUP

November 22, 2017

Agenda

- 1) GA Refinancing
 - o General Business Update (OPG / IESO / ENERGY)
 - o Provincial Support Agreement (OFA / OPG / ENERGY)
 - o OPG's Financing Plan / Market Activities (OPG)

- 2) Technical Briefing (All)

- 3) Other OFHP Initiatives
 - o RRRP, OESP and FN (SNAP)
 - o Affordability Fund (CRED)

Notes:

Technical Briefing Fair Hydro Plan OPG Financ_4.pdf



Fair Hydro Plan OPG's Role and Financing Plan Technical Briefing

December, 2017

Confidential and Commercially Sensitive

DRAFT

ONTARIO**POWER**
GENERATION



Role of Ontario Power Generation (OPG) in Global Adjustment Refinancing

- ▶ The *Ontario Fair Hydro Plan Act, 2017*, identifies OPG as the Financial Services Manager (FSM) to develop the financing plans and manage the financing entity (i.e. Fair Hydro Plan Trust) responsible for managing the debt obligations associated with GA refinancing.
 - ▶ OPG has extensive experience and expertise in the Ontario energy market, capital markets, regulation and fund management and will ensure that the refinancing will be done in the most efficient and cost-effective manner.
 - ▶ In addition to executing hundreds of millions in project financing over the past several years, OPG completed its first bond offering in the Canadian public market with \$500 million unsecured 10-year bonds in October 2017.
 - ▶ OPG has established the Trust.
- ▶ OPG currently manages approximately \$20 billion in nuclear funds through the Decommissioning Segregated Fund and the Used Fuel Segregated Fund, and \$15 billion in pension funds.
- ▶ OPG has also developed solid investor relationships and has a large investor base in the structured finance space [NTD: insert target market] for financing Ontario's Fair Hydro Plan (OFHP) initiative. For example, the Lower Mattagami project financing attracted a broad investor base of about 80 institutional investors, including major investors in the Canadian power and utility bonds market.



OPG Recent Financing Activities

- ▶ On September 12, 2017, OPG filed a \$2 billion short form shelf prospectus to facilitate corporate borrowing through a medium term note program over the next two years. The net proceeds from borrowing under this prospectus will be used for general corporate purposes and the financing of OPG's subordinated debt investment in the Fair Hydro Plan
- ▶ In October, OPG issued \$500 million of senior notes payable under the Medium Term Note Program. The notes have a coupon interest rate of 3.32 percent and an effective rate of 3.43 percent, payable semi-annually with a maturity date of October 4, 2027
- ▶ Notes issued exceeded the original OPG target of \$300 million because of the strong reception from investors.



Fair Hydro Trust Financing

- ▶ On November 22, OPG's Board of Directors approved OPG's plan for participation in the Fair Hydro Plan, and to act as the Financial Services Manager.
 - ▶ OPG has established a holding company FHP 2017 Inc. which will own and control the Trust.
- ▶ To date, \$1 billion in Global Adjustment payments have been deferred under the Fair Hydro Plan and held by the Independent Electricity System Operator (IESO).
- ▶ The Fair Hydro Trust purchased this asset in December. The initial \$1 billion in investment assets purchased by the Trust was financed as follows:
 - Borrowing by the Trust through senior debt from capital markets \$510 million (51%)
 - Equity injection by the Province \$440 million (44%) invested as subordinated debt in the Trust
 - OPG subordinated debt in the Trust \$50 million (5%) already raised through the initial borrowing
- ▶ In subsequent months the Trust will make a decision on the purchase of subsequently generated assets (approximately \$200 million per month) and any required financing.
- ▶ A second round of borrowing will take place in Q1 - 2018 to continue managing the refinancing of the Global Adjustment.
- ▶ [NTD: Placeholder about success/level of interest in the offering]



Debt Offering Summary

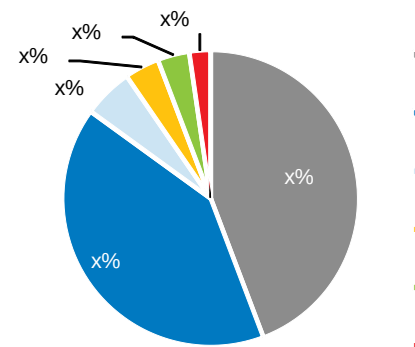
TERMS SUMMARY

Issuer	Fair Hydro Trust .
Pricing Date	xx-Dec 17
Settlement Date	xx-Dec-17
Ratings (DBRS/Moodys)	xxx
Amount	\$xxx million
Coupon	x.xx%
Coupon Dates	xxx and xxx
Maturity Date	x-xxx-xx
Spread vs. Benchmark	+xx bps (credit: +xx bps, curve: +xx bps)
GoC Curve	GoC x.xx% due xx, xxxx GoC x.xx% due xx, xxxx
GoC Benchmark	GoC x.xx% due xx, xxxx
Benchmark Price/ Yield	\$xx.xx / x.xx%
Price	\$xxxx
Yield	x.xxx%

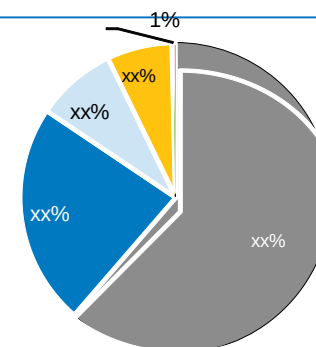
Syndicate

xxxx

INVESTOR LOCATION



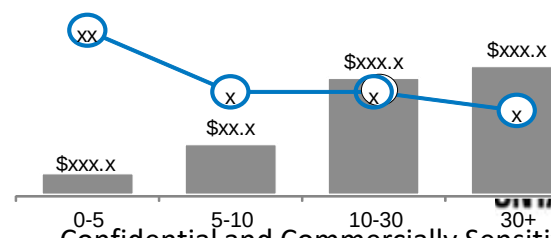
INVESTOR TYPE



Fund Manager
Pension Fund
Hedge Fund
Insurance Co.
Bank
Retail

ALLOCATION HISTOGRAM⁽¹⁾

— Amount Invested (C\$m) — # of Investors



1. Co-Lead Agent & Bookrunner.



Reporting

- ▶ Through OPG's ownership and control over the key activities of the Trust, OPG will consolidate the financial results of the Trust in accordance with US GAAP.
- ▶ OPG will report the financial results of the Trust's operations in its annual report and 4th Quarter financial results. These results will be released by OPG in early March 2018.
- ▶ The Trust's activities will be reported as a separate segment in OPG's overall results as follows:
 - Regulated – Nuclear Generation
 - Regulated - Hydroelectric
 - Contracted Generation Portfolio
 - Regulated - Nuclear Waste Management
 - Services, Trading, and Other Generation
 - Fair Hydro Trust
- ▶ The Trust's financial results will also be reported directly to the Province as OPG's shareholder.

Re_ Rate Mitigation Implementation Meeting - De...(1)_1.pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [""jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)"; "HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)"; "Kim Marshall \(Kim.Marshall@ieso.ca\)"; Thompson, Scott \(MOF\); Angus, Helen \(TBS\); Davidson, Steven \(CAB\); "CROZZOLI Carlo -CBUSDEV&STRT"; Mayman, Gadi \(OFA\); "LEE John -TREASURY"; Hughes, Karen \(TBS\); Veinot, Cindy \(TBS\); Michael Boll; "peter.gregg@ieso.ca"; "ROWE Jennifer -CORPAFFAIRS"](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca"; "catriona.king@opg.com"; Bungaro-Yemec, Francesca \(ENERGY\); Yordi, Samer \(ENERGY\); Cox, Hilary \(ENERGY\); Edwards, Matthew \(ENERGY\); Laughton, Patrick \(TBS\); David Barrett; HAHN PARKER Janet -TREASURY; Christie, Tim \(ENERGY\); Thouin, Alena \(ENERGY\); Murray, Maud \(ENERGY/MEDG/MRIS/MOI\)](#)
Subject: Re: Rate Mitigation Implementation Meeting - December 7, 2017
Date: December 6, 2017 8:13:06 PM
Attachments: [Fair Hydro Plan Summary Timeline R3.docx](#)

Hi everyone,

Attached is a timeline from OPG for tomorrow's briefing.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: Wednesday, December 6, 2017 5:27 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Calwell, Carolyn (ENERGY); [""jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)"; "HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)"; "Kim Marshall \(Kim.Marshall@ieso.ca\)"; Thompson, Scott \(MOF\); Angus, Helen \(TBS\); Davidson, Steven \(CAB\); "CROZZOLI Carlo -CBUSDEV&STRT"; Mayman, Gadi \(OFA\); "LEE John -TREASURY"; Hughes, Karen \(TBS\); Veinot, Cindy \(TBS\); Michael Boll; "peter.gregg@ieso.ca"; "ROWE Jennifer -CORPAFFAIRS"](#)
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); McLean, David (MOF); Foster, Robert (CAB); ["jordan.penic@ieso.ca"; "catriona.king@opg.com"; Bungaro-Yemec, Francesca \(ENERGY\); Yordi, Samer \(ENERGY\); Cox, Hilary \(ENERGY\); Edwards, Matthew \(ENERGY\); Laughton, Patrick \(TBS\); David Barrett; HAHN PARKER Janet -TREASURY; Christie, Tim \(ENERGY\); Thouin, Alena \(ENERGY\); Murray, Maud \(ENERGY/MEDG/MRIS/MOI\)](#)
Subject: Rate Mitigation Implementation Meeting - December 7, 2017

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

Fair Hydro Plan Summary Timeline R3.pdf

Fair Hydro Plan Trust Summary Timeline

Activity	Timing	Confidentiality	Comments
Trust established	Week of Dec. 11	Confidential	Legal documents are 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).
Announce transaction and provide marketing material	Week of Jan. 22	Publicly Available	This is a key time. 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.
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.
OPG Issues 2017 financial report	Week of March 5	Publicly Disclosed	The Trust will be reported in OPG's Q4 financial report. OPG issues a press release and financial information is filed with the Ontario Securities Commission.
Second tranche of debt issued and asset purchased from IESO	March 2018	Confidential	Plans are a second public issue will be done prior to the Province's fiscal year end of March 31.

Re_ Rate Mitigation Implementation Meeting - De...(2)_1.pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [""jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)"; "HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)"; "Kim Marshall \(Kim.Marshall@ieso.ca\)"; Thompson, Scott \(MOF\); Angus, Helen \(TBS\); Davidson, Steven \(CAB\); "CROZZOLI Carlo -CBUSDEV&STRT"; Mayman, Gadi \(OFA\); "LEE John -TREASURY"; Hughes, Karen \(TBS\); Veinot, Cindy \(TBS\); Michael Boll; "peter.gregg@ieso.ca"; "ROWE Jennifer -CORPAFFAIRS"](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca"; "catriona.king@opg.com"; Bungaro-Yemec, Francesca \(ENERGY\); Yordi, Samer \(ENERGY\); Cox, Hilary \(ENERGY\); Edwards, Matthew \(ENERGY\); Laughton, Patrick \(TBS\); David Barrett; HAHN PARKER Janet -TREASURY; Christie, Tim \(ENERGY\); Thouin, Alena \(ENERGY\); Murray, Maud \(ENERGY/MEDG/MRIS/MOI\)](#)
Subject: Re: Rate Mitigation Implementation Meeting - December 7, 2017
Date: December 6, 2017 8:13:06 PM
Attachments: [Fair Hydro Plan Summary Timeline R3.docx](#)

Hi everyone,

Attached is a timeline from OPG for tomorrow's briefing.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: Wednesday, December 6, 2017 5:27 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Calwell, Carolyn (ENERGY); [""jeffrey.lyash@opg.com" \(jeffrey.lyash@opg.com\)"; "HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)"; "Kim Marshall \(Kim.Marshall@ieso.ca\)"; Thompson, Scott \(MOF\); Angus, Helen \(TBS\); Davidson, Steven \(CAB\); "CROZZOLI Carlo -CBUSDEV&STRT"; Mayman, Gadi \(OFA\); "LEE John -TREASURY"; Hughes, Karen \(TBS\); Veinot, Cindy \(TBS\); Michael Boll; "peter.gregg@ieso.ca"; "ROWE Jennifer -CORPAFFAIRS"](#)
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); McLean, David (MOF); Foster, Robert (CAB); ["jordan.penic@ieso.ca"; "catriona.king@opg.com"; Bungaro-Yemec, Francesca \(ENERGY\); Yordi, Samer \(ENERGY\); Cox, Hilary \(ENERGY\); Edwards, Matthew \(ENERGY\); Laughton, Patrick \(TBS\); David Barrett; HAHN PARKER Janet -TREASURY; Christie, Tim \(ENERGY\); Thouin, Alena \(ENERGY\); Murray, Maud \(ENERGY/MEDG/MRIS/MOI\)](#)
Subject: Rate Mitigation Implementation Meeting - December 7, 2017

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

Fair Hydro Plan Summary Timeline R3_1.pdf

Fair Hydro Plan Trust Summary Timeline

Activity	Timing	Confidentiality	Comments
Trust established	Week of Dec. 11	Confidential	Legal documents are 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).
Announce transaction and provide marketing material	Week of Jan. 22	Publicly Available	This is a key time. 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.
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.
OPG Issues 2017 financial report	Week of March 5	Publicly Disclosed	The Trust will be reported in OPG's Q4 financial report. OPG issues a press release and financial information is filed with the Ontario Securities Commission.
Second tranche of debt issued and asset purchased from IESO	March 2018	Confidential	Plans are a second public issue will be done prior to the Province's fiscal year end of March 31.

Re_Rate Mitigation Implementation Meeting - De..._1.pdf

From: [Schlaepfer, Martin \(ENERGY\)](#)
To: [Hume, Steen \(ENERGY\)](#); [Sermat-Harding, Kaili \(ENERGY\)](#); [Calwell, Carolyn \(ENERGY\)](#); [""jeffrey.lyash@opg.com"](#) ([jeffrey.lyash@opg.com](#)); ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)"](#); ["Kim Marshall \(Kim.Marshall@ieso.ca\)"](#); [Thompson, Scott \(MOF\)](#); [Angus, Helen \(TBS\)](#); [Davidson, Steven \(CAB\)](#); ["CROZZOLI Carlo -CBUSDEV&STRT"](#); [Mayman, Gadi \(OFA\)](#); ["LEE John -TREASURY"](#); [Hughes, Karen \(TBS\)](#); [Veinot, Cindy \(TBS\)](#); [Michael Boll](#); ["peter.gregg@ieso.ca"](#); ["ROWE Jennifer -CORPAFFAIRS"](#)
Cc: [Imbrogno, Serge \(ENERGY\)](#); [Teliszewsky, Andrew \(ENERGY\)](#); [Whittington, Matt \(ENERGY\)](#); [Baker, Carys \(ENERGY\)](#); [McLean, David \(MOF\)](#); [Foster, Robert \(CAB\)](#); ["jordan.penic@ieso.ca"](#); ["catriona.king@opg.com"](#); [Bungaro-Yemec, Francesca \(ENERGY\)](#); [Yordi, Samer \(ENERGY\)](#); [Cox, Hilary \(ENERGY\)](#); [Edwards, Matthew \(ENERGY\)](#); [Laughton, Patrick \(TBS\)](#); [David Barrett](#); [HAHN PARKER Janet -TREASURY](#); [Christie, Tim \(ENERGY\)](#); [Thouin, Alena \(ENERGY\)](#); [Murray, Maud \(ENERGY/MEDG/MRIS/MOI\)](#)
Subject: Re: Rate Mitigation Implementation Meeting - December 7, 2017
Date: December 6, 2017 8:13:06 PM
Attachments: [Fair Hydro Plan Summary Timeline R3.docx](#)

Hi everyone,

Attached is a timeline from OPG for tomorrow's briefing.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: Wednesday, December 6, 2017 5:27 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Calwell, Carolyn (ENERGY); [""jeffrey.lyash@opg.com"](#) ([jeffrey.lyash@opg.com](#)); ["HARTWICK Ken -FINANCE \(ken.hartwick@opg.com\)"](#); ["Kim Marshall \(Kim.Marshall@ieso.ca\)"](#); Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); ["CROZZOLI Carlo -CBUSDEV&STRT"](#); Mayman, Gadi (OFA); ["LEE John -TREASURY"](#); Hughes, Karen (TBS); Veinot, Cindy (TBS); Michael Boll; ["peter.gregg@ieso.ca"](#); ["ROWE Jennifer -CORPAFFAIRS"](#)
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); McLean, David (MOF); Foster, Robert (CAB); ["jordan.penic@ieso.ca"](#); ["catriona.king@opg.com"](#); Bungaro-Yemec, Francesca (ENERGY); Yordi, Samer (ENERGY); Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Laughton, Patrick (TBS); David Barrett; HAHN PARKER Janet - TREASURY; Christie, Tim (ENERGY); Thouin, Alena (ENERGY); Murray, Maud (ENERGY/MEDG/MRIS/MOI)
Subject: Rate Mitigation Implementation Meeting - December 7, 2017

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

Fair Hydro Plan Summary Timeline R3_2.pdf

Fair Hydro Plan Trust Summary Timeline

Activity	Timing	Confidentiality	Comments
Trust established	Week of Dec. 11	Confidential	Legal documents are 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).
Announce transaction and provide marketing material	Week of Jan. 22	Publicly Available	This is a key time. 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.
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.
OPG Issues 2017 financial report	Week of March 5	Publicly Disclosed	The Trust will be reported in OPG's Q4 financial report. OPG issues a press release and financial information is filed with the Ontario Securities Commission.
Second tranche of debt issued and asset purchased from IESO	March 2018	Confidential	Plans are a second public issue will be done prior to the Province's fiscal year end of March 31.

call with Blakes .pdf

From: [Murray, Maud \(ENERGY\)](#)
To: [Rehob, James \(ENERGY\)](#); [Thouin, Alena \(ENERGY\)](#); [McKinlay, Tom \(ENERGY\)](#); [Huang, Jackson \(MEDG/MRIS\)](#)
Subject: call with Blakes
Date: October 5, 2017 5:11:00 PM

Hi Everyone,

We are trying to set up a call with Blakes tomorrow to discuss the Navigant report and related issues. Can you please let me know what times don't work for you tomorrow?

Thanks,
Maud