Action Items - November 23.pdf

From:	Schlaepfer, Martin (ENERGY)
To:	Hume, Steen (ENERGY); Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Christie, Tim (ENERGY); Chander, Sunita (ENERGY); Colalillo, Sam (ENERGY)
Subject:	Action Items - November 23
Date:	November 23, 2017 9:26:00 AM
Attachments:	Action Items_Nov 23.docx

Hi Folks,

Attached are today's action items. Please let me know if you have any edits/concerns.

Thanks,
Martin

Martin Schlaepfer
Director of Operations
Deputy Minister's Office
Ministry of Energy
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Action Items_Nov 23.pdf

Action Items
November 23, 2017

1) GA Refinancing
   - General Business Update (OPG / IESO / ENERGY)
     - OPG to provide shareholder resolution for Minister of Energy's signature
     - OPG to share protocol agreement with Energy
     - MOF to draft comfort letter and possible regulation (either LGIC or Minister's reg)
     - IESO Board approved delelgation of approval for commercial agreements – expected to finalize by end of next week
     - IESO to provide update to Board next Wednesday
   - Provincial Support Agreement (OFA / OPG / ENERGY)
     - Need to finalize wording between legal counsels
     - Need to jointly brief Ministers' of Finance, Energy and President of TB – next week or early the following week – MO will aim for Thursday, Nov 30th or Monday, Dec 4th
     - OPG to determine with legal counsel who would need to sign
   - OPG's Financing Plan / Market Activities (OPG)
     - OPG Chair to send a letter to Minister with financing plan
     - Aiming to hit the market early December, as this would need to be finalized before December 15th
     - 2 pathways: 1) go to market prior to December 15 or 2) address warehouse issue then go to market in New Year – possibly 2nd week of Jan – (will know best pathway next week)
       - Once determined, if not going in December, then this issue whould be addressed at the join Ministers' briefing next week on the Provincial Support Agreement

2) Technical Briefing (All)
   - Technical Briefing in December will be determined based on whether or not OPG goes to market in December
   - Presentation needs to be put in plain language and needs to be higher level
   - Presentation also needs a couple of context slides up front
   - Presentation is aimed at providing a conclusion to the process (i.e., bookending the process)

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

Action Items Dec 7.pdf

From:	Schlaepfer, Martin (ENERGY)
To:	Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Christie, Tim (ENERGY); Thouin, Alena (ENERGY); Talwar, Shruti (ENERGY)
Subject:	Action Items Dec 7
Date:	December 7, 2017 9:25:00 AM
Attachments:	Action Items_Dec 7.docx

Hi everyone,

Attached are the action items. Please let me know if you have any edits / concerns.

Thanks,
Martin

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Action Items_Dec 7_1.pdf

Action Items
December 7, 2017

<u>Agenda</u>

1) GA Refinancing
    - 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
    - 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 provided updated memo
        - OPG to share with TBS documentation provided to EY for review
        - OPG finacing plan – to be presented at Minister's briefing on the 14th
        - PILs exemption – MOF drafting Minister's reg
        - Commercial agreements between IESO and OPG finalized – IESO to prepare one pager for Minister's briefing on 14th

2) OPG's Market Activities – Rollout (All)
    - OPG anticipates going to market 3 to 4 times in 2018

3) Other OFHP Initiatives
    - RRRP, OESP and FN (SNAP)
        - Look at options around resources for transferring the OESP to province
    - Affordability Fund (CRED)
        - Implementation agreement near finalized - about 45 LDCs have signaled intent to launch programs and an additional 5 are interested
        - Turstees are concerned about implications of HAP program changes on the Affordability Fund
        - Affordability Fund briefing on the week of 18th, including IESO

Action Items.pdf

From:	Schlaepfer, Martin (ENERGY)
To:	Hume, Steen (ENERGY); Murray, Maud (ENERGY); Thouin, Alena (ENERGY); Christie, Tim (ENERGY); Chander, Sunita (ENERGY); Talwar, Shruti (ENERGY)
Cc:	Nelms, Scott (MOF); Katona, Keley (MOF)
Subject:	Action Items
Date:	September 28, 2017 9:12:00 AM
Attachments:	Action Items_ Sept 28.docx

Hi Folks,

Attached are the action items from today's meeting. Please let me know if you have any comments or edits.

Thanks,
Martin

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Action Items_ Sept 28.pdf

Action Items – September 28, 2017

Agenda

1) GA Refinancing
    - General Update (OPG / IESO)
        - OPG has shared comments with Ministry on FAA letter
        - Fees regulation underdevelopment and required when going back to rating agencies
        - Moritorium period regulation also required when going back to rating agencies
            - Regulations tracking to Oct 16 LRC
        - IESO is working through their role going forward
        - IESO is working to provide security to creditors to enhance credit worthiness
        - IESO continues to work through details of LOC
    - Business Item (OPG/IGS)
        - Items are tracking towards completition in Fall
    - Provincial Protection and Assurances Agreement (OFA/OPG)
        - Term sheet approved and now needs to be turned into an agreement before going to market
    - Fees, Interest Payments and FAA Letter (ENERGY)
        - Fees regulation has been drafted and OEB, OPG, and the OFA continue to provide comments
        - Interest payment regulation continues to be worked through
        - FAA letter required before OPG Board meeting

2) Estimates
    - Ministry prepping for questions related to OFHP
    - IESO and OPG reps to attend to answer specifc questions

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

Notes:

Action Items_Aug 24.pdf

From: Schlaepfer, Martin (ENERGY)
To: Nelms, Scott (MOF); Sermat-Harding, Kaili (ENERGY); Chander, Sunita (ENERGY); Hume, Steen (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI); Cayley, Daniel (ENERGY)
Subject: Action Items_Aug 24
Date: August 24, 2017 9:25:00 AM
Attachments: Action Items_Aug 24.docx

Hi everyone,

Attached are today's action items. Please let me know if you have any edits/comments.

Thanks,
Martin

Action Items_Aug 24_1.pdf

Action Items – August 24, 2017

1) GA Refinancing
    - General Update (OPG / IESO)
        - Ministry tracking Fair Allocation letter for week of September 11, but further converstaions with OPG are needed
        - Ministry/OPG to look into mechanism (regulatory line) to pay interest and expenses through GA after the four year moratorium
    - 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
        - 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)
    - 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
    - RRRP, OESP and FN (SNAP)
        - LDCs have submitted invoices to ministry
    - Affordability Fund (CRED)
        - Trustees to brief Ministry on Monday

Action Items_Dec 7.pdf

From:	Hume, Steen (ENERGY)
To:	Schlaepfer, Martin (ENERGY)
Cc:	Cox, Hilary (ENERGY); Sermat-Harding, Kaili (ENERGY); Christie, Tim (ENERGY); Thouin, Alena (ENERGY); Talwar, Shruti (ENERGY)
Subject:	Action Items_Dec 7
Date:	December 7, 2017 5:48:08 PM
Attachments:	Action Items_Dec 7.docx

Hi Martin: attached are ESPD's edits (tracked).

Have a good evening.   Steen

Action Items_Dec 7_1_1.pdf

Action Items
December 7, 2017

Agenda

1) GA Refinancing
   - 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

   - 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 provided updated accounting memo to OPG
     - OPG to share with TBS documentation provided to EY for review
     - OPG finacing plan – to be presented by OPG at Minister's briefing on ~~the~~ Decemeber 14th
     - PILs exemption – MOF drafting Minister's regulation ~~reg~~
     - 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
   - RRRP, OESP and FN (SNAP)
     - Look at options around resources for transferring the OESP to province

   - Affordability Fund (CRED)
     - Implementation agreement near finalized – about 45 LDCs have signaled intent to deliver the ~~launch~~ program~~s~~ and an additional 5 are interested
     - T~~u~~rustees are concerned about implications of HAP program changes on the Affordability Fund
     - Affordability Fund briefing to be scheduled for ~~on~~ the week of December 18th, including IESO

FW_ Business Issues.pdf

From:	Cox, Hilary (ENERGY)
To:	Hume, Steen (ENERGY)
Subject:	FW: Business Issues
Date:	August 25, 2017 4:38:00 PM
Attachments:	2017 Outstanding Business Issues - Week of Aug 21 - updates.docx

Hi Steen –

Revised business issues list for next week's OFHP meetings.

HC

2017 Outstanding Business Issues - Week of A.pdf

Outstanding Business Issues – Ontario Fair Hydro Plan

Issue	Overview	Supporting Documentation	Next Steps
Guarantees	• Province to provide contingent supports to enable structure	• Draft Term Sheet • Performance Guarantee • Service Guarantee	• OPG/MOF/ENE to discuss respective comments on the term sheet • ENE/MOF tracking to TB in September for approval **Timing:** Sept 26 TB/MBC
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 / Energy to determine required monthly process and sign-off mechanism **Timing**: Late Sept/Early Oct
PILs Exemption	• Province to mitigate cost to ratepayers by minimizing PILs payable by OPG financing vehicle	• Tax Regulation	• MOF legal to draft comfort letter and regulation **Timing:** Regulation by fall
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**: late Sept
OEB Rate & Fees	• OPG is allowed to charge a management fee for its services made up of 1)base fee and 2) performance fee	• Draft Base Fee framework • Draft Performance Fee framework • Regulation	• OPG, ENE and OFA to determine role of OEB in determining fees OPG charges **Timing**: Regulation by the fall

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

From:	Cox, Hilary (ENERGY)
To:	Yordi, Samer (ENERGY); Edwards, Matthew (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Montgomery, Kaitlin (MOF); Katona, Keley (MOF)
Subject:	FW: By Wednesday at 3 pm -Rate Mitigation Implementation Meeting
Date:	November 21, 2017 1:18:39 PM
Attachments:	Action Items_ Nov 1_v2.docx 20171109_OFHP_Update_for_Minister_EPE_ Clean.pptx 2017 OHHP Martix and Outstanding Business Issues - Week of Nov 20.DOCX.....docx

Hi All –

Slight change of plan – Steen would like us to update a merged OFHP Matrix/Business Issues list – template attached. Keley, I understand that Energy will now be functioning as the point person on getting business issues updates from MOF? Please confirm and I will action out the business issues for updating by divisions here.

HC

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
   - 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
   - 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
   - Commercial Agreement (OPG/ IESO)
     - Work ongoing between OPG and IESO

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

20171109_OFHP_Update_for_Minister_EPE_ Clean.pdf

Ontario

MINISTRY OF
ENERGY

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 ~~t~~o 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.

1. OEB calculates the "monthly base distribution charge" cohort of LDCs using 2017 rates.
2. OEB sets Maximum Charge using the lowest "monthly based distribution charge" from the cohort.
3. Cohort LDCs charge eligible customers up to the maximum charge for base distribution.
4. LDCs recover approved distribution costs above the maximum charge from the tax base.

- 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:

Pre-July 1, 2017
OFHP Bill Inserts

- Requirement for LDCs to issue "8% rebate" envelopes and include "8% rebate" on-bill messaging revoked from O. Reg. 364/16.
- LDCs voluntarily issued OFHP bill inserts in June ahead of finalized OFHP regulations (bill inserts printed by ENERGY).

July 1, 2017
OFHP Required Messaging

- OFHP regulations introduced requiring LDCs to comply with the following by July 1st:

1. Issue OFHP bill inserts on a quarterly basis for one year;
2. Include OFHP on-bill messaging;
3. Include a FNDC line item, where applicable; and
4. Remove outdated on-bill messaging (e.g., DRC).

- Hydro One exempted from specified OFHP invoicing requirements and O. Reg. 275/04.

Aug. – Oct. 2017
RAP Consultations

- ENERGY to convene a RAP Working Group including Hydro One, the EDA, the OEB, the Coalition of Large Distributors, as well as other LDCs and industry assoc.
- As part of this group, ENERGY to seek feedback on changes to bill presentment, regulatory reform, and billing system design.

Fall – Winter 2017
RAP Proposed Regulatory Amendments

- Following RAP consultations, ENERGY to introduce regulatory amendments to simplify bill presentment by the end of 2017. Hydro One to begin rolling out its redesigned electricity bills in Q4 2017.

Winter 2018 –
RAP Final Regulatory Framework

- New/amended invoicing regulations to become effective as of January 1, 2018.
- Hydro One expected to complete its roll-out of redesigned bills to its low volume consumers by Q2 2018.
- New regulations to include ample transition period for LDCs to adopt new regulatory invoicing requirements (e.g., 6 months – 1 year)

OFHP Key Milestones

2017: Sep | Oct | Nov | Dec
2018: Jan | Feb | Mar | Apr | May | Jun

GA Refinancing

- **Sept. 29** OPG Board Meeting to approve OFHP Items
- Rating Agency Process
- Nov. 20: Regulatory amendments to address accounting and commercial/financial requirements.
- Finalize other items to support first bond issuance:
  - PILs exemption;
  - Protection Agreement OIC; and
  - Sub-Debt Agreement.
- OPG Bond Issuance

Ongoing Financing

- OPG to purchase Regulatory Asset from IESO on monthly basis
- OPG to issue long-term bonds periodically
- Province to inject capital into OPG periodically as requested
- Regulatory amendments related to inflationary increases in years 3 and 4

Social Programs (FN Delivery Credit, OESP)

Sept. 18

- First full reimburse-ment request received from IESO
- FNDC LDCs sign up eligible customers
- Minister letter to OEB on cost forecasting
- PRRT Update
- Proclaim OEBA amendments to shift OESP to the tax base
- Hydro One Distribution Rate Application Oral Hearing and Adjudication (Decision timeline TBD by OEB)
- OEB to revise Maximum Distribution Charge

Affordability Fund

- LDC Engagement, Program Design to be finalized
- Program Launch
- Fund expected to be accessible to LDCs Through the PRRT process, report back to TBC/MBC on Affordability Fund in Fall 2017

Billing

- Research and Consultation
- LRC
- LDC Implementation

Appendix

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

Rate Mitigation Implementation Group
- ENERGY
- MOF (IGS)
- TBS (OPCD)
- OPG (CEO, CFO)
- IESO (CEO/CAO)
- OEB
- External Advisors (i.e., legal, accounting)

Weekly Ministry of Energy Meeting

GA Refinancing – Subcommittee
- ENERGY (ESP, SNAP, LSB)
- OPG (Finance, Legal)
- IESO (Planning, Settlements, Finance, Legal)
- OEB (RPP, Legal)
- MOF (IGS, OFA)
- TBS (OPCD)
- External Advisors (i.e., Legal, Accounting)

Support Programs (i.e., RRRP, OESP, First Nation) – Subcommittee
- ENERGY (SNAP, LSB)
- MOF
- TBS
- Hydro One (Settlements)

Affordability Fund – Subcommittee
- ENERGY (CRED, LSB)
- MOF (IGS, LSB)
- TBS (OPCD)
- Hydro One (Settlements, Legal)

ICI / Manufactures and SMEs – Subcommittee
- ENERGY(ESP, LSB)
- IESO (Settlements, Legal)

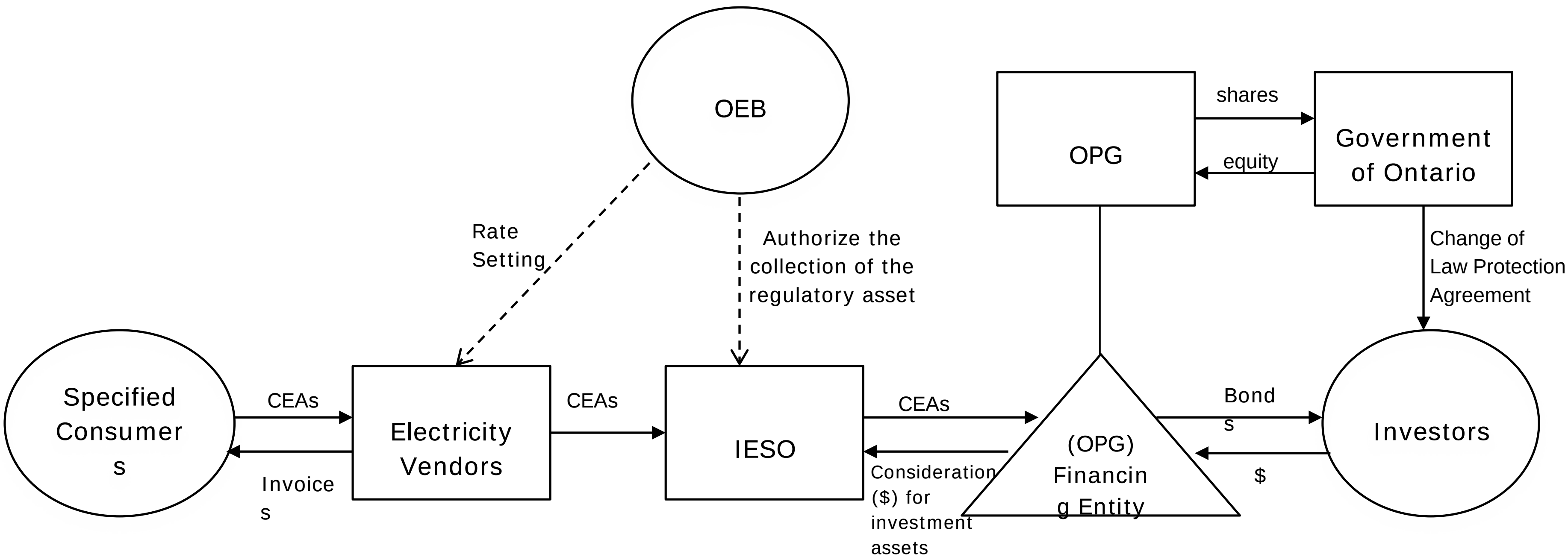
__Manufactures and SMEs__
- MEDG / Small Business
- MOF
- MOL

Tenants – Subcommittee
- ENERGY (SNAP, LSB)
- Housing
- MAG

Working Group – LDC
- ENERGY (ESP, CRED, SNAP, LSB)
  IESO (Settlements)
- LDCS (Settlements)
- EDA (Policy)

Affordability Fund Trust - Board of Trustees
- 3 electricity distributors
- 2 social service agencies
- 1 (non-voting) government

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are "clean energy adjustments"

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

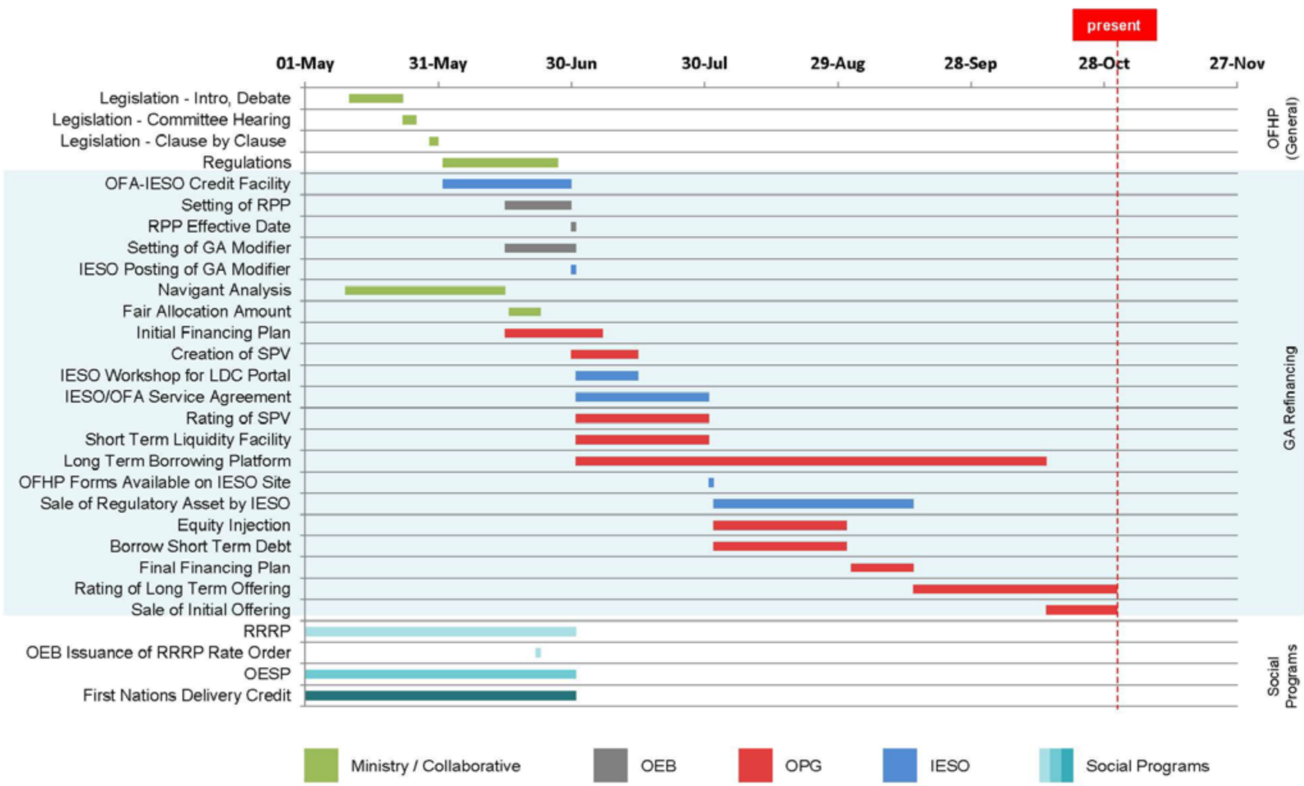
Item	Key Deliverables / Considerations	Timing / Next Steps
1) Broadening Rural or Remote Rate Protection (RRRP) (SNAP)		
• ENERGY, LSB and LDCs	Recent Action Items • All LDCs have indicated they have implemented the program • IESO has begun to submit reimbursement claims to the Ministry	• Discussions 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	Recent Action Items • 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.

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FW_ Guarantee briefing.pdf

From: McKinlay, Tom (ENERGY)
To: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: FW: Guarantee briefing
Date: June 19, 2017 10:14:10 AM

I connected with Steve and gave him an update.

Tom McKinlay
(416) 212-5766

-----Original Message-----
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: June-19-17 10:02 AM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Cc: McKinlay, Tom (ENERGY)
Subject: RE: Guarantee briefing

Carolyn and Tom, is there anything from the Friday briefing that we should discuss before we meet with the broader group at 11:30 this morning? Steve

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

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http://www.blakes.com/English/Resources/Bulletins/Pages/unsubscribe.aspx

-----Original Message-----
From: Calwell, Carolyn (ENERGY/MEDEI/MRI) [mailto:Carolyn.Calwell@ontario.ca]
Sent: Thursday, June 15, 2017 10:38 PM
To: ASHBOURNE, STEPHEN
Cc: McKinlay, Tom (ENERGY)
Subject: Guarantee briefing

Steve - I think because of time constraints, there is a desire to limit attendance at the briefing tomorrow. You are off the hook. I will give you a full report back about the discussion. Apologies for this change of plans.

Carolyn

FW_ Minister’s Briefing OFHP.pdf

From:	Schlaepfer, Martin (ENERGY)
To:	Nelms, Scott (MOF); Calwell, Carolyn (ENERGY/MEDEI/MRI); Talwar, Shruti (ENERGY); Hume, Steen (ENERGY); Syed, Usman (ENERGY); Evans, Karen (ENERGY); Lyon, Sam (ENERGY)
Cc:	Cox, Hilary (ENERGY); Feather, Adam (ENERGY); Edwards, Matthew (ENERGY); Armstrong, Hillary (ENERGY)
Subject:	FW: Minister"s Briefing OFHP
Date:	July 17, 2017 4:49:01 PM
Attachments:	OFHP Update for Minister 20170707_Clean.pptx 2017 07 07 Business Issues v01.docx

Hi everyone,

Attached are the materials for tomorrow's briefing on OFHP.

Thanks,
Martin

From: Armstrong, Hillary (ENERGY)
Sent: July-14-17 5:44 PM
To: Teliszewsky, Andrew (ENERGY)
Cc: Imbrogno, Serge (ENERGY); Schlaepfer, Martin (ENERGY); Hume, Steen (ENERGY); Whittington, Matt (ENERGY); Ruttan, Craig (ENERGY); Esdaile, Trevor (ENERGY); Coker, Meaghan (ENERGY); Berry, James (ENERGY); Baker, Carys (ENERGY)
Subject: Minister's Briefing OFHP

Hi Andrew,

Attached are products for next week's Minister's briefing on OFHP.

Thanks,
Hillary

OFHP Update for Minister 20170707_Clean.pdf

Ontario

MINISTRY OF
ENERGY

Ontario's Fair Hydro Plan – Minister's Update

July 18, 2017

CONFIDENTIAL DRAFT

Context

- On March 2, 2017, the Province announced Ontario's Fair Hydro Plan (OFHP), which proposes new measures to lower electricity bills by 25 per cent on average for all residential electricity customers, as well as initiatives to reduce costs for low-income consumers, First Nations and small manufacturers.

- The Ministry of Energy worked with a number of ministries (i.e., MOF, TBS/OPCD, MAG and CO), energy agencies (i.e., OPG, OEB and IESO), external advisors and local distribution companies (LDCs) on the development of legislation, regulations and ongoing implementation.
  - On April 10, Ontario expanded the Industrial Conservation Initiative (ICI) to include manufacturers and greenhouses with peak demand from 1 MW to 500 kW.
  - On June 1, the *Fair Hydro Act, 2017* (FHA) received Royal Assent.
  - As of July 1, 2017, the full impact of the OFHPA reductions is in effect.

- 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
  - Establishing an Affordability Fund.

1) Global Adjustment (GA) Refinancing

- Full reduction related to OFHP for regulated consumers as determined by the OEB for rates that came into effect on July 1.
  - Supporting regulations in place with respect to the methodology the OEB uses to make determinations related to OFHP, providing IESO with authority for OFHP activities and outlining roles and responsibilities of OPG and IESO.
- Ongoing work with Energy agencies (i.e., OPG, OEB and IESO), key ministries (i.e., MOF and TBS/OPCD) and external advisors. Key deliverables include:
  - **Fair Allocation Amount (FAA):** Minister of Energy to calculate the Fair Allocation Amount (FAA) and provide the amount to the Financial Services Manager (OPG);
  - **Management Fees Regulation:** Confirmation of methodology to determine the fees OPG charges for providing Financial Management Services including role of OEB in reviewing costs;
  - **Guarantees:** Province to provide contingent supports to enable structure. Work is underway to scope those guarantees;
  - **Equity Injection:** Province to purchase shares of OPG on a monthly basis;
  - **Subordinated Debt:** OPG will lend the equity injection from the Province to the Trust by way of subordinated debt; and
  - **PILs Exemption:** Province to mitigate cost to ratepayers by minimizing PILs payable by OPG financing vehicle.

Status / Next Steps

- Next Steps:
  - Summer 2017:
    - Fair Allocation Amount;
    - Guarantees;
    - Fee regulation; and
    - Equity injection agreements in place.
  - Fall 2017:
    - PILs Exemption;
    - Sale of the Regulatory Asset by IESO to OPG SPV/Trust; and
    - Sale of the Investment Asset by OPG SPV/Trust to market to investors.

2) Social Programs – Regulations

- On July 1, 2017, a number 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.

2) 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. To date, no LDC has indicated to ENERGY there will be any issue providing the credit for consumption as of July 1st for these identified customers.

- 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).

Communications Strategy

- FNDC Postcard

  - ENERGY is currently developing a postcard to be distributed to customers on reserve to raise awareness of the FNDC and encourage those who may be eligible but have not registered for an HST exemption to consider doing so. Logistics and messaging is currently being finalized.

- Chiefs of Ontario Communiqué

  - COO sent a Communiqué to all First Nation Chiefs in June to encourage them to make sure their members are registered to receive the HST exemption from their LDC so that they will receive the FNDC.

2) 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.

1. OEB calculates the “monthly base distribution charge” cohort of LDCs using 2017 rates.
2. OEB sets Maximum Charge using the lowest “monthly based distribution charge” from the cohort.
3. Cohort LDCs charge eligible customers up to the maximum charge for base distribution.
4. LDCs recover approved distribution costs above the maximum charge from the tax base.

- 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.
- 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.

2) 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).
- These amendments were recently approved. While the amendments took effect on July 1, MCSS implementation does not occur until it has an agreement with the OEB, as per recent changes to the OEBA.
- As part of MCSS implementation, it is seeking TB approval for additional FTEs (July 25) for $3.5 million. This is a joint submission with ENERGY – the additional FTEs would be financed using part of the OESP allocation that was approved by TB on March 1, 2017 under the Fair Hydro Plan. Additional activities underway by MCSS:
  - MCSS is developing an MOU with the OEB on data sharing and respective roles / responsibilities for aligning OESP with SA program delivery.
  - MCSS has commenced Phase 1 of increasing awareness of OESP and developed an OESP postcard/cheque insert for SA clients. This is anticipated to be sent to all SA clients in August, leading up to direct outreach to SA clients and enroll them into OESP that is planned for late August / early September.
  - The next step will be to support increased SA client enrolment in the OESP by way of a dedicated team and integration of OESP into SA intake process. Software system upgrades will enable this work, but OESP applications will still be manual – MCSS and OEB continue to develop an automated system for completing applications on behalf of SA clients, which is anticipated for early 2018-2019.

<u>Status / Next Steps</u>

- An OIC proclamation for provisions in the OEBA and further regulatory changes are needed to implement the transition from rate base to the tax base. This will happen when the OESP variance account is nearly depleted, which is expected in the fall.
- The Ministry will work with the OEB over the next several months to transition OESP administration to government.

3) Affordability Fund

- The new Affordability Fund is intended to provide energy efficiency measures to electricity customers who are not eligible for low-income conservation programs, and who otherwise would be unable to make energy efficiency improvements without financial assistance.
- The Fund, established through the tax base, will be administered by an independent Trust and accessible to electricity distributors.
- Eligible customers will be identified by electricity distributors. It is expected that priority will be given to homes primarily heated by electricity.
  - The estimated reach of the Fund is expected to be 15,000 to 65,000 households, depending on energy efficiency measures and uptake.
  - It is expected that the program will assist eligible electricity customers by providing measures ranging on average from $3,000 to $5,000 per customer at no or minimal costs.
- Distributor-led, highly targeted marketing of the Fund is recommended, as opposed to broad-based marketing, to enable distributors to target customers who are in need of assistance.

Status / Next Steps

- On March 24, 2017, ENERGY entered into a Transfer Payment Agreement with Computershare, who ~~will~~ acted as the Original Trustee, to flow $100M to the Affordability Fund Trust.
- On June 19, 2017, Computershare was replaced with a Board of Trustees which includes representation from two social agencies (Ottawa Carleton United Way and the Neighbour to Neighbour Centre) and three LDCs (Thunder Bay Hydro, Hydro One and Alectra). The Ministry of Energy is also represented on the Board of Trustees as a non-voting observer.
- The Board of Trustees will be responsible for distributing funds to electricity distributors across the province based on an application process and targeted eligibility criteria established by the Trust.
- Hydro One, in its administrative capacity, is developing back office support and preparing recommendations for the first meeting of the Board of Trustees.

3) Affordability Fund (cont'd)

Status / Next Steps

- **July 2017:** Trustees expected to engage with distributors, IESO, OEB, others, to define funding criteria and processes
- **Late Summer 2017:** Estimated timeline for electricity distributors to begin applying to the Trust for funds
- **Q2 2017-2018:** Report back to TB/MBC with final program details and a performance management framework including outcome measures and targets
- **Late 2017/early 2018:** ENERGY could apply for additional funds through 2018-19 PRRT based on Affordability Fund Trust performance and incremental identified needs. Trust term can be extended with amended/new TPA if agreed by Trust

4) Industrial Conservation Initiative (ICI)

- On April 10, 2017, Ontario amended O. Reg. 429/04 to allow eligible electricity consumers/market participants in the manufacturing sector and greenhouses with an average monthly peak demand of greater than 500 kilowatts (kW) and less than 1 megawatt (MW) to participate in ICI.

- Prior to the amendment to O.Reg. 429/04, ICI participation was only available to electricity consumers with average monthly peak demand greater than 1 MW.

Status / Next Steps

- Newly eligible consumers had to ~~must~~ opt-in with their LDC by June 15 to participate in ICI for the billing cycle beginning July 1.

- Information regarding ICI participants in gathered by the Independent Electricity System Operator (IESO) every July. ENERGY should expect to receive this information from IESO in August.

5) 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.

5) 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 plans to launch a Redesign Action Plan (RAP) this summer with the aim of improving electricity bills by:
  - Enhancing the customer experience (e.g., enhancing mobile access);
  - 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).
- To initiate this plan, the Ministry intends to convene a “RAP Working Group” in August 2017 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.
- The Ministry also plans to conduct research on bill redesign initiatives, including a jurisdictional scan on best practices, as well as background on vendor billing systems.
- As noted, Hydro One has been exempted from current invoicing regulations as of July 1, 2017 so that they may proceed with their planned bill redesign. As a condition of this exemption, Hydro One has agreed to share their findings and lessons learned from this redesign process, as well as participate in the RAP Working Group.
- Based on these consultation and research efforts, the Ministry aims to introduce new regulations and regulatory amendments in late Fall 2017. These regulations would come into effect as of January 1, 2018, and require a transition period for distributors to comply.

5) 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:

Pre-July 1, 2017 OFHP Bill Inserts	**July 1, 2017** OFHP Required Messaging	**Aug. – Sept. 2017** RAP Consultations	**Fall – Winter 2017** RAP Regulatory Amendments	**Winter 2018 –** RAP Implementation
▪ Requirement for LDCs to issue "8% rebate" envelopes and include "8% rebate" on-bill messaging revoked from O. Reg. 364/16. ▪ LDCs voluntarily issued OFHP bill inserts in June ahead of finalized OFHP regulations (bill inserts printed by ENERGY).	▪ OFHP regulations introduced requiring LDCs to comply with the following by July 1st: 1. Issue OFHP bill inserts on a quarterly basis for one year; 2. Include OFHP on-bill messaging; 3. Include a FNDC line item, where applicable; and 4. Remove outdated on-bill messaging (e.g., DRC). ▪ Hydro One exempted from specified OFHP invoicing requirements and O. Reg. 275/04.	▪ ENERGY to convene a RAP Working Group in August, including Hydro One, the EDA, the OEB, the Coalition of Large Distributors, as well as other LDCs and industry assoc. ▪ As part of this group, ENERGY to seek feedback on changes to bill presentment, regulatory reform, and gather information on behavioural economics, consumer advocacy and billing system design.	▪ Following RAP consultations, ENERGY to introduce regulatory amendments to simplify bill presentment in late Fall/Winter 2017. ▪ Hydro One to begin rolling out its redesigned electricity bills in Q4 2017.	▪ New/amended invoicing regulations to become effective as of January 1, 2018. ▪ Hydro One expected to complete its roll-out of redesigned bills to its low volume consumers by Q2 2018. ▪ New regulations to include ample transition period for LDCs to adopt new regulatory invoicing requirements.

6) Engagement with Legislative Officers

- Both the Financial Accountability Officer (FAO) and the Auditor General (AG) have expressed interest in OFHP.

FAO

- On March 9, 2017, ENERGY and MOF provide the FAO staff with a technical briefing.
- On March 14, 2017, ENERGY and MOF received a letter requesting additional information on the OFHP.
- On May 24, 2017, the FAO released "An Assessment of the Fiscal Impact of the Province's Fair Hydro Plan".

AG

- On April 19, 2017, ENERGY met with AG staff.
- ENERGY has received request from the AG for records relating to OFHP accounting and financing. Tranche 1 of these records has been submitted. Tranche 2 of records search will require the support of external resources to conduct record search and assess relevance of responsive records.
- Staff to work with AG staff regarding requests for additional information.

Timing and Critical Milestones

March 2017

Announced OFHP

- Established working groups and committees
- Stakeholder and agency outreach
- Posted ICI regulatory proposal
- Execute Affordability Fund TPA and flow $100 million to Trust

Spring 2017

Approval of Processes and Mechanisms

- Partial reduction related to OFHP in May 2017 RPP rates.
- Report back to TBC/MBC, LRC and Cabinet on select initiative.
- Appointment of Board of Trustees for the Affordability Fund
- Royal Assent of legislation.

Summer / Fall 2017

Finalize Legislation and Regulations, New Initiatives Come into Effect

- Report back to TBC/MBC and Cabinet on new regulations and amendments to existing regulations.
- Full implementation of GA refinancing for RPP eligible effective July 1.
- New consumers begin ICI participation on July 1.
- Electricity Distributors expected to apply to Affordability Fund
- OPG/IESO to proceed with GA Refinancing implementation Summer/Fall 2017.
- Implementation of the broadening of RRRP, First Nations On-Reserve Delivery Credit and Distribution Rate Protection begins July 1.
- OESP begins August / September 2017.
- Report back to TBC/MBC, LRC and Cabinet on Affordability Fund in Fall 2017.

Next Steps

- Ongoing work to implement OFHP with ministries, energy agencies, external advisors and LDCs.
- Ongoing work on how to input the impact of OFHP into the 2017 Long-Term Energy Plan residential bill forecasts.

Appendix

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

Rate Mitigation Implementation Group
- ENERGY
- MOF (IGS)
- TBS (OPCD)
- OPG (CEO, CFO)
- IESO (CEO/CAO)
- OEB
- External Advisors (i.e., legal, accounting)

Weekly Ministry of Energy Meeting

GA Refinancing – Subcommittee
- ENERGY (ESP, SNAP, LSB)
- OPG (Finance, Legal)
- IESO (Planning, Settlements, Finance, Legal)
- OEB (RPP, Legal)
- MOF (IGS, OFA)
- TBS (OPCD)
- External Advisors (i.e., Legal, Accounting)

Support Programs (i.e., RRRP, OESP, First Nation) – Subcommittee
- ENERGY (SNAP, LSB)
- MOF
- TBS
- Hydro One (Settlements)

Affordability Fund – Subcommittee
- ENERGY (CRED, LSB)
- MOF (IGS, LSB)
- TBS (OPCD)
- Hydro One (Settlements, Legal)

ICI / Manufactures and SMEs – Subcommittee
- ENERGY(ESP, LSB)
- IESO (Settlements, Legal)

<u>Manufactures and SMEs</u>
- MEDG / Small Business
- MOF
- MOL

Tenants – Subcommittee
- ENERGY (SNAP, LSB)
- Housing
- MAG

Working Group – LDC
- ENERGY (ESP, CRED, SNAP, LSB)
  IESO (Settlements)
- LDCS (Settlements)
- EDA (Policy)

Affordability Fund Trust - Board of Trustees
- 3 electricity distributors
- 2 social service agencies
- 1 (non-voting) government

2017 07 07 Business Issues v01.pdf

Outstanding Business Issues – Ontario Fair Hydro Plan

Issue	Overview	Supporting Documentation	Next Steps
Guarantees	• Province to provide contingent supports to enable structure	• Draft Term Sheet • Performance Guarantee • Service Guarantee	• OPG/MOF/ENE to discuss respective comments on the term sheet **Timing:** Language finalized by end of July
Equity Injection	• Province to purchase shares of OPG on a monthly basis	• Draft Term Sheet • Master Subscription Agreement • Service Level Agreement • Notice of Subscription • Amendment to Articles	• OFA / Energy to provide comments on Master Subscription Agreement • OPG / OFA / Energy to develop other agreements and revise OPG Articles **Timing**: Documents finalized at end of July
PILs Exemption	• Province to mitigate cost to ratepayers by minimizing PILs payable by OPG financing vehicle	• Tax Regulation	• OPG to consider value of comfort letter • MOF legal to draft regulation (consider broad vs. narrow) **Timing:** Regulation by fall
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**: TBD

FW_ OFHP Matrix.pdf

From:	Cox, Hilary (ENERGY)
To:	Hume, Steen (ENERGY)
Subject:	FW: OFHP Matrix
Date:	November 22, 2017 3:35:00 PM
Attachments:	2017 OFHP Matrix and Outstanding Business Issues - Week of Nov 20.DOCX.....docx

Hi Steen –

Attached are the ESPD edits to OFHP matrix.

HC

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 Protection and Assurance Agreement~~Provincial Support Agreements	• Province to provide contingent supports to enable structure	• Draft Term Sheet • Change of Law Protection Agreement • Change of Law Process Agreement~~Performance Guarantee~~ • ~~Service Guarantee~~	• MOF / ENE to finalize Protection Agreement and Process Agreement based on Term Sheet approved by TB/CAB. • Negotiations with OPG and the dealers have been ongoing. **Timing:** ~~In advance of OPG Board Meeting on November 13, 2017~~ ~~OPG Board to review draft on November 22.~~ Agreements to be finalized in late November or early December.
OPG's Financing Plan	• 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 provided a draft of the Financing Plan to ENERGY on November 15 **Timing:** Following review by OPG Board committee on November 20, the plan is to be reviewed and approved by the OPG Board~~ on November 22~~. ~~Late November or early December –~~OPG i~~I~~nitial debt issuance is currently planned to proceed in December.
Equity Injection	• Province to purchase shares of OPG on a monthly basis	• Master Subscription Agreement • Service Level	• OFA / ENE to determine required monthly process and sign-off mechanism

Commented [HS(1]: ESP to update

Commented [HS(2]: ESP to update

Commented [HS(3]: SNAP to Update

Issue	Overview	Supporting Documentation	Timing / Next Steps
		Agreement • Notice of Subscription • Amendment to Articles	**Timing:** October for internal provincial mechanisms
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	• The beneficiary of the OFHP Trust 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) • Province to mitigate cost to ratepayers by minimizing PILs payable by ~~OPG financing vehicle~~ 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 ~~legal to draft comfort letter~~ is working to complete comfort letter to OPG and to finalize the regulation ~~(currently with MOF for review)~~ **Timing:** ~~Fall~~ Regulation expected to proceed to LRC in December 2017 ~~for regulation~~
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:** 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.

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Commented [HS(5]: ESP to update

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

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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	Recent Action Items • 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	Recent Action Items • 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	• 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
	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	Recent Action Items • 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)	Recent Action Items • 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

Item	Key Deliverables / Considerations	Timing / Next Steps
		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 • Mandate Review implementation is an opportunity to reiterate expectations.	• Continue this work as part of 2017 LTEP implementation

Item	Key Deliverables / Considerations	Timing / Next Steps
	IESO: • Directive / Letter (TBD) <u>Considerations</u> • IESO's stakeholder engagement re Market Renewal is ongoing.	

FW_ OFHP Matrix_business issues list for Thursd...(1).pdf

From:	Young, Graham (ENERGY)
To:	Yordi, Samer (ENERGY)
Cc:	Du, Tom (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY)
Subject:	FW: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting
Date:	January 10, 2018 10:20:58 AM
Attachments:	2017 OFHP Matrix and Outstanding Business Issues - Week of Jan 8- SNAP.docx

Sam

Our edits to the OFHP matrix are tracked in the attached.

Thank you
Graham

From: Sud, Manu (ENERGY)
Sent: January-09-18 9:36 AM
To: Young, Graham (ENERGY); Ogunrinde, Deni (ENERGY)
Cc: Du, Tom (ENERGY)
Subject: FW: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Graham, Deni
Please do your magic here. Let's make it ready tomorrow morning.

Thanks
Manu

From: Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Date: Tuesday, Jan 09, 2018, 9:29 AM
To: Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>, Smith, Brett (ENERGY) <Brett.Smith@ontario.ca>, Smith, Mike (ENERGY) <Mike.Smith@ontario.ca>
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>, Chander, Sunita (ENERGY) <Sunita.Chander@ontario.ca>, Du, Tom (ENERGY) <Tom.Du@ontario.ca>
Subject: FW: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Good morning,

Can you please update the attached OFHP Matrix by tomorrow at noon? My apologies for the short turnaround time.

Thanks,
Sam

From: Cox, Hilary (ENERGY)
Sent: January 9, 2018 9:14 AM
To: Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Yordi, Samer (ENERGY); Edwards, Matthew (ENERGY)

Subject: FW: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Hi All –
Please use the latest (from first week of December) OFHP/Matrix to update for this Thursday's rate mitigation implementation group meeting on Thursday. SNAP, CRED, please send ADM approved input by Wednesday at 2 for ESPD to consolidate.

Also attached is action items list from December 7 meeting. Please incorporate to the extent that these items are still relevant.

HC

2017 OFHP Matrix and Outstanding Business Iss_1.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):
			  o December – OPG initial purchase of IESO regulatory asset utilizing warehouse facility
			  o 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~~First Share	• Master Share Subscription Agreement and Shareholder resolution signed on November 29 • OFA/ENE MOU ~~will be~~ signed by December 7 • First equity injection closed on December 20.

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Issue	Overview	Supporting Documentation	Timing / Next Steps
		Subscription Form-Complete • Amendment to Articles Signed – Complete	**Timing / Next Steps:** • ~~First equity injection expected to be completed by December 18~~Next asset transfer/equity injection expected to take place in March/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	• Subordinated Debt Pricing Protocol-Complete ~~Draft Term Sheet Debt Loan Arrangement~~	~~• OFA has provided comments~~ ~~• OPG to draft Debt Loan Arrangement~~ ~~**Timing / Next Steps**:~~ • ~~OPG to provide additional details~~Subordinated Debt Pricing Protocol agreement signed by OPG, OFA and ENERGY on December 19, 2017.
PILs Exemption	• The beneficiary of the OFHP Trust 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) • 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		• 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

Issue	Overview	Supporting Documentation	Timing / Next Steps
	Agreement and Acknowledgement and Indemnity Agreement)		**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	Recent Action Items • 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	Recent Action Items • 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 and 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	• 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
	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	
3) Providing a First Nations On-Reserve Delivery Credit (SNAP)		
• ENERGY and LSB	Recent Action Items • 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)	Recent Action Items • 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

Item	Key Deliverables / Considerations	Timing / Next Steps
		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 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

FW_ OFHP Matrix_business issues list for Thursd...(2).pdf

From:	Yordi, Samer (ENERGY)
To:	Sud, Manu (ENERGY); Smith, Brett (ENERGY); Smith, Mike (ENERGY)
Cc:	Talwar, Shruti (ENERGY); Chander, Sunita (ENERGY); Du, Tom (ENERGY)
Subject:	FW: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting
Date:	January 9, 2018 9:29:00 AM
Attachments:	Action Items_Dec 7_final.docx 2017 OFHP Matrix and Outstanding Business Issues - Week of Dec 4 - EPE ....docx

Good morning,

Can you please update the attached OFHP Matrix by tomorrow at noon? My apologies for the short turnaround time.

Thanks,
Sam

From: Cox, Hilary (ENERGY)
Sent: January 9, 2018 9:14 AM
To: Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Yordi, Samer (ENERGY); Edwards, Matthew (ENERGY)
Subject: FW: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Hi All –
Please use the latest (from first week of December) OFHP/Matrix to update for this Thursday's rate mitigation implementation group meeting on Thursday. SNAP, CRED, please send ADM approved input by Wednesday at 2 for ESPD to consolidate.

Also attached is action items list from December 7 meeting. Please incorporate to the extent that these items are still relevant.

HC

Action Items_Dec 7_final.pdf

Action Items
December 7, 2017

Agenda

1) GA Refinancing
    - 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

    - 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 finacing plan – to be presented by OPG at Minister's briefing on Decemeber 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
    - RRRP, OESP and FN (SNAP)
        - Look at options around deferring the transfer of the OESP to province

    - 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

2017 OFHP Matrix and Outstanding Business Iss_2.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): o December – OPG initial purchase of IESO regulatory asset utilizing warehouse facility o 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 *Electricity Act, 1998* (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 and 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	Recent Action Items • 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
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Item	Key Deliverables / Considerations	Timing / Next Steps
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• ENERGY, LSB, IESO and LDCs	Recent Action Items • 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	Recent Actions Items • Work with agencies ongoing	• Continue this work as part of 2017 LTEP implementation

FW_ OFHP Matrix_business issues list for Thursd...(3).pdf

From:	Cox, Hilary (ENERGY)
To:	Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Yordi, Samer (ENERGY); Edwards, Matthew (ENERGY)
Subject:	FW: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting
Date:	January 9, 2018 9:13:55 AM
Attachments:	Action Items_Dec 7_final.docx 2017 OFHP Matrix and Outstanding Business Issues - Week of Dec 4 - EPE ....docx

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HC

Action Items_Dec 7_final_1.pdf

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December 7, 2017

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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
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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):
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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

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FW_ OFHP Matrix_business issues list for Thursd....pdf

From:	Smith, Brett (ENERGY)
To:	Yordi, Samer (ENERGY)
Subject:	FW: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting
Date:	January 10, 2018 4:03:01 PM
Attachments:	2017 OFHP Matrix and Outstanding Business Issues - Week of Dec 4 - EPE .._.docx

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From: Smith, Brett (ENERGY)
Sent: January 9, 2018 11:30 AM
To: Smith, Mike (ENERGY) <Mike.Smith@ontario.ca>
Subject: FW: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Your team could work from this version. However I can send forward if you want to go separate.

From: Yordi, Samer (ENERGY)
Sent: January 9, 2018 9:30 AM
To: Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Smith, Brett (ENERGY) <Brett.Smith@ontario.ca>; Smith, Mike (ENERGY) <Mike.Smith@ontario.ca>
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Chander, Sunita (ENERGY) <Sunita.Chander@ontario.ca>; Du, Tom (ENERGY) <Tom.Du@ontario.ca>
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Implementation of Ontario's Fair Hydro Plan
Week of December 4, 2017

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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 *Electricity Act, 1998* (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	Recent Action Items • 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	Recent Action Items • 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 and 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~~ a solution to the requirement for wet signatures, 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 23 ~~22~~ LRC date to proclaim OEBA amendments to shift the OESP to the tax base ~~and to transfer program administration authorities to the Ministry~~. The current OESP regulation is 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. • OESP administration will remain with the OEB until such time that the Ministry has adequate resources to assume responsibility for the program. ~~is working with the OEB on knowledge transfer in order to take over program administration in Q1 / Q2 2018.~~	• LRC on January 23 ~~package being developed~~ for proclaiming OEBA provisions and ~~amending~~ replacement 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
	~~Awaiting feedback from TBS on FTE allocations – the Ministry requested 5 FTEs to support OESP administration through PRRT~~	
3) Providing a First Nations On-Reserve Delivery Credit (SNAP)		
• ENERGY and LSB	Recent Action Items • 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)	Recent Action Items • 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

Item	Key Deliverables / Considerations	Timing / Next Steps
		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	Recent Action Items • Ongoing Ministry work re bill presentment	• 2017-2018 – Bill redesign
6) Expanding ICI (ESP/COMs)		
• ENERGY, LSB, IESO and LDCs	Recent Action Items • 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	Recent Actions Items • Work with agencies ongoing	• Continue this work as part of 2017 LTEP implementation

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

From:	Katona, Keley (MOF)
To:	Hume, Steen (ENERGY); Calwell, Carolyn (ENERGY)
Cc:	Cox, Hilary (ENERGY)
Subject:	FW: Rate Mitigation Implementation Meeting - August 10, 2017
Date:	August 15, 2017 3:35:35 PM
Attachments:	Provincial Guarantee and Other Financing Issues (OFA) 08152017.docx

FYI

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Sent: Tuesday, August 15, 2017 3:30 PM
To: Schlaepfer, Martin (ENERGY)
Cc: Nelms, Scott (MOF); Armstrong, Hillary (ENERGY)
Subject: FW: Rate Mitigation Implementation Meeting - August 10, 2017

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Thanks,
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From: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Sent: Monday, August 14, 2017 5:59 PM
To: Teliszewsky, Andrew (ENERGY); Hume, Steen (ENERGY); Nelms, Scott (MOF); Imbrogno, Serge (ENERGY)
Cc: Schlaepfer, Martin (ENERGY); Strathy, Anna (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Veinot, Cindy (TBS)
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Provincial Guarantee and Other Financing Issu.pdf

PROVINCIAL GUARANTEE AND OTHER FINANCING ISSUES

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- The Province would take over the obligations of the Financing Entity including principal and interest payments on debt issued to date and any outstanding payments to service providers (i.e., trustees, auditors).
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Recommendation:

- Pending review by MOF Legal, Energy Legal and external counsel (Blake's), recommend TB/MBC approve the terms of the Guarantee as set out in the term sheet and further detailed in the draft guarantee document to be provided by OPG.

OTHER FINANCING/ACCOUNTING RISKS TO BE RESOLVED

Commingling Risk:

- Refers to the risk associated with unrated/below investment grade Local Distribution Companies (LDCs) not remitting collections from ratepayers to the IESO.
- IESO to provide either a Letter of Credit or assume responsibility for this risk amounting to the expected Clean Energy Adjustment from these LDCs over the

next 45-60 days. OPG estimates the Letter of Credit to be approximately $50 million.
- IESO expressed concerns both from a mandate and accounting perspective on issuing either a Letter of Credit or assuming responsibility for the commingling risk.

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- Refers to the risk associated with the Financing Entity unable to issue debt in order to pay down the short term financing provided by its banks.
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Ontario Financing Authority
August 15, 2017

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

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To:	Schlaepfer, Martin (ENERGY)
Cc:	Nelms, Scott (MOF); Armstrong, Hillary (ENERGY)
Subject:	FW: Rate Mitigation Implementation Meeting - August 10, 2017
Date:	August 15, 2017 3:30:12 PM
Attachments:	Provincial Guarantee and Other Financing Issues (OFA) 08152017.docx

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Ontario Financing Authority
August 15, 2017

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

From:	Calwell, Carolyn (ENERGY/MEDEI/MRI)
To:	McKinlay, Tom (ENERGY); Rehob, James (ENERGY)
Subject:	FW: Rate Mitigation Implementation Meeting - August 10, 2017
Date:	August 15, 2017 4:18:00 PM
Attachments:	Provincial Guarantee and Other Financing Issues (OFA) 08152017.docx

fyi

(I don't know what meeting is referred to below.)

-----Original Message-----
From: Katona, Keley (MOF)
Sent: August-15-17 3:36 PM
To: Hume, Steen (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI)
Cc: Cox, Hilary (ENERGY)
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OTHER FINANCING/ACCOUNTING RISKS TO BE RESOLVED

Commingling Risk:

- Refers to the risk associated with unrated/below investment grade Local Distribution Companies (LDCs) not remitting collections from ratepayers to the IESO.
- IESO to provide either a Letter of Credit or assume responsibility for this risk amounting to the expected Clean Energy Adjustment from these LDCs over the

next 45-60 days. OPG estimates the Letter of Credit to be approximately $50 million.
- IESO expressed concerns both from a mandate and accounting perspective on issuing either a Letter of Credit or assuming responsibility for the commingling risk.

Warehouse Takeout Risk:

- Refers to the risk associated with the Financing Entity unable to issue debt in order to pay down the short term financing provided by its banks.
- There may be potential costs to the ratepayer in the form of higher interest rates from the step–up pricing clause in the Financing Entity's agreement with the banks providing the short term financing.

NEXT STEPS

- MOF Legal, Energy Legal and external counsel (Blake's) to review term sheet and draft guarantee document
- OPG/IESO to consider outstanding financing/accounting issues
- TB/MBC decision on Provincial Guarantee (September TBC)

Ontario Financing Authority
August 15, 2017

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

From:	Yordi, Samer (ENERGY)
To:	Chander, Sunita (ENERGY); Talwar, Shruti (ENERGY)
Subject:	FW: Rate Mitigation Implementation Meeting - December 7, 2017
Date:	December 7, 2017 6:53:00 PM
Attachments:	Action Items_Dec 7_final.docx

From: Schlaepfer, Martin (ENERGY)
Sent: December 7, 2017 6:42 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: RE: Rate Mitigation Implementation Meeting - December 7, 2017

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'
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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
   - 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

   - 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 finacing plan – to be presented by OPG at Minister's briefing on Decemeber 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
   - RRRP, OESP and FN (SNAP)
     - Look at options around deferring the transfer of the OESP to province

   - 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

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

From:	Yordi, Samer (ENERGY)
To:	Talwar, Shruti (ENERGY); Chander, Sunita (ENERGY)
Subject:	FW: Rate Mitigation Implementation Meeting - December 7, 2017
Date:	December 6, 2017 5:28:00 PM
Attachments:	Agenda_Weekly Rate Mitig Implmentation Group_ Dec 7.docx 2017 OFHP Matrix and Outstanding Business Issues - Week of Dec 4 - EPE ....docx

Materials for tomorrow's meeting.

Thanks,
Sam

From: Schlaepfer, Martin (ENERGY)
Sent: 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'
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Subject: Rate Mitigation Implementation Meeting - December 7, 2017

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

Agenda_Weekly Rate Mitig Implmentation Group_.pdf

WEEKLY RATE MITIGATION IMPLEMENTATION GROUP
December 7, 2017

<u>Agenda</u>

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

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

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

Notes:

2017 OFHP Matrix and Outstanding Business Iss_5.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): o December – OPG initial purchase of IESO regulatory asset utilizing warehouse facility o 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 *Electricity Act, 1998* (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	Recent Action Items • 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	Recent Action Items • 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 and 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

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

From:	Yordi, Samer (ENERGY)
To:	Talwar, Shruti (ENERGY); Chander, Sunita (ENERGY)
Subject:	FW: Rate Mitigation Implementation Meeting - December 7, 2017
Date:	December 6, 2017 5:28:00 PM
Attachments:	Agenda_Weekly Rate Mitig Implmentation Group_ Dec 7.docx 2017 OFHP Matrix and Outstanding Business Issues - Week of Dec 4 - EPE ....docx

Materials for tomorrow's meeting.

Thanks,
Sam

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Sent: 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'
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Hi everyone,

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Agenda_Weekly Rate Mitig Implmentation Group__1.pdf

WEEKLY RATE MITIGATION IMPLEMENTATION GROUP
December 7, 2017

Agenda

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   - 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_6.pdf

Implementation of Ontario's Fair Hydro Plan
Week of December 4, 2017

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

From: Hume, Steen (ENERGY)
To: ROWE Jennifer -CORPAFFAIRS
Cc: Cox, Hilary (ENERGY)
Subject: FW: Rate Mitigation Implementation Meeting - December 7, 2017
Date: December 11, 2017 6:33:32 PM
Attachments: Action Items_Dec 7_final.docx

FYI - Outcome of Thursday's discussion. Expection that OPG will turn the initial 1-pager into a more detailed presentation.

Sent with BlackBerry Work
(www.blackberry.com)

From: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Date: Thursday, Dec 07, 2017, 6:41 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 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

<u>Agenda</u>

1) GA Refinancing
    - 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

    - 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 finacing plan – to be presented by OPG at Minister's briefing on Decemeber 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
    - RRRP, OESP and FN (SNAP)
        - Look at options around deferring the transfer of the OESP to province

    - 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

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

From:	Teliszewsky, Andrew (ENERGY)
To:	Schlaepfer, Martin (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject:	FW: Rate Mitigation Implementation Meeting - June 22, 2017
Date:	June 25, 2017 3:26:12 PM
Attachments:	Action Items_June 22.docx

Good Afternoon:

Several updates from my end:

A. Spoke with Finance MO and underscored the need to have the issue of S.28 / Indemnity resolved within the next few days. They agreed and promised that things are tracking well on their end for their Minister's review / approval on Wednesday. To that end, wondering if we could please have all appropriate documents for Minister Thibeault to execute on Tuesday (after Cabinet is fine); given that 27 June is his only day in Toronto this week.
B. Would also like to craft a cover letter in plain language to both Chairs (IESO and OPG) as part of the official transmission of these indemnities. To that end, would it please be possible to get correspondence drafted for CoS review for early Tuesday (morning) please?
C. Had a call with OPG Chair and CEO regarding the outstanding business issues on the fair allocation / regulation / provincial guarantees / what they actually need versus what they think they would like to have. Let's make sure we discuss tomorrow during OFHP update meeting.

Many thanks, in advance.

Andrew Teliszewsky

Chief of Staff | Office of Hon. Glenn Thibeault
Ministry of Energy
andrew.teliszewsky@ontario.ca
416-327-3550 (o)
416-436-6370 (m)

From: Schlaepfer, Martin (ENERGY)
Sent: June-23-17 10:34 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.aldred@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

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.aldred@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)
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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 laywers 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 Upates (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 Wedensday to get Section 28 approval
            - ▪ Minister of Energy would then sign indemninities
        - 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 montly 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
    - 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
    - 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

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

From:	Schlaepfer, Martin (ENERGY)
To:	Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject:	FW: Rate Mitigation Implementation Meeting - June 22, 2017
Date:	June 27, 2017 1:20:26 PM

Hi Carolyn,

I am assuming we would wait to share the indemnities with IESO and OPG until after we have Sec. 28 approval?

Also, are you planning to craft transmittal memos?

Thanks,
Martin

From: Teliszewsky, Andrew (ENERGY)
Sent: June 27, 2017 12:54 PM
To: Schlaepfer, Martin (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: Re: Rate Mitigation Implementation Meeting - June 22, 2017

Good Afternoon:

Just wondering - did we get these documents? The Indemnity as well as draft "cover letters" to both IESO and OPG Board Chair, please?

Andrew

From: Teliszewsky, Andrew (ENERGY)
Sent: Sunday, June 25, 2017 3:26 PM
To: Schlaepfer, Martin (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: FW: Rate Mitigation Implementation Meeting - June 22, 2017

Good Afternoon:

Several updates from my end:

A. Spoke with Finance MO and underscored the need to have the issue of S.28 / Indemnity resolved within the next few days. They agreed and promised that things are tracking well on their end for their Minister's review / approval on Wednesday. To that end, wondering if we could please have all appropriate documents for Minister Thibeault to execute on Tuesday (after Cabinet is fine); given that 27 June is his only day in Toronto this week.
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C. Had a call with OPG Chair and CEO regarding the outstanding business issues on the fair

allocation / regulation / provincial guarantees / what they actually need versus what they think they would like to have. Let's make sure we discuss tomorrow during OFHP update meeting.

Many thanks, in advance.

Andrew Teliszewsky

Chief of Staff | Office of Hon. Glenn Thibeault
Ministry of Energy
andrew.teliszewsky@ontario.ca
416-327-3550 (o)
416-436-6370 (m)

From: Schlaepfer, Martin (ENERGY)
Sent: June-23-17 10:34 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.aldred@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

Hi everyone,

Attached are the action items from yesterday's meeting.

Thanks,
Martin

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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.aldred@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

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

From:	Cox, Hilary (ENERGY)
To:	Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Edwards, Matthew (ENERGY); Yordi, Samer (ENERGY)
Cc:	Thouin, Alena (ENERGY)
Subject:	FW: Rate Mitigation Implementation Meeting - November 23, 2017
Date:	December 4, 2017 10:11:02 AM
Attachments:	Action Items_Nov 23_Final.docx 2017 OFHP Matrix and Outstanding Business Issues - Week of Nov 20 DOCX ....docx

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)' <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>
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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>
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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

  - 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 Novemeber 29th. Note: IESO Board approved delelgation of approval for OPG / IESO Commercial Agreements, which are expected to be finalize by end of next week (i.e., week of Novermber 27th).
    - MOF to draft comfort letter and possible regulation (either LGIC or Minister's Reg) with respect to PILs Exemption

  - Provincial Support Agreement (OFA / OPG / ENERGY)
    - Ongoing work to finalize agreement wording between legal counsels
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    - 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 of behalf of the province

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    - OPG Chair to send a letter to Minister of Energy with respect to OPG's proposed Financing Plan. Note: ENERGY had provided preliminary feedback
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  - Technical Briefing in December will be determined based on whether or not OPG goes to market in December (per the points raised above)

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- Overall, the objective of the presentation is to providing a conclusion to the process (i.e., bookending the process)

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

2017 OFHP Matrix and Outstanding Business Iss_7.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 *Electricity Act, 1998* (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
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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_ Rate Mitigation Implementation Meeting - No...(2).pdf

From:	Cox, Hilary (ENERGY)
To:	Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Edwards, Matthew (ENERGY); Yordi, Samer (ENERGY)
Cc:	Thouin, Alena (ENERGY)
Subject:	FW: Rate Mitigation Implementation Meeting - November 23, 2017
Date:	December 4, 2017 10:11:02 AM
Attachments:	Action Items_Nov 23_Final.docx 2017 OFHP Matrix and Outstanding Business Issues - Week of Nov 20 DOCX ....docx

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)' <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: 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>
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2017 OFHP Matrix and Outstanding Business Iss_8.pdf

Implementation of Ontario's Fair Hydro Plan
Week of November 20, 2017

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From:	Cox, Hilary (ENERGY)
To:	Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Edwards, Matthew (ENERGY); Yordi, Samer (ENERGY)
Cc:	Thouin, Alena (ENERGY)
Subject:	FW: Rate Mitigation Implementation Meeting - November 23, 2017
Date:	December 4, 2017 10:11:00 AM
Attachments:	Action Items_Nov 23_Final.docx 2017 OFHP Matrix and Outstanding Business Issues - Week of Nov 20 DOCX ....docx

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Subject: RE: Rate Mitigation Implementation Meeting - November 23, 2017

Hi everyone,

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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>
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Subject: Rate Mitigation Implementation Meeting - November 23, 2017

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Please find attached the material for discussion tomorrow.

Thanks,
Martin

Action Items_Nov 23_Final_2.pdf

Action Items
November 23, 2017

1) GA Refinancing

   - General Business Update (OPG / IESO / ENERGY)
     - OPG to provide shareholder resolution for Minister of Energy's signature with respect to the OPG Equity Injection
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    - o RRRP, OESP and FN (SNAP)
    - o Affordability Fund (CRED)

2017 OFHP Matrix and Outstanding Business Iss_9.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 *Electricity Act, 1998* (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	Recent Action Items • 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	Recent Action Items • 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	Recent Action Items • 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)	Recent Action Items • 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	Recent Action Items • Ongoing Ministry work re bill presentment	• 2017-2018 – Bill redesign
6) Expanding ICI (ESP/COMs)		
• ENERGY, LSB, IESO and LDCs	Recent Action Items • 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) Considerations • 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) Considerations • IESO's stakeholder engagement re Market Renewal is ongoing	• Continue this work as part of 2017 LTEP implementation

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

From:	Yordi, Samer (ENERGY)
To:	Chander, Sunita (ENERGY); Talwar, Shruti (ENERGY)
Subject:	FW: Rate Mitigation Implementation Meeting - November 23, 2017
Date:	November 24, 2017 12:26:00 PM
Attachments:	Action Items_Nov 23_Final.docx

FYI

From: Schlaepfer, Martin (ENERGY)
Sent: November 23, 2017 8:34 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'
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November 23, 2017

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FW_ Rate Mitigation Implementation Meeting - No...(6).pdf

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To:	Chander, Sunita (ENERGY); Talwar, Shruti (ENERGY)
Subject:	FW: Rate Mitigation Implementation Meeting - November 23, 2017
Date:	November 22, 2017 7:58:00 PM
Attachments:	2017 OFHP Matrix and Outstanding Business Issues - Week of Nov 20 DOCX _.docx Agenda_Weekly Rate Mitig Implmentation Group_ Nov 22.docx Technical Briefing Fair Hydro Plan OPG Financing Plan Nov 22.pptx

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Sam

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2017 OFHP Matrix and Outstanding Business Iss_10.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 *Electricity Act, 1998* (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	Recent Action Items • 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)		
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• ENERGY and LSB	Recent Action Items • 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)	Recent Action Items • 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-

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• ENERGY, LSB, IESO and LDCs	Recent Action Items • 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)		
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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.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.

ONTARIO POWER GENERATION

OPG Recent Financing Activities

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  - OPG has established a holding company FHP 2017 Inc. which will own and control the Trust.

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- 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
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- 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
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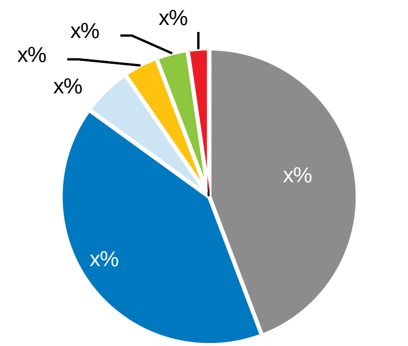
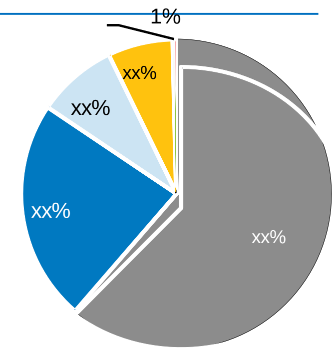
Coupon	x.xx%
Coupon Dates	xxx and xxx
Maturity Date	x-xxx-xx
Spread vs. Benchmark	+xx bps (credit: +xx bps, curve: +xx bps)
GoC Curve	GoC x.xx% due xx, xxxx GoC x.xx% due xx, xxxx
GoC Benchmark	GoC x.xx% due xx, xxxx
Benchmark Price/ Yield	$xx.xx / x.xx%
Price	$xxxx
Yield	x.xxx%
Syndicate	xxxx

1. Co-Lead Agent & Bookrunner.

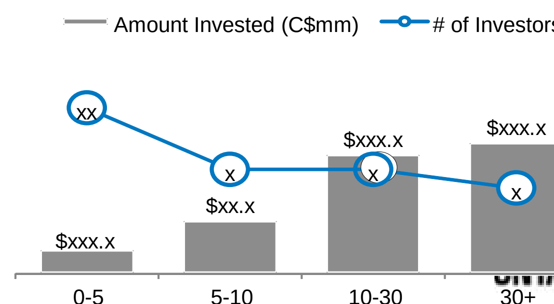
INVESTOR LOCATION



INVESTOR TYPE



ALLOCATION HISTOGRAM[1]



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...(7).pdf

From:	Yordi, Samer (ENERGY)
To:	Chander, Sunita (ENERGY); Talwar, Shruti (ENERGY)
Subject:	FW: Rate Mitigation Implementation Meeting - November 23, 2017
Date:	November 22, 2017 7:58:00 PM
Attachments:	2017 OFHP Matrix and Outstanding Business Issues - Week of Nov 20 DOCX _.docx Agenda_Weekly Rate Mitig Implmentation Group_ Nov 22.docx Technical Briefing Fair Hydro Plan OPG Financing Plan Nov 22.pptx

Thank you for going to this meeting! Materials attached (and in the shared drive).

Sam

From: Schlaepfer, Martin (ENERGY)
Sent: November 22, 2017 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_11.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
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Agenda_Weekly Rate Mitig Implmentation Group__3.pdf

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November 23, 2017

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Technical Briefing Fair Hydro Plan OPG Financ_1.pdf

Fair Hydro Plan
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December, 2017

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DRAFT

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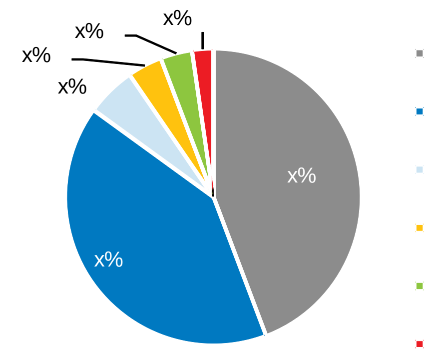
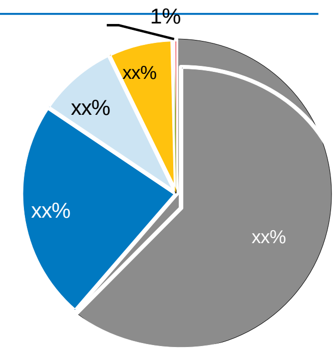
GoC Curve	GoC x.xx% due xx, xxxx GoC x.xx% due xx, xxxx
GoC Benchmark	GoC x.xx% due xx, xxxx
Benchmark Price/ Yield	$xx.xx / x.xx%
Price	$xxxx
Yield	x.xxx%
Syndicate	xxxx

1. Co-Lead Agent & Bookrunner.

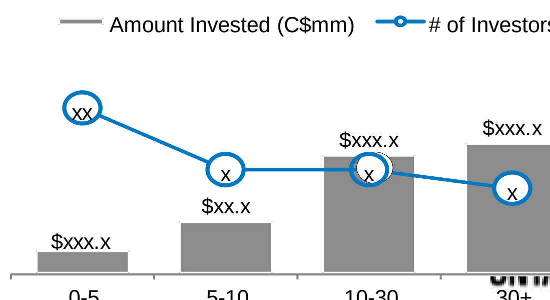
INVESTOR LOCATION



INVESTOR TYPE



ALLOCATION HISTOGRAM[1]



ONTARIO POWER GENERATION

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

From:	Cox, Hilary (ENERGY)
To:	Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Edwards, Matthew (ENERGY); Yordi, Samer (ENERGY)
Cc:	Thouin, Alena (ENERGY)
Subject:	FW: Rate Mitigation Implementation Meeting - November 23, 2017
Date:	December 4, 2017 10:11:02 AM
Attachments:	Action Items_Nov 23_Final.docx 2017 OFHP Matrix and Outstanding Business Issues - Week of Nov 20 DOCX ....docx

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)' <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: 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

Action Items_Nov 23_Final_5.pdf

Action Items
November 23, 2017

1) GA Refinancing

- 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 Novemeber 29th. Note: IESO Board approved delelgation of approval for OPG / IESO Commercial Agreements, which are expected to be finalize by end of next week (i.e., week of Novermber 27th).
  - MOF to draft comfort letter and possible regulation (either LGIC or Minister's Reg) with respect to PILs Exemption

- 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 of behalf of the province

- 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 join Ministers' briefing next week

2) Technical Briefing (All)

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

- Technical Briefing presentation needs to be put in plain language and needs to be higher level, including a few context slides up front

- Overall, the objective of the presentation is to providing a conclusion to the process (i.e., bookending the process)

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

2017 OFHP Matrix and Outstanding Business Iss_12.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 *Electricity Act, 1998* (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	Recent Action Items • 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)	Recent Action Items • 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	Recent Action Items • Ongoing Ministry work re bill presentment	• 2017-2018 – Bill redesign
6) Expanding ICI (ESP/COMs)		
• ENERGY, LSB, IESO and LDCs	Recent Action Items • 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) Considerations • 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) Considerations • IESO's stakeholder engagement re Market Renewal is ongoing	• Continue this work as part of 2017 LTEP implementation

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

From:	Hume, Steen (ENERGY)
To:	Cox, Hilary (ENERGY)
Subject:	FW: Rate Mitigation Implementation Meeting - September 14, 2017
Date:	September 19, 2017 10:12:00 AM
Attachments:	Action Items_Sept 14_v2.docx

Hi. This afternoon, can we sit down with Tim and Daniel to walk through the attached. Despite a brief conversation with Tim yesterday, would like to get a better handle on where we're at OFHP files. The attached is helpful to have that conversation.

Thanks,

From: Schlaepfer, Martin (ENERGY)
Sent: September 14, 2017 12:25 PM
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

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

FW_ SCOPA QAs_MOE_20180124 v1_SH.pdf

From:	Ridd, Carl (ENERGY)
To:	Smith, Mike (ENERGY)
Cc:	Yordi, Samer (ENERGY)
Subject:	FW: SCOPA QAs_MOE_20180124 v1_SH
Date:	January 26, 2018 2:54:10 PM
Attachments:	SCOPA QAs_MOE_20180124 v1_SH.docx Bill Redesign QAs v6 COMMS_MSL.DOCX

Hi Mike,

ESP have flagged the attached Standing Committee on Public Accounts (SCOPA) QA's for our input on bill redesign. I have attached the last QA's that I have on bill redesign from late November for your consideration on this request if they're still relevant.

Can we get this back by **3:00pm on Monday, Jan 29th?**

Thanks,

Carl

From: Cox, Hilary (ENERGY)
Sent: January-26-18 1:34 PM
To: Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc: Hendy, Adam (ENERGY)
Subject: Fw: SCOPA QAs_MOE_20180124 v1_SH

Hi All -
Further to Adam's email yesterday on Public Accounts, attached is a revised package of QAS. CRED, we'll need you to beef up the section on A-Fund. SNAP, we'll need some Qs and As on bill redesign.

Adam, we need additional QA on OPG's role. Can you take a stab at blocking these out?

These are needed back to Comms for Monday please.

HC

SCOPA QAs_MOE_20180124 v1_SH.pdf

QUESTIONS & ANSWERS

Contents

Pension Asset Accounting

AG Recommendation #1: Pension Asset Accounting

For QAs related to:	See:
Pension Asset Accounting	Treasury Board Secretariat

Advisory Panel Compensation

For QAs related to:	See:
Pension Asset Accounting	Treasury Board Secretariat

IESO ACCOUNTING

Commented [HS(1]: IESO to review and fact check

Add additional Q/As as IESO thinks is necessary

AG Recommendation #2: IESO Market Accounts

- IESO's accounting changes are supported by the IESO's audit committee, board of directors, its independent external auditor, and by the Office of the Provincial Controller.
- The IESO prepares its financial statements in accordance with PSAS, and received an unqualified, or clean, audit opinion on its 2016 financial statements.
- The change to include market account assets and liabilities in the financial statements provides increased transparency with respect to the value of transactions that flow through Ontario's electricity market.
- The government supports the enhanced reporting and greater transparency for the economic activities of IESO resulting from the recognition of the market accounts.

For QAs related to:	See:
Government decision to accept IESO market accounts	Treasury Board Secretariat

Q. Why did the IESO choose to recognize market accounts?

The Independent Electricity System Operator (IESO) began recognizing its market accounts' assets (amounts due from power distributors) and liabilities (amounts due to power producers) in their financial results. The IESO has chosen to recognize these markets accounts on its books for transparency reasons, as it better reflects its net financial position on behalf of IESO-administered markets at year-end.

This accounting change was accepted by IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in the IESO's annual report which was published online in March 2017.

Further, this accounting is consistent with the presentation used previously by the Ontario Power Authority (which was merged with IESO on January 1, 2015) in its financial statements, which was not subject to qualification from the Office of the Auditor General at that time.

This change has no impact to the province's annual deficit, net debt or accumulated deficit.

This accounting change has been supported by the professional accounting staff of the Office of the Provincial Controller.

We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

AG Recommendation #5: IESO Market Accounts & Rate-Regulated Accounting

- The IESO management, IESO's Audit Committee, IESO's Board of Directors, IESO's external auditor and the Office of the Provincial Controller all support the use of rate-regulated accounting by IESO.
- In the development of OFHP, the government consulted with several third party advisors in the application of accounting standards. This is normal course of business governments take for complex transactions.

For QAs related to:	See:
Government decision to accept IESO market accounts & rate-regulated accounting	Treasury Board Secretariat

Q. Why did the IESO choose to adopt rate-regulated accounting?

The IESO made the decision to adopt rate-regulated accounting because it better reflects the economic substance of certain types of expenses that may not be directly recovered through the normal revenue requirement model.

The IESO, like Hydro One and Ontario Power Generation (OPG), is regulated by the Ontario Energy Board. The IESO adopted rate-regulated accounting for its year ended December 31, 2016. The impact on the financial statements of the Province is a decrease of $82 million in the 2016-17 opening accumulated deficit and an increase in the 2016-17 annual deficit by $24 million.

This accounting change was accepted by IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in IESO's annual report which was published online in March 2017.

AG Audit of 2017 Statements

- We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.
- The Ministry of Energy, the Ministry of Finance, and the Treasury Board Secretariat remain committed to assisting the Office of the Auditor General so that it can provide its independent views to the Legislative Assembly.

- With regards to the Auditor General's report on Ontario's Fair Hydro Plan (OFHP) – while the government does not agree with the assertions and conclusions expressed in the report, the government thanks the Office of the Auditor General for its report.
- While we expect professional accountants to agree on the vast majority of issues, we acknowledge that they may not agree on everything and when that occurs, and the difference is material to the financial statements, the Office of the Auditor General can choose to issue a qualified audit opinion.
- The Province will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

For QAs related to:	See:
Relationship with Auditor General	Treasury Board Secretariat

Q. How will IESO respond to the Auditor General's decision to audit the 2017 consolidated financial statements?

We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

The Ministry of Energy, the Ministry of Finance, and the Treasury Board Secretariat remain committed to assisting the Office of the Auditor General so that it can provide its independent views to the Legislative Assembly.

Q. The Auditor General says that the Independent Electricity System Operator's decision to adopt rate-regulated accounting was a deviation from Public Sector Accounting Standards, and cautioned against its use in her Independent Auditor's Report. Why this change was made and was it appropriate?

Canadian Public Sector Accounting Standards (PSAS) are effectively silent on this issue – they neither explicitly permit, nor prohibit, the recognition, measurement, presentation, or disclosure of rate-regulated activities.

In the absence of a clear position on an issue, standard accounting practice dictates that an entity should consult other accounting standards.

Paragraph 11 of the *Introduction to Public Sector Accounting Standards* ("Introduction") states: "When applying the CPA Canadian Public Sector Accounting (PSA) Handbook, where the standards are silent on an issue, public sector entities should apply Generally Accepted Accounting Principles (GAAP), Section PS 1150."

In this case, the Independent Electricity System Operator (IESO) consulted U.S. Generally Accepted Accounting Principles (GAAP), the appropriate accounting framework in North America that provides guidance on rate-regulated operations.

The IESO made the decision to adopt rate-regulated accounting because it better reflects the economic substance of certain types of expenses that may not be directly recovered through the normal revenue requirement model.

The IESO, like Hydro One and Ontario Power Generation (OPG), is regulated by the Ontario Energy Board (OEB). The IESO adopted rate-regulated accounting for its year ended December 31, 2016.
This accounting change was accepted by IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in IESO's annual report which was published online in March 2017.

It is worth noting that currently 8 out of 9 electricity system operators in North American markets employ accounting for rate-regulated assets, including IESO.

Q. The Auditor General says that the use of rate-regulated accounting is inappropriate for the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB) according to U.S. Generally Accepted Accounting Principles. How do you respond?

In commenting on the use of rate-regulated accounting and the role of the Ontario Energy Board (OEB), the Auditor General's report makes reference to a requirement under U.S. accounting standards in connection with the use of rate-regulated accounting that "there must an independent regulator." This reference is misleading as it does not provide the criteria in its entirety, which is as follows:

"The entity's rates for regulated services or products provided to its customers are established by or are subject to approval by an independent, third-party regulator ***or by its own governing board empowered by statute or contract to establish rates that bind customers"*** *[ASC 980-10-15-2].*

The U.S. accounting standard was developed specifically to not preclude the application of rate-regulated accounting by government utilities where the rate regulator would not necessarily be viewed as independent (FAS 71, par. 64).

In addition, the position that rate-regulated accounting is precluded because the OEB is not considered independent of the government of Ontario is contradictory to accepting the use of rate-regulated accounting by Ontario Power Generation (OPG) and Hydro One – both of which are regulated by the OEB and whose results, using rate-regulated accounting, are and have been included in the consolidated financial statements of the Province.

IESO Response:

Canadian Public Sector Accounting Standards (PSAS) are effectively silent on this issue – they neither explicitly permit, nor prohibit, the recognition, measurement, presentation, or disclosure of rate-regulated activities.

In the absence of a clear position on an issue, standard accounting practice dictates that an entity should consult other accounting standards.

In this case, the Independent Electricity System Operator (IESO) consulted U.S. Generally Accepted Accounting Principles (GAAP), the appropriate accounting framework in North America that provides guidance on rate-regulated operations.

ONTARIO'S FAIR HYDRO PLAN

Commented [HS(2]: Ministry of Energy to provide Q&As related to the policy rationale for OFHP

AG Recommendation #3: OFHP Accounting

- The province will continue to prepare its consolidated financial statements in accordance with Public Sector Accounting Standards (PSAS).
- The proposed accounting for the Ontario Fair Hydro Plan (OFHP) reflects the economic substance of the transaction by differentiating costs borne by taxpayers versus those borne by ratepayers.
- PSAS is silent on a key accounting issue regarding the OFHP – the standards neither explicitly permit, nor prohibit, the recognition, measurement, presentation, or disclosure of rate-regulated activities.
- In the absence of a clear position on an issue, standard accounting practice dictates that an entity should consult other accounting standards.
- The professional staff has appropriately applied this guidance in assessing the accounting for the Ontario Fair Hydro Plan.

For QAs related to:	See:
Decision to accept OFHP accounting	Treasury Board Secretariat

Q. Why did the government introduce the Ontario Fair Hydro Plan?

The government has been making important investments in a cleaner and more reliable electricity system, but these investments have led to higher bills. Since 2003, nearly $70 billion[1] has been invested in the electricity system, including more than $37[2] billion in electricity generation to ensure the system is clean and reliable.

Ontario's Fair Hydro Plan (OFHP) is delivering the single-largest reduction in electricity rates in the province's history. OFHP lowered electricity bills by 25 per cent on average

[1] Ministry of Energy, *2017 Long-Term Energy Plan*
[2] Ministry of Energy, *2017 Long-Term Energy Plan*

for residential consumers 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 a reduction.

In developing the policy to refinance the Global Adjustment (GA), the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure due diligence was completed.

GA refinancing is designed so that deferred costs are borne by the rate-base, as the beneficiaries of the electricity system, and not the tax-base.

OFHP operates under a financial and accounting framework that is appropriate for the intended purpose and in accordance with Public Sector Accounting Standards (PSAS) and ensures that the fairness goals underlying the program are achieved in a cost-effective manner.

Q. What is Global Adjustment (GA)?

Global Adjustment (GA) is a mechanism that recovers certain electricity system costs, such as capital costs incurred by generators. GA is calculated by the Independent Electricity System Operator (IESO) based on the difference between the market price for electricity, which represents the marginal cost of electricity production, and rates paid to regulated and contracted generators to ensure they can recover their fixed costs. It also recovers costs associated with running conservation programs in the province.

GA has been an important factor in providing stable prices while ensuring that sufficient generating capacity is in place to deliver a reliable supply of electricity.

GA pays for the bulk of the recent investments in the electricity system. The majority of the province's electricity generators operate under 20-year contracts. Third-party experts have confirmed that many of these generators will be able to continue to operate beyond the end of their contract. This means that generating assets are expected to have ongoing useful life and benefit future ratepayers by reducing the need to finance the development of new generating assets.

Refinancing the GA is providing significant and immediate rate relief by spreading the cost of electricity investments over the expected lifecycle of the infrastructure that has been built. This more fairly shares the cost of our investments across the generations of electricity ratepayers who will benefit from them.

Q. Who was involved in the policy and implementation process to meet the mandate?

Senior officials and staff from several departments and agencies, led by the Ministry of Energy, collaborated to plan a structure, identify risks, make decisions and take other actions to meet the mandate.

The senior officials and staff were from:
- Ministry of Energy;
- Ministry of Finance;
- Treasury Board Secretariat;
- Office of the Provincial Controller;
- Cabinet Office;
- Ontario Financing Authority (OFA);
- Independent Electricity System Operator (IESO); and
- Ontario Power Generation Inc. (OPG).

In development and implementation of Global Adjustment (GA) refinancing, the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure due diligence was completed.

Q. Has the Ministry of Energy's estimate for "peak debt" related to Ontario's Fair Hydro Plan (OFHP) changed? How much is the program expected to cost?

Ontario Power Generation (OPG) has begun the process of raising funds to finance the deferred costs, and while total borrowing costs will not be known until the program is complete, accumulated interest is projected to be considerably less than original estimates.

Current government estimates forecast that the peak debt over the thirty year life of OFHP will be approximately $20 billion[3]. The preliminary estimate from March 2017 was about $28 billion[4].

A number of variables, including interest rates, electricity demand and electricity costs, will vary over the thirty-year life of OFHP and cost estimates will continue to be revised to reflect these changing conditions.

If pressed on the details of the revised peak debt number:

[3] Ministry of Energy
[4] Ministry of Energy, submission to Financial Accountability Officer

Peak debt for OFHP has been revised down substantially from March 2017, from about $28 billion[5] to approximately $20 billion[6]. These estimates are consistent with 2017 Long-Term Energy Plan (LTEP) projections, include fees charged by OPG in its role as financial service manager (FSM) and assume a 5 per cent interest rate.

Q. Why is the government using Ontario Power Generation (OPG) as a borrowing agent for Ontario's Fair Hydro Plan? Would it be easier to use a traditional government borrowing agent like the Ontario Financing Authority (OFA)?

Ontario Power Generation (OPG) has the necessary financing and commercial expertise to assist with refinancing the Global Adjustment (GA).

OPG currently manages approximately $20 billion[7] in segregated nuclear funds to manage nuclear liabilities, and, is an electricity sector entity regulated by the Ontario Energy Board (OEB) with extensive experience with regulatory deferral and variance accounts.

OPG also has the breadth and demonstrated track record in the financial markets with its Corporate Debt platform, private placement of insurance linked bonds, participation in securitization programs and highly successful project debt issuances tied to new hydroelectric developments. These financing initiatives have been well received by investors at a reasonable cost to OPG. The innovative, cost saving and precedent setting aspects of these structures have resulted in international recognition.

OPG has developed solid investor relationships and has a large investor base in the structured finance space that would be the target market for financing Ontario's Fair Hydro Plan initiative. For example, Lower Mattagami project financing attracted a broad investor base of ~80 institutional investors[8], including major investors in the Canadian power and utility bonds market.

In terms of administration, OPG is currently managing its own Corporate public debt program and three project financing programs totalling more than $2 billion[9] and two commercial paper programs.

Finally, OPG's Treasury functions are well positioned given their management of existing multiple debt programs.

[5] Ministry of Energy
[6] Ministry of Energy
[7] Ontario Financing Authority
[8] Ontario Power Generation
[9] Ontario Power Generation

Q. The Auditor General and the Financial Accountability Office both suggest that the cost of borrowing will be more expensive than traditional government borrowing? Is this true?

In the development of Ontario's Fair Hydro Plan (OFHP), the government made the policy decision that deferred electricity system costs should be borne by the rate-base and not the tax-base.

Based on this policy decision, it was decided that the debt obligation would be recognized as a regulatory asset that would be sold and securitized. This design appropriately aligns the costs and benefits within the group of eligible consumers.

Ontario Power Generation (OPG) was identified as the Financial Services Manager responsible for the financing plans and the financing entity (i.e., Fair Hydro Plan Trust) that will manage the debt obligations. OPG has the necessary financing and commercial expertise to assist with refinancing the Global Adjustment (GA) and will ensure that it is done in an efficient and cost-effective manner.

OPG has a demonstrated track record in the financial markets with its Corporate Debt platform, private placement of insurance linked bonds, participation in securitization programs and highly successful project debt issuances tied to new hydroelectric developments. The innovative, cost saving and precedent setting aspects of these structures have resulted in international recognition.

With respect to the $4 billion[10] figure referenced by the Financial Accountability Office (FAO) in its May 2017 report, it should be noted that the FAO's report was based on initial Ministry of Energy estimates from March 2017. Subsequent analysis conducted by the Ministry of Energy refined a number of variables, including the cost of borrowing and electricity system cost forecasts.

Total borrowing estimates over the thirty year life of OFHP have been revised down substantially by the government since the FAO released its report in May 2017, and borrowing costs are now forecast to be substantially lower than original estimates. Current government estimates forecast that the peak debt over the thirty year life of OFHP will be approximately $20 billion[11]. The preliminary estimate from March 2017 was about $28 billion[12].

A number of variables, including interest rates, electricity demand and electricity costs, will vary over the thirty year life of OFHP and cost estimates will continue to be revised to reflect these changing conditions.

[10] Financial Accountability Officer, *An Assessment of the Fiscal Impact of the Province's Fair Hydro Plan*
[11] Ministry of Energy
[12] Ministry of Energy, submission to Financial Accountability Officer

The government will continue to identify and implement initiatives to take costs out of the electricity system, which would reduce the cost of the GA refinancing program.

If pressed on the details of the revised peak debt number:

Peak debt for OFHP has been revised down substantially from March 2017, from about $ 28 billion[13] to approximately $20 billion[14]. The higher March 2017 estimate was used by the FAO in its May 2017 report.

Updated estimates are consistent with 2017 Long-Term Energy Plan (LTEP) projections, include fees charged by OPG in its role as financial service manage (FSM) and assume a 5 per cent interest rate.

If pressed on interest costs:

The government estimates of total interest cost also decreased from $25 billion[15] to less than $19 billion[16].

Q. Some say you are unfairly placing the burden of debt on future generations through things like Ontario's Fair Hydro Plan, how do you respond?

Future generations will be paying their fair share for a system they will be benefiting from in their lifetime. Not only will they benefit from a reliable electricity system, but also from cleaner air resulting from the elimination of coal-fired generation.

Ontario's Fair Hydro Plan (OFHP) acts much like taking out a new mortgage – providing much-needed relief now by spreading costs across the life of our assets. Current ratepayers are paying less now, and future ratepayers will in turn help to pay for their fair share of the significant investments that we've made to build a clean and reliable electricity system. This more fairly shares the cost of our investments across the generations of electricity ratepayers who will benefit from them.

Moving forward, Ontario's 2017 Long-Term Energy Plan (2017 LTEP) focuses on continuing to put downward pressure on electricity bills over the long term. Our robust electricity supply puts us in a good position to improve efficiency, increase transparency and enhance opportunities for innovation and competition to further reduce system costs. That is why Ontario's Fair Hydro Plan includes a commitment to improving sector efficiency and modernizing Ontario's electricity market, building on the collaboration of the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB).

[13] Ministry of Energy
[14] Ministry of Energy
[15] Ministry of Energy
[16] Ministry of Energy

For example, IESO's Market Renewal initiative will result in a more efficient marketplace with competitive and transparent mechanisms that meet future system needs at the lowest cost. The initiative is expected to save up to $5.2 billion[17] over a 10-year period and forms a key component of Ontario's plan to ensure the affordability of electricity in the longer term.

Q. In the development of Ontario's Fair Hydro Plan, did the government set up the financing structure intentionally to keep it off government books?

No. GA refinancing is designed so that deferred costs are borne by the rate-base, as the beneficiaries of the electricity system, and not the tax-base.

GA refinancing operates under a financial and accounting framework that is appropriate for the intended purpose and in accordance with Public Sector Accounting Standards (PSAS) and ensures that the fairness goals underlying the program are achieved in a cost-effective manner.

AG Recommendation #6: "Legislated Accounting"

- The *Ontario Fair Hydro Plan Act, 2017* and its related regulations do not create accounting rules or legislate the accounting.
- It is important to distinguish legislating the accounting from legislating the right of the government to recover amounts from specified ratepayers in the future, which in the absence of legislation, would have been collected from specified ratepayers as the costs were incurred.

- The province, as always, will prepare its consolidated financial statements in accordance with PSAS, including the transactions resulting from Ontario's Fair Hydro Plan.

For QAs related to:	See:
Issue of OFHP "legislated" accounting	Treasury Board Secretariat

AG Recommendation #9: Arm's Length Trusts

Commented [HS(3]: CRED to provide Q&As with respect to the Affordability Fund

- A Trust structure was selected to implement the Affordability Fund in order to provide an effective solution to distributing funds to electricity distributors. With approximately 70 distributors across Ontario, it was not feasible for the Province to enter into agreements with each distributor.

[17] Independent Electricity System Operator, *Assessment of the Benefits of Market Renewal (Brattle Group)*

- The Trust structure establishes an independent entity with expertise from the electricity distributor and community sectors.
- There are report-back requirements on the use of funds transferred as well as the ability for the government to conduct an audit to gain assurance that the funds have been used for the purposes intended.
- The government will continue to assess the most appropriate vehicle for meeting its policy objectives, which include appropriate oversight of how transfer payments are spent.

For QAs related to:	See:
Accounting for Trust	Treasury Board Secretariat

Records Disclosure/Process

Commented [HS(4]: LSB should review and fact check

- The Ministry conducted a search consistent with the 40 plus search terms provided by the Auditor General.
- The Ministry of Energy has selected McCarthys/Wortzmans to assist with processing and analysis of approximately 2.2 million records that resulted from the search of 81 custodians.
- The Ministry has been regularly providing the Auditor General batches of responsive documents.

For QAs related to:	See:
Records - TBS	Treasury Board Secretariat
Records - MOF	

Q. Why has the Ministry of Energy not provided all e-mails requested by the Auditor General?

As of October 13, 2017, the Ministry has provided 13,212 emails and attachments to the OAG's office.

Q. How much money did the Ministry spend on lawyers?

The Ministry does not intend to spend more than $60,000 on this request. Although the retainer agreement includes a cap of up to $500,000, as of September 21, 2017, only $41,775.75 has actually been spent.

Q. What was the Ministry of Energy's process for providing the emails requested by the Auditor General?

The Ministry conducted a search consistent with the 40 plus search terms provided to the AG. In order to manage the approximately 2.2 million records resulted from the search of 81 custodians, the Ministry of Energy has selected McCarthys/Wortzmans to assist with processing and analysis of the documents.

No legal advice on relevancy of documents was provided by Wortzmans. The Ministry has been regularly providing AG batches of responsive documents.

Commented [HA(5]: May be updated in tech briefing QA

Re-Design of Hydro Bills

Commented [HS(6]: SNAP to provide Q&As with respect to this section

- The objective of the bill redesign initiative is to make bills easier for customers to understand and ensure that they get the most useful information out of their bills.
- Comparisons between redesigned and previous bills will continue to be possible.
- Electricity bills are a customer's main window into the electricity system. Through the LTEP consultation process, the government heard that customers found their bills confusing and inaccessible.
- Hydro One has been a leader in consumer research on ways to improve the appearance and comprehension of its bill. Hydro One enlisted the services of a behavioural research firm and engaged with thousands of customers to develop a new bill design which has been observed to increase customer satisfaction and comprehension.
- Building on this research, the Ministry launched the Bill Redesign Action Plan with the aim of revising the regulatory framework on invoicing to improve the value of electricity bills for consumers. The Ministry has engaged with industry and consumers to better understand consumer concerns and preferences with respect to the bill to ensure that any proposed changes to the bill's design will meet consumer's needs.

PRE-ELECTION REPORT

AG Recommendation #10: Pre-Election Report on Ontario's Finances

For QAs related to:	See:
Pre-Election Report on Ontario's Finances	Treasury Board Secretariat Ministry of Finance

PROVINCE'S FISCAL SITUATION

Recommendation #7: Province's Debt Burden

For QAs related to:	See:
Ontario's Debt Burden	Ministry of Finance

Financial Accountability Office Reports

For QAs related to:	See:
FAO Reports	Ministry of Finance

Credit Ratings

For QAs related to:	See:
Credit Ratings	Ministry of Finance

PREPARATION OF PUBLIC ACCOUNTS

AG Recommendation # 4: External Advisors

For QAs related to:	See:
External Advisors	Treasury Board Secretariat

Q. Who was involved in the policy and implementation process to meet the mandate?

Senior officials and staff from several departments and agencies, led by the Ministry of Energy, collaborated to plan a structure, identify risks, make decisions and take other actions to meet the mandate.

The senior officials and staff were from:
- Ministry of Energy;
- Ministry of Finance;
- Treasury Board Secretariat;
- Office of the Provincial Controller;
- Cabinet Office;
- Ontario Financing Authority (OFA);
- Independent Electricity System Operator (IESO); and
- Ontario Power Generation Inc. (OPG).

In development and implementation of Global Adjustment (GA) refinancing, the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure due diligence was completed.

AG Recommendation #8: Timeline of Finalization of Financial Statements

For QAs related to:	See:
Finalization of Financial Statements	Treasury Board Secretariat Ministry of Finance

Audit Opinion

For QAs related to:	See:
Audit Opinions	Treasury Board Secretariat

Bill Redesign QAs v6 COMMS_MSL.pdf

Bill Redesign

Q1. Isn't the problem the amount on people's bills, not the design?

- The government recognizes that the much-needed investments in our electricity system have led to higher electricity prices. That's why the government developed Ontario's Fair Hydro Plan – to relieve the cost pressures caused by these system improvements.

- On June 1, 2017, the *Fair Hydro Act, 2017* became law.

- Ontario's Fair Hydro Plan reduces electricity bills for all residential customers by an average of 25 per cent and will hold any increases to the rate of inflation for four years. Many small businesses and farms also benefit from the initiative.

- Through the 2017 Long Term Energy Plan (LTEP) consultation process, the government heard that consumers find their current bills confusing and inaccessible.

- To address this, the Ministry is working with industry and consumers to redesign electricity bills to make them easier for customers to understand and ensure they get the more useful information out of their bills.

Q2. What problem or problems were identified that needed to be resolved? How were these problems identified – what research was done?

- Electricity bills are a customer's main window into the electricity system. Through the LTEP consultation process, the government heard that customers find their current bills confusing and inaccessible.

- Hydro One has been a leader in consumer research on ways to improve the appearance and comprehension of its bill. Hydro One enlisted the services of a behavioural research firm and engaged with thousands of customers to develop a new bill design which has been observed to increase customer satisfaction and comprehension.

- Building on this research, the Ministry launched the Bill Redesign Action Plan with the aim of revising the regulatory framework on invoicing to improve the value of electricity bills for consumers. The Ministry has engaged with industry and consumers to better understand consumer concerns and preferences with respect to the bill to ensure that any proposed changes to the bill's design will meet consumer's needs.

Q3. How can Ontarian's know that this isn't just a way to hide increases, seeing as how they won't be able to compare with their previous bills?

- The objective of the bill redesign initiative is to make bills easier for customers to understand and ensure that they get the most useful information out of their bills.

- Comparisons between redesigned and previous bills will continue to be possible.

Q4. When there was a call to change consumer's natural gas bills so as to delineate the costs related to cap and trade – the government said that the OEB had made a decision - and that the OEB is independent of the government. Now it seems that the OEB is being legislated to change hydro bills. How would you respond to the suggestion that it the government is showing politically-motivated inconsistences with respect to the OEB?

- There is a difference in legislative authority over bill requirements for natural gas and electricity. The OEB has authority over bill requirements for natural gas, whereas the government has the authority to develop requirements in relation to the form and content of electricity bills. The OEB has established policies related to bill frequency and accuracy but these policies are not the subject of the government's bill redesign initiative.

Q5. The LTEP mentions redesigning electricity bills. Is this just a ploy to hide information in people's bills or to include pats on the back for the government?

- Electricity bills are a customer's main window into the electricity system. Through the LTEP consultation process, the government heard that customers find their current bills confusing and inaccessible.

- In LTEP the government committed give Ontarians the information they have said they want on the bill.

- The government is working cooperatively with the OEB and LDCs to redesign electricity bills to give customers the information they find most useful in a format that is easy understand.

Q6. What Is the overall cost of the bill redesign?

- Each LDC will have different costs to implement a re-designed bill depending on current billing and customer information systems. Changes to billing systems are a part of an LDC's cost of doing business.

Q7. Did the government hire outside consultants to look at bill redesign? If so, what was the budget for their services?

- Conducting research and polling is the most effective way to gauge consumer awareness and information needs. This research will assist in determining the best, most efficient way to implement and communicate energy literacy programs and other initiatives going forward, including bill redesign. The government hired consultants to assist with consumer research across the province.
- The budget is not to exceed $50,000 + HST.

Q8. Are all customers in Ontario getting redesigned bills, or just in some areas?

- All LDCs will be required to comply with any new requirements implemented as part of the bill-redesign initiative.
- Timing for when newly designed bills will be rolled out across the province will be dependent on each LDC.
- The government is targeting to provide the framework for the bill-redesign requirements in early 2018.

Q9. ~~**How has the proposed regulation for dynamic messaging on electricity bills (FHP is saving you…) worked in parallel with the bill redesign action plan working group? Is this happening in tandem? Could the proposed regulation be considered early work/success/finding of the working group?**~~

Re-Framed Question
The 2017 Long Term Energy Plan (LTEP), commits to making electricity bills more understandable. How do the proposed regulatory amendments to require that LDCs provide customer-specific savings associated with the Ontario Fair Hydro Plan on invoices fit in to the broader redesign action plan?

Answer:
The proposal to require dynamic messaging or customer-specific Fair Hydro savings on invoices is the first step in the broader bill re-design project. The proposed amendments promote greater understanding of the associated bill impacts of Ontario's Fair Hydro Plan for consumers.

The proposed regulatory amendments were discussed with industry stakeholders as part of the bill redesign working group. Feedback from the working group was considered in the development of the regulation.

The Ministry of Energy is continuing to work with stakeholders to redesign electricity bills to make them more understandable and to give consumers the information that they want on the bill.

Fair Hydro Plan - Provincial Guarantee.pdf

From:	McKinlay, Tom (ENERGY)
To:	Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject:	Fair Hydro Plan - Provincial Guarantee
Date:	June 29, 2017 11:04:33 AM
Attachments:	2017 06 22 Business Issues v02.docx

Carolyn,

I attended the "business issues" meeting yesterday with the OFA and Scott Nelms. The purpose of the meeting was to go over the various outstanding business issues and discuss next steps.

Scott led the meeting and provided the following general updates:

- **General Regulation** – Torys is developing a list of "things that got missed" in the general regulation that will need to be addressed at some point down the road in an amending regulation. Scott did not offer any specific examples of major concerns and the issues seemed to me to be more in the nature of continuing housekeeping items.

- **Provincial Support Agreement/Guarantee** – Unsurprisingly, Scott indicated that OPG has a number of concerns around the mark-up of the Term Sheet that we sent over last week. Interestingly, he said that the thing they were "freaking out" the most about was the removal of the provisions around Ontario buying the debt back in a case of market disruption drying up the liquidity in the market. In any event, OPG is apparently going to deliver a further mark-up to us sometime this week.

  The OFA flagged again the concern that any market disruption commitment is likely to have potentially significant accounting consequences.

- **OPG Fees** – There is apparently considerable disagreement between the government and OPG about the fee structure for OPG's role as financial service manager. OPG wants a market-style fee with a fixed component (based on assets under management) and a variable component (based on performance). The difficulty is that the fixed component would be quite high given the value of assets that would be under management and it is arguably inappropriate to use this model given that OPG is not actually performing any asset management functions that would justify this approach.

The government would prefer a cost-plus model, where OPG gets paid its costs plus some reasonable amount of profit. OPG has indicated that there are internal accounting issues with this model and has emphasized that it is not consistent with market-norms.

Scott indicated that discussions around this issue are continuing.

- **Fair Allocation Curve** – The OFA asked Scott whether the government was really going to make the details of the financial allocation curve public. Scott said that, as far as he knows, that is what is going to happen.

- **Subordinated Debt** – There seems to be some confusion as to the role that Ontario is going to play in the development of subordinated debt agreements between OPG and investors. OPG will itself be an investor in this debt (as a result of the 44% equity injection), but will be setting the terms of the debt in its role as financial services manager. The OFA is concerned about this conflict and noted that OPG has an interest in setting as high an interest rate on the subordinated notes as possible. Ratepayers obviously have an interest in obtaining as low a rate as possible.

  A further issue is that OPG could be paid twice for the 44% equity injection if there is ever a call on the provincial guarantee that requires Ontario to buy back the subordinated notes. For this reason, the OFA suggested that Ontario should have a right to redeem its 44% equity injection if we ever find ourselves in that circumstance.

  The practical challenge seems to be that there are significant potential accounting issues if we have a right to sign off on the subordinated debt agreements and if there is a right to redeem the 44% stake. OPCD is working with the external accounts to try and figure out a practical mechanism to address these issues in a way that does not undermine the accounting treatment.

- **Accounting** – More generally on the topic of accounting, Scott noted that KPMG and E&Y are apparently getting increasingly "skittish" about the opinion they gave last year about the accounting treatment of the Fair Hydro finance model. He said that the Auditor General has been very aggressive and some people feel like the external accountants are "looking for a way to back out" of their original advice. In any event, he said that it is looking increasingly unlikely that they will accept any changes to the model that would increase the risk, even modestly. Assuming this is true, it would significantly limit our ability to compromise with OPG on some of their bigger concerns.

The OFA pointed out that if the accounting treatment does not work there is no reason for the elaborate structure contemplated by the Act. Gadi said we would be better off just issuing provincial debt in that case.

- **Pils Exemption** – Scott indicated that the tax people have signalled a willingness to consider a focussed Pils exemption that would avoid unintended, incremental costs to ratepayers. However, he said that they are not interested in the sort of "blanket exemption" OPG has requested. Scott thought that OPG would come around on this issue eventually.

- **Credit Rating Process** – OPG is planning to meet with credit rating agencies without a final allocation curve and without the provincial guarantee. They are going to rely on a "Frankenstein curve" based on their best guesses and then update their assumptions down the road.

NEXT STEPS:

Scott is going to circulate an revised version of the attached business issues chart incorporating the updates he provided. The OFA is going to draft a memo setting out the province`s position on the outstanding business issues with OPG.

Happy to discuss,

Tom.

Tom McKinlay
General Counsel
Ministries of Energy / Economic Development & Growth / Research, Innovation & Science / Infrastructure
(416) 212-5766

2017 06 22 Business Issues v02.pdf

Outstanding Business Issues – Ontario Fair Hydro Plan

Issue	Overview	Supporting Documentation	Next Steps
Increased Credit Facilities	• To help IESO manage monthly cash flow requirements associated with its role in OFHP	• Credit Facility Agreement • OIC	• OFA drafting Credit Facility Agreement and OIC **Timing:** Cabinet on June 27th
Indemnities for IESO and OPG	• MOF to provide indemnities to companies, employees, and directors	• S.28 Business Case • Draft Indemnity	• ENE / OPG/ IESO has provided responses to OFA Qs **Timing:** Indemnities issued at start of July
Guarantees	• Province to provide contingent supports to enable structure	• Draft Term Sheet • Performance Guarantee • Service Guarantee	• OFA / Energy to provide comments on draft term sheet to OPG **Timing:** Language finalized by end of July
Equity Injection	• Province to purchase shares of OPG on a monthly basis	• Draft Term Sheet • Master Subscription Agreement • Service Level Agreement • Notice of Subscription • Amendment to Articles	• OFA / Energy to provide comments on equity injection term sheet • OPG / OFA / Energy to develop other agreements and revise OPG Articles **Timing**: Documents finalized at end of July
PILs Exemption	• Province to mitigate cost to ratepayers by minimizing PILs payable by OPG financing vehicle	• Tax Regulation	• OPG to consider value of comfort letter • MOF legal to draft regulation (consider broad vs. narrow) **Timing:** Regulation by fall
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**: TBD

For Approval_ OFHP Matrix_business issues list ....pdf

From:	Yordi, Samer (ENERGY)
To:	Calwell, Carolyn (ENERGY)
Subject:	For Approval: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting
Date:	January 10, 2018 4:07:41 PM
Attachments:	2017 OFHP Matrix and Outstanding Business Issues - Week of Jan 8- SNAP.docx

Hi Carolyn,

Please find attached the OFHP/Matrix for your approval.

Thanks,
Sam

2017 OFHP Matrix and Outstanding Business Iss_13.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): o December – OPG initial purchase of IESO regulatory asset utilizing warehouse facility o 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~~First Share	• Master Share Subscription Agreement and Shareholder resolution signed on November 29 • OFA/ENE MOU ~~will be~~ signed by December 7 • First equity injection closed on December 20.

Issue	Overview	Supporting Documentation	Timing / Next Steps
		Subscription Form- Complete • Amendment to Articles Signed – Complete	**Timing / Next Steps:** • ~~First equity injection expected to be completed by December 18~~Next asset transfer/equity injection expected to take place in March/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	• Subordinated Debt Pricing Protocol- Complete ~~Draft Term Sheet~~ ~~Debt Loan Arrangement~~	~~• OFA has provided comments~~ ~~• OPG to draft Debt Loan Arrangement~~ ~~**Timing / Next Steps:**~~ • ~~OPG to provide additional details~~Subordinated Debt Pricing Protocol agreement signed by OPG, OFA and ENERGY on December 19, 2017.
PILs Exemption	• The beneficiary of the OFHP Trust 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) • 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		• 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

Issue	Overview	Supporting Documentation	Timing / Next Steps
	Agreement and Acknowledgement and Indemnity Agreement)		**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	Recent Action Items • 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	Recent Action Items • 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 and 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~~ a solution to the requirement for wet signatures, 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 23 ~~22 –~~ LRC date to proclaim OEBA amendments to shift the OESP to the tax base ~~and to transfer program administration authorities to the Ministry~~. The	• LRC on January 23 ~~package being developed~~ for proclaiming OEBA provisions and ~~amending~~ replacement 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
	current OESP regulation is 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. • OESP administration will remain with the OEB until such time that the Ministry has adequate resources to assume responsibility for the program. ~~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~~	
3) Providing a First Nations On-Reserve Delivery Credit (SNAP)		
• ENERGY and LSB	Recent Action Items • 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)	Recent Action Items • 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	**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

Item	Key Deliverables / Considerations	Timing / Next Steps
	One will deliver the program in service areas of those distributors who do not apply)	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 amended/new TPA if agreed by Trust
5) Bill Presentment (SNAP/LSB)		
• ENERGY	Recent Action Items • Ongoing Ministry work re bill presentment	• 2017-2018 – Bill redesign
6) Expanding ICI (ESP/COMs)		
• ENERGY, LSB, IESO and LDCs	Recent Action Items • 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	Recent Actions Items • Work with agencies ongoing	• Continue this work as part of 2017 LTEP implementation

Fw_ 2017 OFHP Matrix and Outstanding Business I...(1).pdf

From:	Cox, Hilary (ENERGY)
To:	Hume, Steen (ENERGY)
Subject:	Fw: 2017 OFHP Matrix and Outstanding Business Issues - Week of Nov 20 DOCX _
Date:	November 22, 2017 6:02:24 PM
Attachments:	2017 OFHP Matrix and Outstanding Business Issues - Week of Nov 20 DOCX _.docx

Hi Steen -

Attached is consolidated OFHP matrix. Note that (as below) SNAP has reached out to OPG on subordinated debt, but hasn't hear back yet. They have provided the attached without that update in light of time constraints.

HC

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Sent: Wednesday, November 22, 2017 5:59 PM
To: Cox, Hilary (ENERGY)
Subject: RE: 2017 OFHP Matrix and Outstanding Business Issues - Week of Nov 20 DOCX _

Hi Hilary,

Please see attached. For the subordinated debt agreement, we reached out to OPG but haven't heard back.
Given this matrix is for tomorrow's meeting, I thought I'd send it up as is.

Thanks,
Sam

From: Cox, Hilary (ENERGY)
Sent: November 22, 2017 4:19 PM
To: Yordi, Samer (ENERGY)
Subject: 2017 OFHP Matrix and Outstanding Business Issues - Week of Nov 20 DOCX _

Hi Sam –
I have to go shortly. Please incorporate your edits/track changes to the OFHP matrix and business issues list and send back to me once complete. I'll push it through Steen once I've got your input/edits.

HC

2017 OFHP Matrix and Outstanding Business Iss_14.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 • ~~Service Level Agreement~~/MOU between OFA and Energy • Notice of Subscription • Amendment to Articles	• OPG to request Minister's signature on the Shareholder resolution~~s~~. • OPG/ENE to sign Master Share Subscription Agreement • OFA / ENE to ~~determine required~~finalize monthly process and sign-off mechanism **Timing:** ~~October for internal provincial mechanism~~Agreements to be signed by end of November.

Commented [HS(1]: SNAP to Update

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**: Fall
PILs Exemption	• The beneficiary of the OFHP Trust 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) • 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:** • 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:** • 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

Commented [HS(2]: SNAP to update

Commented [TS(3]: OPG to provide this information. This agreement is between OPG and the Trust. I've asked OPG but haven't heard back. Maybe they can provide a verbal update tomorrow.

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	• 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 and OEB have initiated work to transfer OESP to government	
3) Providing a First Nations On-Reserve Delivery Credit (SNAP)		
• ENERGY and LSB	Recent Action Items • 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)	Recent Action Items • 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 ~~is~~are scheduled for November ~~2~~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~~-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/E~~**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	Recent Action Items • Ongoing Ministry work re bill presentment	• 2017-2018 – Bill redesign
6) Expanding ICI (ESP/COMs)		
• ENERGY, LSB, IESO and LDCs	Recent Action Items • 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) Considerations • 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:**	• Continue this work as part of 2017 LTEP implementation

Item	Key Deliverables / Considerations	Timing / Next Steps
	• Directive / Letter (TBD) <u>Considerations</u> • IESO's stakeholder engagement re Market Renewal is ongoing.	

Fw_ 2017 OFHP Matrix and Outstanding Business I....pdf

From:	Cox, Hilary (ENERGY)
To:	Schlaepfer, Martin (ENERGY)
Cc:	Yordi, Samer (ENERGY); Edwards, Matthew (ENERGY)
Subject:	Fw: 2017 OFHP Matrix and Outstanding Business Issues - Week of Nov 20 DOCX _.docx
Date:	November 22, 2017 6:25:25 PM
Attachments:	2017 OFHP Matrix and Outstanding Business Issues - Week of Nov 20 DOCX _.docx

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Hi Martin -
Attached is the ESPD/SNAP and CRED ADM approved OFHP matrix/business issues list for tomorrow morning at 8:30.

HC

Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>
Sent: Wednesday, November 22, 2017 6:21 PM
To: Cox, Hilary (ENERGY)
Subject: 2017 OFHP Matrix and Outstanding Business Issues - Week of Nov 20 DOCX _.docx

Hi. I’m good with the attached version. Please pass along to Martin.

Thanks.

2017 OFHP Matrix and Outstanding Business Iss_15.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 *Electricity Act, 1998* (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	Recent Action Items • 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	Recent Action Items • 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	Recent Action Items • 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)	Recent Action Items • 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

Fw_ Rate Mitigation Implementation Group.pdf

From:	Cox, Hilary (ENERGY)
To:	Hume, Steen (ENERGY)
Subject:	Fw: Rate Mitigation Implementation Group
Date:	October 11, 2017 4:52:24 PM
Attachments:	2017 Outstanding Business Issues - Week of Sept 25 IGS ESP.docx 2017-09-27 Consolidated - OFHP Matrix - Week of October 9 - Consolidated -ESP-SNAP-CRED.docx

Hi Steen -

Consolidated matrix and business issues. IGS indicates no edits.

HC

2017 Outstanding Business Issues - Week of S.pdf

Outstanding Business Issues – Ontario Fair Hydro Plan

Issue	Overview	Supporting Documentation	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:** September 25 – TB/MBC / September 27 – CAB Fall for finalization of Protection Agreement
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:** OPG Board meeting September 29 (Master Subscription Agreement) October for internal provincial mechanism
PILs Exemption	• Province to mitigate cost to ratepayers by minimizing PILs payable by OPG financing vehicle	• Tax Regulation	• MOF legal to draft comfort letter and regulation (currently with MOF for review) **Timing:** Regulation by fall
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**: Late September
OPG Management Fees	• OPG is allowed to charge a management fee for its services made up of 1)base fee and 2) variable~~performance~~ fee 3) Third-party costs (e.g. banking fees)	• Draft Base Fee framework • Draft ~~Performance~~ Variable Fee framework • Amendments to Ontario Regulation 206/17~~Regulation~~	• ENE, OPG, OEB and OFA working to develop proposed regulatory amendments~~ion~~ which would determine role of OEB in determining fees OPG charges **Timing**: Proposed regulation expected to be reviewed at October 16 LRC.
OPG Fees and Interest Recovery	• OPG accounting advice that interest and fees must be recovered during "inflationary cap" period	• Amendments to Ontario Regulation 206/17~~429/04~~ • ~~Amendments to~~	• ENE, OPG, OEB, IESO and OFA working to develop proposed regulatory amendments which would enable fees and interest amounts to be recovered ~~via Global Adjustment (GA)~~during the Inflationary

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	for GA Refinancing to proceed as planned under the OFHPA. Note: Net impact on ratepayers will be zero.	~~OFHPA Regulations~~	Cap period.. **Timing**: Proposed regulatory amendmentsd~~ion~~ expected to be reviewed at October 16 LRC.

2017-09-27 Consolidated - OFHP Matrix - Week .pdf

Implementation of Ontario's Fair Hydro Plan
Week of September 25, 2017

Item	Key Deliverables / Considerations	Timing / Next Steps
1) Refinancing the Global Adjustment (ESP/IGS/LSB)		
• ENERGY, LSB, IESO, OPG, OEB, TBS and MOF	Recent Action Items • Ongoing Business Items o Provincial Protection and Assurance Agreement ▪ OFA / OPG / MOF / ENERGY and OPCD working to finalize Agreement. Note: Term Sheet has been approved by TB/CAB o Equity Injection Process ▪ OPG seeking Board approval of Master Subscription Agreement on September 29. ▪ Province to finalize internal mechanisms in October o 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. Funding source for carrying costs still to be determined. o FAA Letter ▪ On September 28, 2016, letter was sent to OPG Board Chair ▪ ENERGY and OPG ~~have~~ exchanged modelling data to support FAA and RA amounts in Minister's letter ▪ ~~Letter is pending Minister's approval~~ o Management Fees (Regulation) ▪ ENERGY, OPG, OEB and OFA working to finalize ~~develop~~ proposed amendments to O. Reg. 206/17 ~~regulation~~ which would determine role of OEB in determining fees OPG charges ▪ Final Leg Counsel Draft to be circulated o Fees and Interest Recovery During the Inflationary Cap Period (Regulation)	• ~~Late September – Minister's Fair Allocation Amount letter~~ • ~~September 25/27 – TB/ Cabinet Approval of Provincial Protection and Assurance Agreement Term Sheet~~ • ~~September 29 – OPG Board Meeting~~ • October 16 – LRC for regulatory amendments package (i.e., to address management fees and interest and fees collection during the Inflationary Cap period) • Late November 2017 – OPG Financing (TBD)

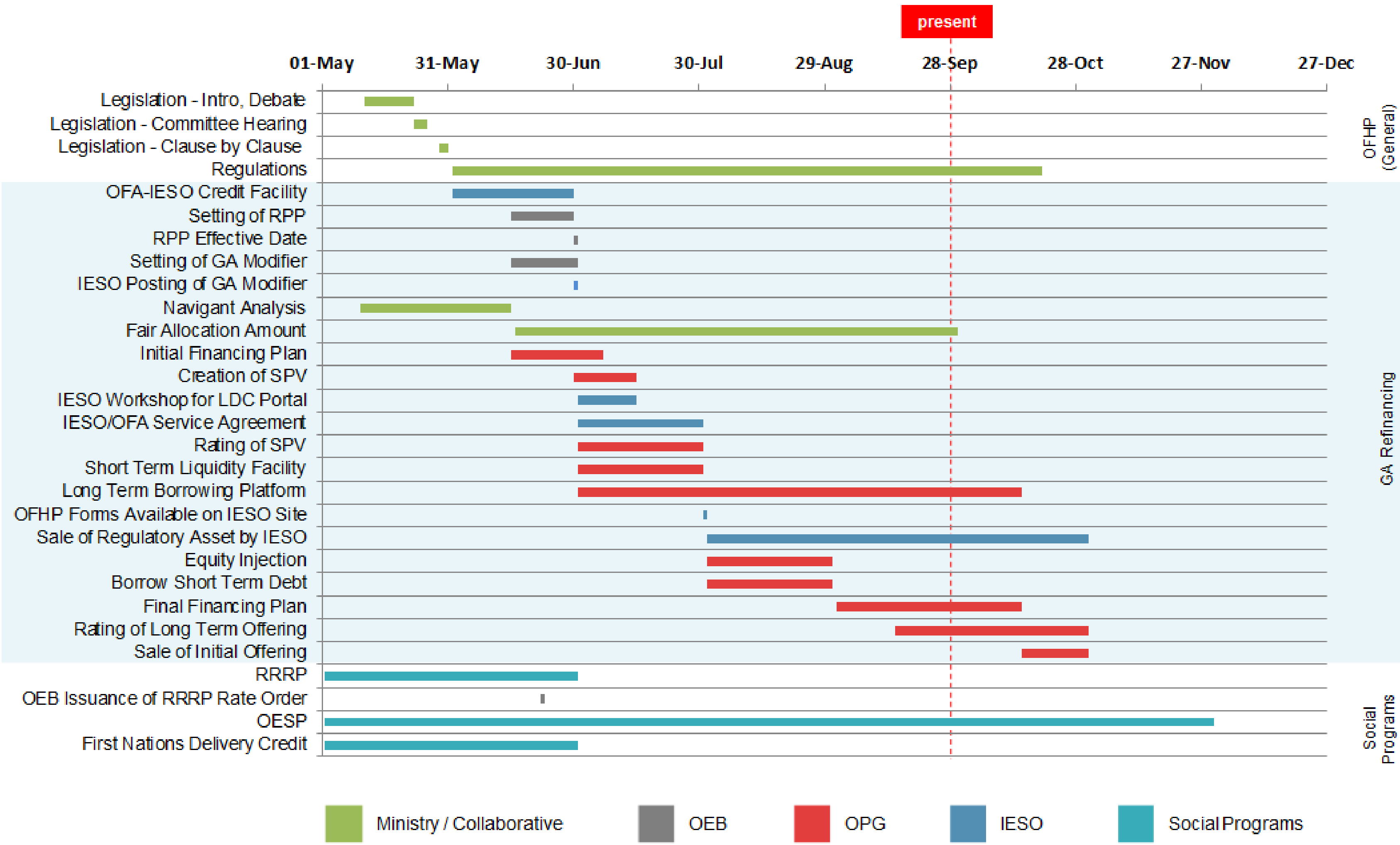
Item	Key Deliverables / Considerations	Timing / Next Steps
	▪ ENERGY, OPG, OEB, IESO and OFA working to develop proposed regulatory amendments to O. Reg. 206/17 which would enable fees and interest amounts to be recovered during the Inflationary Cap period. ~~Recovered via Global GA~~ ▪ ~~Develop amendments to O. Reg. 429/04 and related amendments to OFHPA regulations to enable recovery of interest/fees via GA~~ ▪ Final Leg Counsel Draft has been circulated o Subordinate Debt Loan Agreement o Payment in Lieu of Taxes Exemption ▪ MOF/Tax Policy working on comfort letter/regulation regarding PILs for OPG • OPG continuing to work with rating agencies	
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	• Will work on updated cost projections for PRRT submission • 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	• ~~Week of August 7 – follow-up with CRA on proposed wet signature solution~~ • Continue to work with OEB to build up the Ministry's knowledge base on administering the OESP

Item	Key Deliverables / Considerations	Timing / Next Steps
	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 ~~late October / early November~~ 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	
4) Providing a First Nations On-Reserve Delivery Credit (SNAP)		
• ENERGY and LSB	Recent Action Items • 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	• Will work on updated cost projection for PRRT • Hydro One to provide update on program enrollment week of October 2
5) Establishing an Affordability Fund (CRED)		
• ENERGY, IGS, LSB, Blakes, CSD, OPCD, TBS, MOF and H1 (KPMG and Osler)	Recent Action Items • On June 19, 2017, Computershare, the original trustee of the Affordability Fund Trust, was replaced with a Board of Trustees which includes representation from two social agencies and three LDCs (United Way Ottawa ~~Carleton UW~~ / Neighbour to Neighbour Centre / Thunder Bay Hydro / Hydro One / Alectra). The Ministry of Energy is also represented on the Board of Trustees in a non-voting capacity • Hydro One, in its administrative capacity, is providing administrative ~~offering back office~~ support, including ~~and helping~~	**October 2017:** • Soft launch of microsite Oct 12 • Oct. 23 formal announcement involving the Minister ~~Target for program launch~~ **Fall 2017:** • The Trustees are considering the use of Ontario 211 services for the Affordability Fund

Item	Key Deliverables / Considerations	Timing / Next Steps
	coordinat~~e~~ing stakeholder engagement and developing program principles and details ~~on program design~~ for review and approval by the Board of Trustees (have engaged Accenture to assist) • Preliminary consultations with LDCs were undertaken in July. On August 1, Hydro One hosted a consultation session with LDCs to seek input on program design; over 30 LDCs participated • On August 28, Trustees briefed the Ministry on progress to date, including proposed program design and implementation • Trustees ~~continue to~~ worked through program design concepts and details from mid-August to mid-September in order to launch the program in October. An iterative design process is contemplated, allowing for potential updates to the program on a regular basis • ~~Staff from Ministry of Community and Social Services (MCSS) attended the September 7 Board of Trustees meeting to discuss potential use of Ontario 211 services for the Affordability Fund~~ • Hydro One convened meetings with a number of LDCs in late September to review program design details. • Most recent Board meeting took place on October 5, 2017.	• ENERGY is amending the ~~proposing to amend~~ TPA with the Affordability Fund Trust to request use of the Ontario logo in Fund marketing and communications • 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
6) Engagement with Officers of the Legislature		
• ENERGY, MOF/OFA, Auditor General (AG)	<u>Recent Action Items</u> • ENERGY and other ministries (MOF and TBS) have received additional/broader scope request from AG. Responses to be coordinated across ministries • Third-party hired to undertake electronic search of records • IESO indicates that Deloitte has provided KPMG a second opinion on the accounting treatment that is supportive, which was provided to the AG	• Fall – Responding to AG Request (Ongoing) • Week of September 25 – Ministry is responding to draft AG special report on OFHP

Item	Key Deliverables / Considerations	Timing / Next Steps
	• AG attended special meeting of IESO Board on OFHP • AG has provided a draft special report on Ontario's Fair Hydro Plan (OFHP) for comment	
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 • Ongoing outreach with LDCs being undertaken by IESO • CME proposal (TBD) • Ministry reviewing a revised proposal from CME	• 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> • 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

Ontario Fair Hydro Plan Implementation



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

Fw_ Rate Mitigation Implementation Meeting - Au..._1.pdf

From:	Schlaepfer, Martin (ENERGY)
To:	Hume, Steen (ENERGY); Cox, Hilary (ENERGY)
Subject:	Fw: Rate Mitigation Implementation Meeting - August 10, 2017
Date:	August 15, 2017 3:39:23 PM
Attachments:	Provincial Guarantee and Other Financing Issues (OFA) 08152017.docx

FYI

Original Message
From: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Sent: Tuesday, August 15, 2017 4:30 PM
To: Schlaepfer, Martin (ENERGY)
Cc: Nelms, Scott (MOF); Armstrong, Hillary (ENERGY)
Subject: FW: Rate Mitigation Implementation Meeting - August 10, 2017

Hi Martin,
Attached is the note prepared by the OFA for tomorrow's meeting.
Thanks,
Keley

Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Sent: Monday, August 14, 2017 5:59 PM
To: Teliszewsky, Andrew (ENERGY); Hume, Steen (ENERGY); Nelms, Scott (MOF); Imbrogno, Serge (ENERGY)
Cc: Schlaepfer, Martin (ENERGY); Strathy, Anna (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Veinot, Cindy (TBS)
Subject: Re: Rate Mitigation Implementation Meeting - August 10, 2017

We're still waiting for OPG to provide us with their notes following our meeting with them last week, where we agreed to everything, subject to a few accounting checks that need to be done, so that we can ensure that what we're preparing for you and PO/CO accurately reflects what was agreed to with them. OPG is aware of the timing of the meeting on the 16th, and how critical it is to ensuring we keep with the timelines, so they'd promised their material to us by the end of the day today, and we're expecting to see it shortly. There's also a meeting scheduled with the IESO tomorrow morning, as we have to ensure that the form of guarantee on how any LDC defaults would be managed, and a couple of other IESO items, don't affect the IESO's accounting treatment.

Once we have that, barring surprises, we should be able to prepare the one-pager that we were planning to present pretty quickly, and we'll get it to you right away.

Regards,
Gadi

Original Message
From: Teliszewsky, Andrew (ENERGY)
Sent: Monday, August 14, 2017 5:32 PM
To: Gadi Mayman; Steen Hume (CAB); Scott Nelms (ENERGY); Serge Imbrogno (ENERGY)
Cc: Martin Schlaepfer (MOF)
Subject: Fw: Rate Mitigation Implementation Meeting - August 10, 2017

Good Afternoon:

Wondering - for this Wednesday - we've got our two energy products tracking. But for the "provincial guarantee" dialogue with PO/CO - I recall an OFA "note" being offered? Is that tracking?

Any chance our team could get eyes on it tomorrow, in advance of it being shared with the FPC distribution list, if it hasn't already?

Many thanks, in advance.

Andrew

From: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Sent: Thursday, August 10, 2017 7:49 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (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); 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

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

Provincial Guarantee and Other Financing Issu_3.pdf

PROVINCIAL GUARANTEE AND OTHER FINANCING ISSUES

ISSUE

To support the Fair Hydro Plan, OPG is requesting that the Government of Ontario provide a guarantee to the OPG Financing Entity and prospective debt holders such that the funding obligations of the Financing Entity will be met by the Province under certain circumstances.

TERMS OF THE GUARANTEE

Events that would activate the Provincial Guarantee:

- Decisions by the Legislative Assembly, i.e., repeal of the Ontario Fair Hydro Plan Act, 2017, or amendments that adversely affect the OPG Financing Entity;
- A court decision that declares any funding obligations of the Financing Entity to be unenforceable; and
- Changes to the organization, structure or operations of IESO adversely impacting the Financing Entity.

Guarantee:

- The Province would take over the obligations of the Financing Entity including principal and interest payments on debt issued to date and any outstanding payments to service providers (i.e., trustees, auditors).
- The Provincial guarantee will continue until all obligations of the Financing Entity are fully discharged.

Recommendation:

- Pending review by MOF Legal, Energy Legal and external counsel (Blake's), recommend TB/MBC approve the terms of the Guarantee as set out in the term sheet and further detailed in the draft guarantee document to be provided by OPG.

OTHER FINANCING/ACCOUNTING RISKS TO BE RESOLVED

Commingling Risk:

- Refers to the risk associated with unrated/below investment grade Local Distribution Companies (LDCs) not remitting collections from ratepayers to the IESO.
- IESO to provide either a Letter of Credit or assume responsibility for this risk amounting to the expected Clean Energy Adjustment from these LDCs over the

next 45-60 days. OPG estimates the Letter of Credit to be approximately $50 million.

- IESO expressed concerns both from a mandate and accounting perspective on issuing either a Letter of Credit or assuming responsibility for the commingling risk.

Warehouse Takeout Risk:

- Refers to the risk associated with the Financing Entity unable to issue debt in order to pay down the short term financing provided by its banks.
- There may be potential costs to the ratepayer in the form of higher interest rates from the step–up pricing clause in the Financing Entity's agreement with the banks providing the short term financing.

NEXT STEPS

- MOF Legal, Energy Legal and external counsel (Blake's) to review term sheet and draft guarantee document
- OPG/IESO to consider outstanding financing/accounting issues
- TB/MBC decision on Provincial Guarantee (September TBC)

Ontario Financing Authority
August 15, 2017

Fw_ Rate Mitigation Implementation Meeting - De..._1.pdf

From:	Yordi, Samer (ENERGY)
To:	Chander, Sunita (ENERGY); Talwar, Shruti (ENERGY)
Subject:	Fw: Rate Mitigation Implementation Meeting - December 7, 2017
Date:	December 6, 2017 8:43:37 PM
Attachments:	Fair Hydro Plan Summary Timeline R3.docx

FYI

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Sent: Wednesday, December 6, 2017 8:13 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: 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

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.

Fw_ SCOPA QAs_MOE_20180124 v1_SH_1.pdf

From:	Cox, Hilary (ENERGY)
To:	Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc:	Hendy, Adam (ENERGY)
Subject:	Fw: SCOPA QAs_MOE_20180124 v1_SH
Date:	January 26, 2018 1:34:26 PM
Attachments:	SCOPA QAs_MOE_20180124 v1_SH.docx

Hi All -
Further to Adam's email yesterday on Public Accounts, attached is a revised package of QAS. CRED, we'll need you to beef up the section on A-Fund. SNAP, we'll need some Qs and As on bill redesign.

Adam, we need additional QA on OPG's role. Can you take a stab at blocking these out?

These are needed back to Comms for Monday please.

HC

SCOPA QAs_MOE_20180124 v1_SH_1.pdf

QUESTIONS & ANSWERS

Contents

PENSION ASSET ACCOUNTING

AG Recommendation #1: Pension Asset Accounting

For QAs related to:	**See:**
Pension Asset Accounting	Treasury Board Secretariat

Advisory Panel Compensation

For QAs related to:	**See:**
Pension Asset Accounting	Treasury Board Secretariat

IESO ACCOUNTING

Commented [HS(1]: IESO to review and fact check

Add additional Q/As as IESO thinks is necessary

AG Recommendation #2: IESO Market Accounts

- IESO's accounting changes are supported by the IESO's audit committee, board of directors, its independent external auditor, and by the Office of the Provincial Controller.
- The IESO prepares its financial statements in accordance with PSAS, and received an unqualified, or clean, audit opinion on its 2016 financial statements.
- The change to include market account assets and liabilities in the financial statements provides increased transparency with respect to the value of transactions that flow through Ontario's electricity market.
- The government supports the enhanced reporting and greater transparency for the economic activities of IESO resulting from the recognition of the market accounts.

For QAs related to:	See:
Government decision to accept IESO market accounts	Treasury Board Secretariat

Q. Why did the IESO choose to recognize market accounts?

The Independent Electricity System Operator (IESO) began recognizing its market accounts' assets (amounts due from power distributors) and liabilities (amounts due to power producers) in their financial results. The IESO has chosen to recognize these markets accounts on its books for transparency reasons, as it better reflects its net financial position on behalf of IESO-administered markets at year-end.

This accounting change was accepted by IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in the IESO's annual report which was published online in March 2017.

Further, this accounting is consistent with the presentation used previously by the Ontario Power Authority (which was merged with IESO on January 1, 2015) in its financial statements, which was not subject to qualification from the Office of the Auditor General at that time.

This change has no impact to the province's annual deficit, net debt or accumulated deficit.

This accounting change has been supported by the professional accounting staff of the Office of the Provincial Controller.

We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

AG Recommendation #5: IESO Market Accounts & Rate-Regulated Accounting

- The IESO management, IESO's Audit Committee, IESO's Board of Directors, IESO's external auditor and the Office of the Provincial Controller all support the use of rate-regulated accounting by IESO.
- In the development of OFHP, the government consulted with several third party advisors in the application of accounting standards. This is normal course of business governments take for complex transactions.

For QAs related to:	See:
Government decision to accept IESO market accounts & rate-regulated accounting	Treasury Board Secretariat

Q. Why did the IESO choose to adopt rate-regulated accounting?

The IESO made the decision to adopt rate-regulated accounting because it better reflects the economic substance of certain types of expenses that may not be directly recovered through the normal revenue requirement model.

The IESO, like Hydro One and Ontario Power Generation (OPG), is regulated by the Ontario Energy Board. The IESO adopted rate-regulated accounting for its year ended December 31, 2016. The impact on the financial statements of the Province is a decrease of $82 million in the 2016-17 opening accumulated deficit and an increase in the 2016-17 annual deficit by $24 million.

This accounting change was accepted by IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in IESO's annual report which was published online in March 2017.

AG Audit of 2017 Statements

- We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.
- The Ministry of Energy, the Ministry of Finance, and the Treasury Board Secretariat remain committed to assisting the Office of the Auditor General so that it can provide its independent views to the Legislative Assembly.

- With regards to the Auditor General's report on Ontario's Fair Hydro Plan (OFHP) – while the government does not agree with the assertions and conclusions expressed in the report, the government thanks the Office of the Auditor General for its report.
- While we expect professional accountants to agree on the vast majority of issues, we acknowledge that they may not agree on everything and when that occurs, and the difference is material to the financial statements, the Office of the Auditor General can choose to issue a qualified audit opinion.
- The Province will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

For QAs related to:	See:
Relationship with Auditor General	Treasury Board Secretariat

Q. How will IESO respond to the Auditor General's decision to audit the 2017 consolidated financial statements?

We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

The Ministry of Energy, the Ministry of Finance, and the Treasury Board Secretariat remain committed to assisting the Office of the Auditor General so that it can provide its independent views to the Legislative Assembly.

Q. The Auditor General says that the Independent Electricity System Operator's decision to adopt rate-regulated accounting was a deviation from Public Sector Accounting Standards, and cautioned against its use in her Independent Auditor's Report. Why this change was made and was it appropriate?

Canadian Public Sector Accounting Standards (PSAS) are effectively silent on this issue – they neither explicitly permit, nor prohibit, the recognition, measurement, presentation, or disclosure of rate-regulated activities.

In the absence of a clear position on an issue, standard accounting practice dictates that an entity should consult other accounting standards.

Paragraph 11 of the *Introduction to Public Sector Accounting Standards* ("Introduction") states: "When applying the CPA Canadian Public Sector Accounting (PSA) Handbook, where the standards are silent on an issue, public sector entities should apply Generally Accepted Accounting Principles (GAAP), Section PS 1150."

In this case, the Independent Electricity System Operator (IESO) consulted U.S. Generally Accepted Accounting Principles (GAAP), the appropriate accounting framework in North America that provides guidance on rate-regulated operations.

The IESO made the decision to adopt rate-regulated accounting because it better reflects the economic substance of certain types of expenses that may not be directly recovered through the normal revenue requirement model.

The IESO, like Hydro One and Ontario Power Generation (OPG), is regulated by the Ontario Energy Board (OEB). The IESO adopted rate-regulated accounting for its year ended December 31, 2016.
This accounting change was accepted by IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in IESO's annual report which was published online in March 2017.

It is worth noting that currently 8 out of 9 electricity system operators in North American markets employ accounting for rate-regulated assets, including IESO.

Q. The Auditor General says that the use of rate-regulated accounting is inappropriate for the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB) according to U.S. Generally Accepted Accounting Principles. How do you respond?

In commenting on the use of rate-regulated accounting and the role of the Ontario Energy Board (OEB), the Auditor General's report makes reference to a requirement under U.S. accounting standards in connection with the use of rate-regulated accounting that "there must an independent regulator." This reference is misleading as it does not provide the criteria in its entirety, which is as follows:

"The entity's rates for regulated services or products provided to its customers are established by or are subject to approval by an independent, third-party regulator ***or by its own governing board empowered by statute or contract to establish rates that bind customers"*** *[ASC 980-10-15-2].*

The U.S. accounting standard was developed specifically to not preclude the application of rate-regulated accounting by government utilities where the rate regulator would not necessarily be viewed as independent (FAS 71, par. 64).

In addition, the position that rate-regulated accounting is precluded because the OEB is not considered independent of the government of Ontario is contradictory to accepting the use of rate-regulated accounting by Ontario Power Generation (OPG) and Hydro One – both of which are regulated by the OEB and whose results, using rate-regulated accounting, are and have been included in the consolidated financial statements of the Province.

IESO Response:

Canadian Public Sector Accounting Standards (PSAS) are effectively silent on this issue – they neither explicitly permit, nor prohibit, the recognition, measurement, presentation, or disclosure of rate-regulated activities.

In the absence of a clear position on an issue, standard accounting practice dictates that an entity should consult other accounting standards.

In this case, the Independent Electricity System Operator (IESO) consulted U.S. Generally Accepted Accounting Principles (GAAP), the appropriate accounting framework in North America that provides guidance on rate-regulated operations.

ONTARIO'S FAIR HYDRO PLAN

Commented [HS(2]: Ministry of Energy to provide Q&As related to the policy rationale for OFHP

AG Recommendation #3: OFHP Accounting

- The province will continue to prepare its consolidated financial statements in accordance with Public Sector Accounting Standards (PSAS).
- The proposed accounting for the Ontario Fair Hydro Plan (OFHP) reflects the economic substance of the transaction by differentiating costs borne by taxpayers versus those borne by ratepayers.
- PSAS is silent on a key accounting issue regarding the OFHP – the standards neither explicitly permit, nor prohibit, the recognition, measurement, presentation, or disclosure of rate-regulated activities.
- In the absence of a clear position on an issue, standard accounting practice dictates that an entity should consult other accounting standards.
- The professional staff has appropriately applied this guidance in assessing the accounting for the Ontario Fair Hydro Plan.

For QAs related to:	See:
Decision to accept OFHP accounting	Treasury Board Secretariat

Q. Why did the government introduce the Ontario Fair Hydro Plan?

The government has been making important investments in a cleaner and more reliable electricity system, but these investments have led to higher bills. Since 2003, nearly $70 billion[1] has been invested in the electricity system, including more than $37[2] billion in electricity generation to ensure the system is clean and reliable.

Ontario's Fair Hydro Plan (OFHP) is delivering the single-largest reduction in electricity rates in the province's history. OFHP lowered electricity bills by 25 per cent on average

[1] Ministry of Energy, *2017 Long-Term Energy Plan*
[2] Ministry of Energy, *2017 Long-Term Energy Plan*

for residential consumers 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 a reduction.

In developing the policy to refinance the Global Adjustment (GA), the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure due diligence was completed.

GA refinancing is designed so that deferred costs are borne by the rate-base, as the beneficiaries of the electricity system, and not the tax-base.

OFHP operates under a financial and accounting framework that is appropriate for the intended purpose and in accordance with Public Sector Accounting Standards (PSAS) and ensures that the fairness goals underlying the program are achieved in a cost-effective manner.

Q. What is Global Adjustment (GA)?

Global Adjustment (GA) is a mechanism that recovers certain electricity system costs, such as capital costs incurred by generators. GA is calculated by the Independent Electricity System Operator (IESO) based on the difference between the market price for electricity, which represents the marginal cost of electricity production, and rates paid to regulated and contracted generators to ensure they can recover their fixed costs. It also recovers costs associated with running conservation programs in the province.

GA has been an important factor in providing stable prices while ensuring that sufficient generating capacity is in place to deliver a reliable supply of electricity.

GA pays for the bulk of the recent investments in the electricity system. The majority of the province's electricity generators operate under 20-year contracts. Third-party experts have confirmed that many of these generators will be able to continue to operate beyond the end of their contract. This means that generating assets are expected to have ongoing useful life and benefit future ratepayers by reducing the need to finance the development of new generating assets.

Refinancing the GA is providing significant and immediate rate relief by spreading the cost of electricity investments over the expected lifecycle of the infrastructure that has been built. This more fairly shares the cost of our investments across the generations of electricity ratepayers who will benefit from them.

Q. Who was involved in the policy and implementation process to meet the mandate?

Senior officials and staff from several departments and agencies, led by the Ministry of Energy, collaborated to plan a structure, identify risks, make decisions and take other actions to meet the mandate.

The senior officials and staff were from:

- Ministry of Energy;
- Ministry of Finance;
- Treasury Board Secretariat;
- Office of the Provincial Controller;
- Cabinet Office;
- Ontario Financing Authority (OFA);
- Independent Electricity System Operator (IESO); and
- Ontario Power Generation Inc. (OPG).

In development and implementation of Global Adjustment (GA) refinancing, the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure due diligence was completed.

Q. Has the Ministry of Energy's estimate for "peak debt" related to Ontario's Fair Hydro Plan (OFHP) changed? How much is the program expected to cost?

Ontario Power Generation (OPG) has begun the process of raising funds to finance the deferred costs, and while total borrowing costs will not be known until the program is complete, accumulated interest is projected to be considerably less than original estimates.

Current government estimates forecast that the peak debt over the thirty year life of OFHP will be approximately $20 billion[3]. The preliminary estimate from March 2017 was about $28 billion[4].

A number of variables, including interest rates, electricity demand and electricity costs, will vary over the thirty-year life of OFHP and cost estimates will continue to be revised to reflect these changing conditions.

If pressed on the details of the revised peak debt number:

[3] Ministry of Energy
[4] Ministry of Energy, submission to Financial Accountability Officer

Peak debt for OFHP has been revised down substantially from March 2017, from about $28 billion[5] to approximately $20 billion[6]. These estimates are consistent with 2017 Long-Term Energy Plan (LTEP) projections, include fees charged by OPG in its role as financial service manager (FSM) and assume a 5 per cent interest rate.

Q. Why is the government using Ontario Power Generation (OPG) as a borrowing agent for Ontario's Fair Hydro Plan? Would it be easier to use a traditional government borrowing agent like the Ontario Financing Authority (OFA)?

Ontario Power Generation (OPG) has the necessary financing and commercial expertise to assist with refinancing the Global Adjustment (GA).

OPG currently manages approximately $20 billion[7] in segregated nuclear funds to manage nuclear liabilities, and, is an electricity sector entity regulated by the Ontario Energy Board (OEB) with extensive experience with regulatory deferral and variance accounts.

OPG also has the breadth and demonstrated track record in the financial markets with its Corporate Debt platform, private placement of insurance linked bonds, participation in securitization programs and highly successful project debt issuances tied to new hydroelectric developments. These financing initiatives have been well received by investors at a reasonable cost to OPG. The innovative, cost saving and precedent setting aspects of these structures have resulted in international recognition.

OPG has developed solid investor relationships and has a large investor base in the structured finance space that would be the target market for financing Ontario's Fair Hydro Plan initiative. For example, Lower Mattagami project financing attracted a broad investor base of ~80 institutional investors[8], including major investors in the Canadian power and utility bonds market.

In terms of administration, OPG is currently managing its own Corporate public debt program and three project financing programs totalling more than $2 billion[9] and two commercial paper programs.

Finally, OPG's Treasury functions are well positioned given their management of existing multiple debt programs.

[5] Ministry of Energy
[6] Ministry of Energy
[7] Ontario Financing Authority
[8] Ontario Power Generation
[9] Ontario Power Generation

Q. The Auditor General and the Financial Accountability Office both suggest that the cost of borrowing will be more expensive than traditional government borrowing? Is this true?

In the development of Ontario's Fair Hydro Plan (OFHP), the government made the policy decision that deferred electricity system costs should be borne by the rate-base and not the tax-base.

Based on this policy decision, it was decided that the debt obligation would be recognized as a regulatory asset that would be sold and securitized. This design appropriately aligns the costs and benefits within the group of eligible consumers.

Ontario Power Generation (OPG) was identified as the Financial Services Manager responsible for the financing plans and the financing entity (i.e., Fair Hydro Plan Trust) that will manage the debt obligations. OPG has the necessary financing and commercial expertise to assist with refinancing the Global Adjustment (GA) and will ensure that it is done in an efficient and cost-effective manner.

OPG has a demonstrated track record in the financial markets with its Corporate Debt platform, private placement of insurance linked bonds, participation in securitization programs and highly successful project debt issuances tied to new hydroelectric developments. The innovative, cost saving and precedent setting aspects of these structures have resulted in international recognition.

With respect to the $4 billion[10] figure referenced by the Financial Accountability Office (FAO) in its May 2017 report, it should be noted that the FAO's report was based on initial Ministry of Energy estimates from March 2017. Subsequent analysis conducted by the Ministry of Energy refined a number of variables, including the cost of borrowing and electricity system cost forecasts.

Total borrowing estimates over the thirty year life of OFHP have been revised down substantially by the government since the FAO released its report in May 2017, and borrowing costs are now forecast to be substantially lower than original estimates. Current government estimates forecast that the peak debt over the thirty year life of OFHP will be approximately $20 billion[11]. The preliminary estimate from March 2017 was about $28 billion[12].

A number of variables, including interest rates, electricity demand and electricity costs, will vary over the thirty year life of OFHP and cost estimates will continue to be revised to reflect these changing conditions.

[10] Financial Accountability Officer, *An Assessment of the Fiscal Impact of the Province's Fair Hydro Plan*
[11] Ministry of Energy
[12] Ministry of Energy, submission to Financial Accountability Officer

The government will continue to identify and implement initiatives to take costs out of the electricity system, which would reduce the cost of the GA refinancing program.

If pressed on the details of the revised peak debt number:

Peak debt for OFHP has been revised down substantially from March 2017, from about $ 28 billion[13] to approximately $20 billion[14]. The higher March 2017 estimate was used by the FAO in its May 2017 report.

Updated estimates are consistent with 2017 Long-Term Energy Plan (LTEP) projections, include fees charged by OPG in its role as financial service manage (FSM) and assume a 5 per cent interest rate.

If pressed on interest costs:

The government estimates of total interest cost also decreased from $25 billion[15] to less than $19 billion[16].

Q. Some say you are unfairly placing the burden of debt on future generations through things like Ontario's Fair Hydro Plan, how do you respond?

Future generations will be paying their fair share for a system they will be benefiting from in their lifetime. Not only will they benefit from a reliable electricity system, but also from cleaner air resulting from the elimination of coal-fired generation.

Ontario's Fair Hydro Plan (OFHP) acts much like taking out a new mortgage – providing much-needed relief now by spreading costs across the life of our assets. Current ratepayers are paying less now, and future ratepayers will in turn help to pay for their fair share of the significant investments that we've made to build a clean and reliable electricity system. This more fairly shares the cost of our investments across the generations of electricity ratepayers who will benefit from them.

Moving forward, Ontario's 2017 Long-Term Energy Plan (2017 LTEP) focuses on continuing to put downward pressure on electricity bills over the long term. Our robust electricity supply puts us in a good position to improve efficiency, increase transparency and enhance opportunities for innovation and competition to further reduce system costs. That is why Ontario's Fair Hydro Plan includes a commitment to improving sector efficiency and modernizing Ontario's electricity market, building on the collaboration of the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB).

[13] Ministry of Energy
[14] Ministry of Energy
[15] Ministry of Energy
[16] Ministry of Energy

For example, IESO's Market Renewal initiative will result in a more efficient marketplace with competitive and transparent mechanisms that meet future system needs at the lowest cost. The initiative is expected to save up to $5.2 billion[17] over a 10-year period and forms a key component of Ontario's plan to ensure the affordability of electricity in the longer term.

Q. In the development of Ontario's Fair Hydro Plan, did the government set up the financing structure intentionally to keep it off government books?

No. GA refinancing is designed so that deferred costs are borne by the rate-base, as the beneficiaries of the electricity system, and not the tax-base.

GA refinancing operates under a financial and accounting framework that is appropriate for the intended purpose and in accordance with Public Sector Accounting Standards (PSAS) and ensures that the fairness goals underlying the program are achieved in a cost-effective manner.

AG Recommendation #6: "Legislated Accounting"

- The *Ontario Fair Hydro Plan Act, 2017* and its related regulations do not create accounting rules or legislate the accounting.
- It is important to distinguish legislating the accounting from legislating the right of the government to recover amounts from specified ratepayers in the future, which in the absence of legislation, would have been collected from specified ratepayers as the costs were incurred.

- The province, as always, will prepare its consolidated financial statements in accordance with PSAS, including the transactions resulting from Ontario's Fair Hydro Plan.

For QAs related to:	**See:**
Issue of OFHP "legislated" accounting	Treasury Board Secretariat

AG Recommendation #9: Arm's Length Trusts

Commented [HS(3]: CRED to provide Q&As with respect to the Affordability Fund

- A Trust structure was selected to implement the Affordability Fund in order to provide an effective solution to distributing funds to electricity distributors. With approximately 70 distributors across Ontario, it was not feasible for the Province to enter into agreements with each distributor.

[17] Independent Electricity System Operator, *Assessment of the Benefits of Market Renewal (Brattle Group)*

- The Trust structure establishes an independent entity with expertise from the electricity distributor and community sectors.
- There are report-back requirements on the use of funds transferred as well as the ability for the government to conduct an audit to gain assurance that the funds have been used for the purposes intended.
- The government will continue to assess the most appropriate vehicle for meeting its policy objectives, which include appropriate oversight of how transfer payments are spent.

For QAs related to:	See:
Accounting for Trust	Treasury Board Secretariat

Records Disclosure/Process

Commented [HS(4]: LSB should review and fact check

- The Ministry conducted a search consistent with the 40 plus search terms provided by the Auditor General.
- The Ministry of Energy has selected McCarthys/Wortzmans to assist with processing and analysis of approximately 2.2 million records that resulted from the search of 81 custodians.
- The Ministry has been regularly providing the Auditor General batches of responsive documents.

For QAs related to:	See:
Records - TBS	Treasury Board Secretariat
Records - MOF	

Q. Why has the Ministry of Energy not provided all e-mails requested by the Auditor General?

As of October 13, 2017, the Ministry has provided 13,212 emails and attachments to the OAG's office.

Q. How much money did the Ministry spend on lawyers?

The Ministry does not intend to spend more than $60,000 on this request. Although the retainer agreement includes a cap of up to $500,000, as of September 21, 2017, only $41,775.75 has actually been spent.

Q. What was the Ministry of Energy's process for providing the emails requested by the Auditor General?

The Ministry conducted a search consistent with the 40 plus search terms provided to the AG. In order to manage the approximately 2.2 million records resulted from the search of 81 custodians, the Ministry of Energy has selected McCarthys/Wortzmans to assist with processing and analysis of the documents.

No legal advice on relevancy of documents was provided by Wortzmans. The Ministry has been regularly providing AG batches of responsive documents.

Commented [HA(5]: May be updated in tech briefing QA

Re-Design of Hydro Bills

Commented [HS(6]: SNAP to provide Q&As with respect to this section

- The objective of the bill redesign initiative is to make bills easier for customers to understand and ensure that they get the most useful information out of their bills.
- Comparisons between redesigned and previous bills will continue to be possible.
- Electricity bills are a customer's main window into the electricity system. Through the LTEP consultation process, the government heard that customers found their bills confusing and inaccessible.
- Hydro One has been a leader in consumer research on ways to improve the appearance and comprehension of its bill. Hydro One enlisted the services of a behavioural research firm and engaged with thousands of customers to develop a new bill design which has been observed to increase customer satisfaction and comprehension.
- Building on this research, the Ministry launched the Bill Redesign Action Plan with the aim of revising the regulatory framework on invoicing to improve the value of electricity bills for consumers. The Ministry has engaged with industry and consumers to better understand consumer concerns and preferences with respect to the bill to ensure that any proposed changes to the bill's design will meet consumer's needs.

PRE-ELECTION REPORT

AG Recommendation #10: Pre-Election Report on Ontario's Finances

For QAs related to:	See:
Pre-Election Report on Ontario's Finances	Treasury Board Secretariat Ministry of Finance

PROVINCE'S FISCAL SITUATION

Recommendation #7: Province's Debt Burden

For QAs related to:	**See:**
Ontario's Debt Burden	Ministry of Finance

Financial Accountability Office Reports

For QAs related to:	**See:**
FAO Reports	Ministry of Finance

Credit Ratings

For QAs related to:	**See:**
Credit Ratings	Ministry of Finance

PREPARATION OF PUBLIC ACCOUNTS

AG Recommendation # 4: External Advisors

For QAs related to:	**See:**
External Advisors	Treasury Board Secretariat

Q. Who was involved in the policy and implementation process to meet the mandate?

Senior officials and staff from several departments and agencies, led by the Ministry of Energy, collaborated to plan a structure, identify risks, make decisions and take other actions to meet the mandate.

The senior officials and staff were from:
- Ministry of Energy;
- Ministry of Finance;
- Treasury Board Secretariat;
- Office of the Provincial Controller;
- Cabinet Office;
- Ontario Financing Authority (OFA);
- Independent Electricity System Operator (IESO); and
- Ontario Power Generation Inc. (OPG).

In development and implementation of Global Adjustment (GA) refinancing, the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure due diligence was completed.

AG Recommendation #8: Timeline of Finalization of Financial Statements

For QAs related to:	**See:**
Finalization of Financial Statements	Treasury Board Secretariat Ministry of Finance

Audit Opinion

For QAs related to:	**See:**
Audit Opinions	Treasury Board Secretariat

Guarantee briefing.pdf

From:	Calwell, Carolyn (ENERGY/MEDEI/MRI)
To:	ASHBOURNE, STEPHEN
Cc:	McKinlay, Tom (ENERGY)
Subject:	Guarantee briefing
Date:	June 15, 2017 10:37:46 PM

Steve - I think because of time constraints, there is a desire to limit attendance at the briefing tomorrow. You are off the hook. I will give you a full report back about the discussion. Apologies for this change of plans.

Carolyn

RE_ By Wednesday at 3 pm -Rate Mitigation Imple...(1).pdf

From:	Talwar, Shruti (ENERGY)
To:	Yordi, Samer (ENERGY)
Cc:	Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Young, Graham (ENERGY)
Subject:	RE: By Wednesday at 3 pm -Rate Mitigation Implementation Meeting
Date:	November 22, 2017 5:13:10 PM
Attachments:	2017 OHHP Martix and Outstanding Business Issues - Week of Nov 20 DOCX (2).docx

Hi Samer,

Please see attached. For the subordinated debt agreement, I reached out to OPG but haven't heard back.
Given this matrix is for tomorrow's meeting, I thought I'd send it up as is.

Thanks,
Shruti

From: Young, Graham (ENERGY)
Sent: November 21, 2017 4:43 PM
To: Talwar, Shruti (ENERGY)
Cc: Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY)
Subject: FW: By Wednesday at 3 pm -Rate Mitigation Implementation Meeting

Hi all

I updated the matrix as ESP requested.

ESP assigned SNAP the 'financing plan' line, which I found odd. I updated what I could.

Graham

From: Sud, Manu (ENERGY)
Sent: November-21-17 4:14 PM
To: Young, Graham (ENERGY)
Cc: Ogunrinde, Deni (ENERGY)
Subject: FW: By Wednesday at 3 pm -Rate Mitigation Implementation Meeting

Thanks,
Manu

From: Yordi, Samer (ENERGY)
Sent: November-21-17 2:36 PM
To: Smith, Mike (ENERGY); Zade, Ryan (ENERGY); Singh, Inayat (ENERGY); Sud, Manu (ENERGY)
Cc: Chander, Sunita (ENERGY); Talwar, Shruti (ENERGY); Smith, Brett (ENERGY)
Subject: RE: By Wednesday at 3 pm -Rate Mitigation Implementation Meeting

Hi everyone,

An update from ESP:

"Slight change of plan – Steen would like us to update a merged OFHP Matrix/Business Issues list – template attached."

Thanks,
Sam

From: Yordi, Samer (ENERGY)
Sent: November 20, 2017 7:02 PM
To: Smith, Mike (ENERGY); Zade, Ryan (ENERGY); Singh, Inayat (ENERGY); Sud, Manu (ENERGY)
Cc: Chander, Sunita (ENERGY); Talwar, Shruti (ENERGY); Smith, Brett (ENERGY)
Subject: FW: By Wednesday at 3 pm -Rate Mitigation Implementation Meeting

Hi everyone,

Please see Hilary's email below.

Thanks,
Sam

From: Cox, Hilary (ENERGY)
Sent: November 20, 2017 6:33 PM
To: Yordi, Samer (ENERGY); Edwards, Matthew (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Montgomery, Kaitlin (MOF); Katona, Keley (MOF)
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_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 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~~/MOU between OFA and Energy • Notice of Subscription • Amendment to Articles	• OPG to request Minister's signature on the Shareholder resolution~~s~~. • OPG/ENE to sign Master Share Subscription Agreement • OFA / ENE to ~~determine required~~finalize monthly process and sign-off mechanism **Timing:** ~~October for internal provincial mechanism~~Agreements to be signed shortly ~~by end of November.~~
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

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 [TS(5]: OPG to provide this information. This agreement is between OPG and the Trust.

Commented [HS(6]: ESP to update

Issue	Overview	Supporting Documentation	Timing / Next Steps
OPG / IESO Commercial Agreement	•	•	• OPG and IESO working to finalize Agreement **Timing:**

Commented [HS(7]: ESP to update. Should likely call IESO.

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

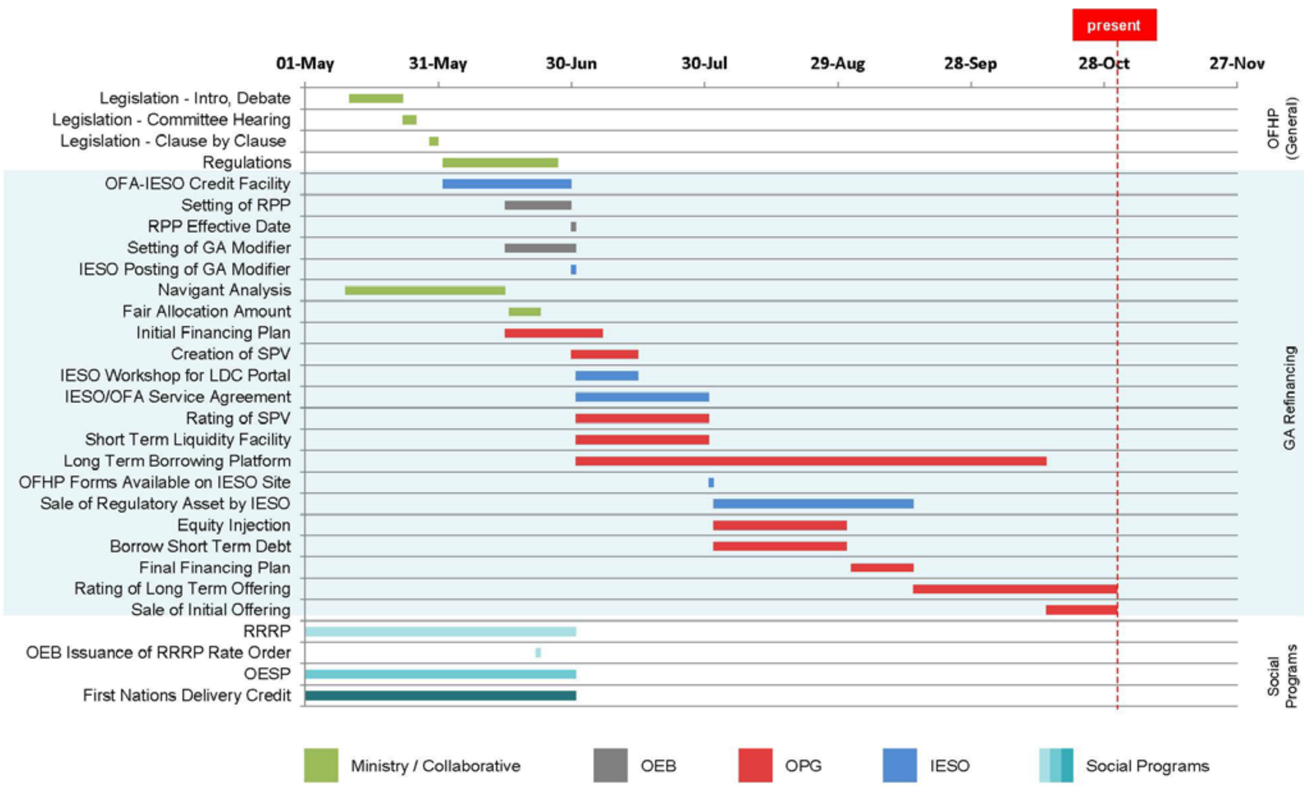
Item	Key Deliverables / Considerations	Timing / Next Steps
1) Broadening Rural or Remote Rate Protection (RRRP) (SNAP)		
• ENERGY, LSB and LDCs	<u>Recent Action Items</u> • All LDCs have indicated they have implemented the program • IESO has begun to submit reimbursement claims to the Ministry	• Discussions 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	• 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
	• 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	
3) Providing a First Nations On-Reserve Delivery Credit (SNAP)		
• ENERGY and LSB	Recent Action Items • 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)	Recent Action Items • 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

Item	Key Deliverables / Considerations	Timing / Next Steps
		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 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	Recent Action Items • Ongoing Ministry work re bill presentment	• 2017-2018 – Bill redesign
6) Expanding ICI (ESP/COMs)		
• ENERGY, LSB, IESO and LDCs	Recent Action Items • 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) Considerations	• Continue this work as part of 2017 LTEP implementation

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.

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RE_ By Wednesday at 3 pm -Rate Mitigation Imple...(2).pdf

From: Yordi, Samer (ENERGY)
To: Smith, Mike (ENERGY); Zade, Ryan (ENERGY); Singh, Inayat (ENERGY); Sud, Manu (ENERGY)
Cc: Chander, Sunita (ENERGY); Talwar, Shruti (ENERGY); Smith, Brett (ENERGY)
Subject: RE: By Wednesday at 3 pm -Rate Mitigation Implementation Meeting
Date: November 21, 2017 2:35:00 PM
Attachments: Action Items_ Nov 1_v2.docx
20171109_OFHP_Update_for_Minister_EPE_ Clean.pptx
2017 OHHP Martix and Outstanding Business Issues - Week of Nov 20.DOCX.....docx

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From: Cox, Hilary (ENERGY)
Sent: November 20, 2017 6:33 PM
To: Yordi, Samer (ENERGY); Edwards, Matthew (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Montgomery, Kaitlin (MOF); Katona, Keley (MOF)
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_1.pdf

Action Items
November 1, 2017

Agenda

1) GA Refinancing
   - 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
   - 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
   - Commercial Agreement (OPG/ IESO)
     - Work ongoing between OPG and IESO

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

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Ontario

MINISTRY OF
ENERGY

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.

1. OEB calculates the "monthly base distribution charge" cohort of LDCs using 2017 rates.
2. OEB sets Maximum Charge using the lowest "monthly based distribution charge" from the cohort.
3. Cohort LDCs charge eligible customers up to the maximum charge for base distribution.
4. LDCs recover approved distribution costs above the maximum charge from the tax base.

- 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:

Pre-July 1, 2017
OFHP Bill Inserts

- Requirement for LDCs to issue "8% rebate" envelopes and include "8% rebate" on-bill messaging revoked from O. Reg. 364/16.
- LDCs voluntarily issued OFHP bill inserts in June ahead of finalized OFHP regulations (bill inserts printed by ENERGY).

July 1, 2017
OFHP Required Messaging

- OFHP regulations introduced requiring LDCs to comply with the following by July 1st:

1. Issue OFHP bill inserts on a quarterly basis for one year;
2. Include OFHP on-bill messaging;
3. Include a FNDC line item, where applicable; and
4. Remove outdated on-bill messaging (e.g., DRC).

- Hydro One exempted from specified OFHP invoicing requirements and O. Reg. 275/04.

Aug. – Oct. 2017
RAP Consultations

- ENERGY to convene a RAP Working Group including Hydro One, the EDA, the OEB, the Coalition of Large Distributors, as well as other LDCs and industry assoc.
- As part of this group, ENERGY to seek feedback on changes to bill presentment, regulatory reform, and billing system design.

Fall – Winter 2017
RAP Proposed Regulatory Amendments

- Following RAP consultations, ENERGY to introduce regulatory amendments to simplify bill presentment by the end of 2017. Hydro One to begin rolling out its redesigned electricity bills in Q4 2017.

Winter 2018 –
RAP Final Regulatory Framework

- New/amended invoicing regulations to become effective as of January 1, 2018.
- Hydro One expected to complete its roll-out of redesigned bills to its low volume consumers by Q2 2018.
- New regulations to include ample transition period for LDCs to adopt new regulatory invoicing requirements (e.g., 6 months – 1 year)

OFHP Key Milestones

2017: Sep, Oct, Nov, Dec
2018: Jan, Feb, Mar, Apr, May, Jun

GA Refinancing

- **Sept. 29**
  OPG Board Meeting to approve OFHP Items
- Rating Agency Process
- Nov. 20: Regulatory amendments to address accounting and commercial/financial requirements.
- Finalize other items to support first bond issuance:
  - PILs exemption;
  - Protection Agreement OIC; and
  - Sub-Debt Agreement.
- OPG Bond Issuance

Ongoing Financing

- OPG to purchase Regulatory Asset from IESO on monthly basis
- OPG to issue long-term bonds periodically
- Province to inject capital into OPG periodically as requested
- Regulatory amendments related to inflationary increases in years 3 and 4

Social Programs (FN Delivery Credit, OESP)

- **Sept. 18**
  First full reimburse-ment request received from IESO
- FNDC LDCs sign up eligible customers
- Minister letter to OEB on cost forecasting
- PRRT Update
- Proclaim OEBA amendments to shift OESP to the tax base
- Hydro One Distribution Rate Application Oral Hearing and Adjudication (Decision timeline TBD by OEB)
- OEB to revise Maximum Distribution Charge

Affordability Fund

- LDC Engagement, Program Design to be finalized
- Program Launch
- Fund expected to be accessible to LDCs Through the PRRT process, report back to TBC/MBC on Affordability Fund in Fall 2017

Billing

- Research and Consultation
- LRC
- LDC Implementation

Appendix

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

Rate Mitigation Implementation Group
- ENERGY
- MOF (IGS)
- TBS (OPCD)
- OPG (CEO, CFO)
- IESO (CEO/CAO)
- OEB
- External Advisors (i.e., legal, accounting)

Weekly Ministry of Energy Meeting

GA Refinancing – Subcommittee
- ENERGY (ESP, SNAP, LSB)
- OPG (Finance, Legal)
- IESO (Planning, Settlements, Finance, Legal)
- OEB (RPP, Legal)
- MOF (IGS, OFA)
- TBS (OPCD)
- External Advisors (i.e., Legal, Accounting)

Support Programs (i.e., RRRP, OESP, First Nation) – Subcommittee
- ENERGY (SNAP, LSB)
- MOF
- TBS
- Hydro One (Settlements)

Affordability Fund – Subcommittee
- ENERGY (CRED, LSB)
- MOF (IGS, LSB)
- TBS (OPCD)
- Hydro One (Settlements, Legal)

ICI / Manufactures and SMEs – Subcommittee
- ENERGY(ESP, LSB)
- IESO (Settlements, Legal)

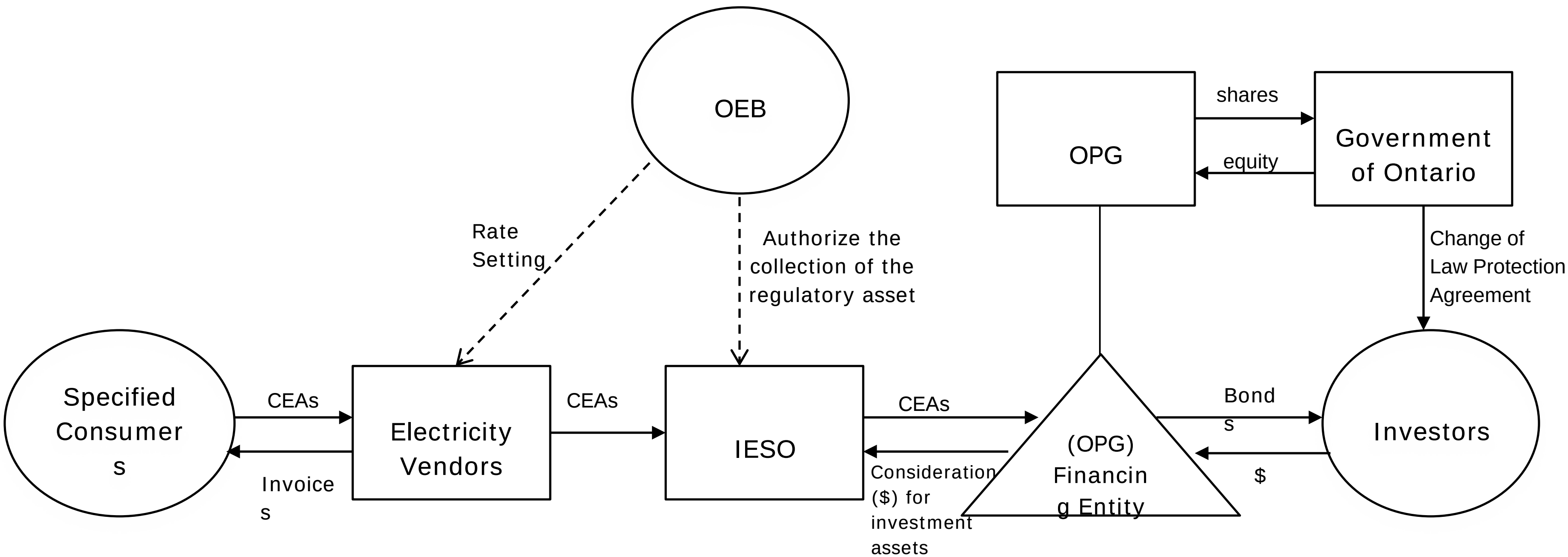
Manufactures and SMEs
- MEDG / Small Business
- MOF
- MOL

Tenants – Subcommittee
- ENERGY (SNAP, LSB)
- Housing
- MAG

Working Group – LDC
- ENERGY (ESP, CRED, SNAP, LSB)
  IESO (Settlements)
- LDCS (Settlements)
- EDA (Policy)

Affordability Fund Trust - Board of Trustees
- 3 electricity distributors
- 2 social service agencies
- 1 (non-voting) government

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are "clean energy adjustments"

2017 OHHP Martix 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 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

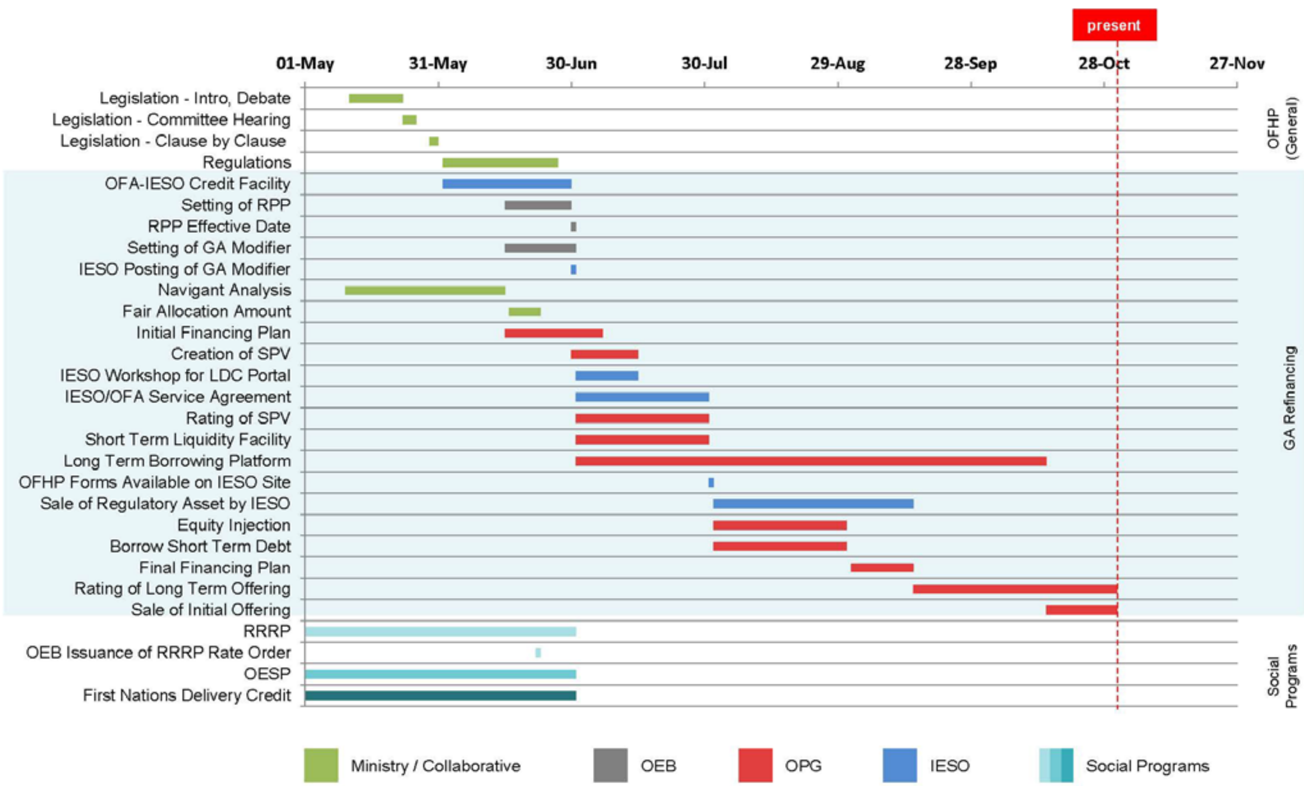
Item	Key Deliverables / Considerations	Timing / Next Steps
1) Broadening Rural or Remote Rate Protection (RRRP) (SNAP)		
• ENERGY, LSB and LDCs	<u>Recent Action Items</u> • All LDCs have indicated they have implemented the program • IESO has begun to submit reimbursement claims to the Ministry	• Discussions 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	Recent Action Items • 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)	Recent Action Items • 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	Recent Action Items • Ongoing Ministry work re bill presentment	• 2017-2018 – Bill redesign
6) Expanding ICI (ESP/COMs)		
• ENERGY, LSB, IESO and LDCs	Recent Action Items • 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) Considerations • 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.

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

From:	Katona, Keley (MOF)
To:	Cox, Hilary (ENERGY); Yordi, Samer (ENERGY); Edwards, Matthew (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Montgomery, Kaitlin (MOF)
Subject:	RE: By Wednesday at 3 pm -Rate Mitigation Implementation Meeting
Date:	November 21, 2017 1:22:51 PM

Works for me, thanks.

From: Cox, Hilary (ENERGY)
Sent: November 21, 2017 1:19 PM
To: Yordi, Samer (ENERGY); Edwards, Matthew (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Montgomery, Kaitlin (MOF); Katona, Keley (MOF)
Subject: FW: By Wednesday at 3 pm -Rate Mitigation Implementation Meeting

Hi All –
Slight change of plan – Steen would like us to update a merged OFHP Matrix/Business Issues list – template attached. Keley, I understand that Energy will now be functioning as the point person on getting business issues updates from MOF? Please confirm and I will action out the business issues for updating by divisions here.

HC

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

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

From:	Chander, Sunita (ENERGY)
To:	Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Subject:	RE: By Wednesday at 3 pm -Rate Mitigation Implementation Meeting
Date:	November 22, 2017 5:20:14 PM

Nothing from me on this

Sunita Chander
Director, Distribution and Agency Policy Branch
Strategic, Network and Agency Policy Division
Ministry of Energy

77 Grenville St., 6th Floor
Toronto ON M7A 2C1
Tel: 416-325-6594
Email: sunita.chander@ontario.ca

From: Yordi, Samer (ENERGY)
Sent: November 21, 2017 2:36 PM
To: Smith, Mike (ENERGY); Zade, Ryan (ENERGY); Singh, Inayat (ENERGY); Sud, Manu (ENERGY)
Cc: Chander, Sunita (ENERGY); Talwar, Shruti (ENERGY); Smith, Brett (ENERGY)
Subject: RE: By Wednesday at 3 pm -Rate Mitigation Implementation Meeting

Hi everyone,

An update from ESP:

"Slight change of plan – Steen would like us to update a merged OFHP Matrix/Business Issues list – template attached."

Thanks,
Sam

From: Yordi, Samer (ENERGY)
Sent: November 20, 2017 7:02 PM
To: Smith, Mike (ENERGY); Zade, Ryan (ENERGY); Singh, Inayat (ENERGY); Sud, Manu (ENERGY)
Cc: Chander, Sunita (ENERGY); Talwar, Shruti (ENERGY); Smith, Brett (ENERGY)
Subject: FW: By Wednesday at 3 pm -Rate Mitigation Implementation Meeting

Hi everyone,

Please see Hilary's email below.

Thanks,
Sam

From: Cox, Hilary (ENERGY)
Sent: November 20, 2017 6:33 PM
To: Yordi, Samer (ENERGY); Edwards, Matthew (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Montgomery, Kaitlin (MOF); Katona, Keley (MOF)
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

RE_ EXTERNAL   RE_ Rate Mitigation Implementati....pdf

From: Schlaepfer, Martin (ENERGY)
To: HARTWICK Ken -FINANCE
Subject: RE: EXTERNAL – RE: Rate Mitigation Implementation Meeting - October 12, 2017
Date: October 13, 2017 4:19:00 PM
Attachments: Estimates Qs and As_Day 2.docx

Also attached are the friendly's for the IESO. These will be discussed at the 4:30 as well.

Sorry for the multiple emails.

-----Original Message-----
From: Schlaepfer, Martin (ENERGY)
Sent: October 13, 2017 4:11 PM
To: 'HARTWICK Ken -FINANCE' <ken.hartwick@opg.com>
Subject: RE: EXTERNAL – RE: Rate Mitigation Implementation Meeting - October 12, 2017

And finally attached are the supplementary QAs.

-----Original Message-----
From: Schlaepfer, Martin (ENERGY)
Sent: October 13, 2017 3:25 PM
To: 'HARTWICK Ken -FINANCE' <ken.hartwick@opg.com>
Subject: RE: EXTERNAL – RE: Rate Mitigation Implementation Meeting - October 12, 2017

Hi Ken,

Attached is a first draft of the technical deck. We will also use this for the 4:30 meeting. The additional QA should be coming as well.

Can you please share these with the other folks from OPG that will be attending?

There will be copies at the meeting as well.

Thanks,
Martin

-----Original Message-----
From: Schlaepfer, Martin (ENERGY)
Sent: October 13, 2017 2:49 PM
To: 'HARTWICK Ken -FINANCE' <ken.hartwick@opg.com>
Subject: RE: EXTERNAL – RE: Rate Mitigation Implementation Meeting - October 12, 2017

Attached is what was shared from Sandra. We are still working on one additional lead in question that would be a hybrid answer between the Deputy and yourself.

-----Original Message-----
From: HARTWICK Ken -FINANCE [mailto:ken.hartwick@opg.com]
Sent: October 13, 2017 9:53 AM
To: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Subject: RE: EXTERNAL – RE: Rate Mitigation Implementation Meeting - October 12, 2017

I will check

Sent with BlackBerry Work
(www.blackberry.com)

From: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca<mailto:Martin.Schlaepfer@ontario.ca>>
Date: Friday, Oct 13, 2017, 9:44 AM
To: HARTWICK Ken -FINANCE <ken.hartwick@opg.com<mailto:ken.hartwick@opg.com>>
Subject: RE: EXTERNAL – RE: Rate Mitigation Implementation Meeting - October 12, 2017

I will make sure you have copies of the QAs but we're still waiting for them from you guys, so not sure when they will arrive. Sandra was coordinating them for OPG.

-----Original Message-----
From: HARTWICK Ken -FINANCE [mailto:ken.hartwick@opg.com]
Sent: October 13, 2017 9:42 AM
To: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Subject: RE: EXTERNAL – RE: Rate Mitigation Implementation Meeting - October 12, 2017

Great. Are you able to email material or all verbal

Sent with BlackBerry Work
(https://na01.safelinks.protection.outlook.com/?url=www.blackberry.com&data=02%7C01%7Cken.hartwick%40opg.com%7C385174bf54254c1ef0a308d512409344%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636434990913219148&sdata=zIkz4BWOv46MZ7hoGuezyxD%2F6ER75B2UbhRWQGLibgs%3D&reserved=0)

From: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca<mailto:Martin.Schlaepfer@ontario.ca>>
Date: Friday, Oct 13, 2017, 9:32 AM
To: HARTWICK Ken -FINANCE <ken.hartwick@opg.com<mailto:ken.hartwick@opg.com>>
Subject: RE: EXTERNAL – RE: Rate Mitigation Implementation Meeting - October 12, 2017

Hi Ken,

We are now setting up a teleconference line, as Kim will be calling in as well. Here are the teleconference details:
416-212-8011 (toll free 1-866-602-5461) Conference ID: 7263124#

We will also update the meeting invite.

Thanks,
Martin

-----Original Message-----
From: Schlaepfer, Martin (ENERGY)
Sent: October 13, 2017 7:21 AM
To: HARTWICK Ken -FINANCE <ken.hartwick@opg.com>
Subject: Re: EXTERNAL – RE: Rate Mitigation Implementation Meeting - October 12, 2017

Hi Ken,

No problem. The direct line to the boardroom is: 416-326-5024.

Thanks,
Martin
 Original Message
From: HARTWICK Ken -FINANCE
Sent: Friday, October 13, 2017 7:16 AM
To: Schlaepfer, Martin (ENERGY)
Subject: RE: EXTERNAL – RE: Rate Mitigation Implementation Meeting - October 12, 2017

Martin
Thanks. I am out of the office today but can call in to the 330 meeting. Is there a dial in? John lee or John mauti will attend in person.
Thanks

Sent with BlackBerry Work
(https://na01.safelinks.protection.outlook.com/?url=www.blackberry.com&data=02%7C01%7Cken.hartwick%40opg.com%7C916c572e89c540257ff108d5123ed99d%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636434983505948549&sdata=mhHSsyrpX5NivaRLysXXoHWV%2B6cMPluE6TCiiw2ek3Y%3D&reserved=0)

From: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca<mailto:Martin.Schlaepfer@ontario.ca>>
Date: Thursday, Oct 12, 2017, 6:43 PM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>, Sermat-Harding, Kaili (ENERGY) <Kaili.Sermat-Harding@ontario.ca<mailto:Kaili.Sermat-Harding@ontario.ca>>, Calwell, Carolyn (ENERGY) <Carolyn.Calwell@ontario.ca<mailto:Carolyn.Calwell@ontario.ca>>, Chander, Sunita (ENERGY) <Sunita.Chander@ontario.ca<mailto:Sunita.Chander@ontario.ca>>, Nelms, Scott (MOF) <Scott.Nelms@ontario.ca<mailto:Scott.Nelms@ontario.ca>>, LYASH Jeffrey -PRESIDENT <jeffrey.lyash@opg.com<mailto:jeffrey.lyash@opg.com>>, HARTWICK Ken -FINANCE <ken.hartwick@opg.com<mailto:ken.hartwick@opg.com>>, 'Kim Marshall (Kim.Marshall@ieso.ca)' <Kim.Marshall@ieso.ca<mailto:Kim.Marshall@ieso.ca>>, Thompson, Scott (MOF) <Scott.Thompson@ontario.ca<mailto:Scott.Thompson@ontario.ca>>, Angus, Helen (TBS) <Helen.Angus@ontario.ca<mailto:Helen.Angus@ontario.ca>>, Davidson, Steven (CAB) <Steven.Davidson@ontario.ca<mailto:Steven.Davidson@ontario.ca>>, CROZZOLI Carlo -CBUSDEV&STRT <carlo.crozzoli@opg.com<mailto:carlo.crozzoli@opg.com>>, Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>, Hughes, Karen (TBS) <Karen.Hughes@ontario.ca<mailto:Karen.Hughes@ontario.ca>>, Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>, Michael Boll <Michael.Boll@ieso.ca<mailto:Michael.Boll@ieso.ca>>
Cc: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca<mailto:Serge.Imbrogno@ontario.ca>>, Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca<mailto:Andrew.Teliszewsky@ontario.ca>>, Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca<mailto:Matt.Whittington@ontario.ca>>, Baker, Carys (ENERGY) <Carys.Baker@ontario.ca<mailto:Carys.Baker@ontario.ca>>, MacIntyre, Kyle (TBS) <Kyle.MacIntyre@ontario.ca<mailto:Kyle.MacIntyre@ontario.ca>>, McLean, David (MOF) <David.McLean@ontario.ca<mailto:David.McLean@ontario.ca>>, Foster, Robert (CAB) <Robert.Foster@ontario.ca<mailto:Robert.Foster@ontario.ca>>, 'jordan.penic@ieso.ca' <jordan.penic@ieso.ca<mailto:jordan.penic@ieso.ca>>, 'Turnevicius, Lorraine' <lorraine.turnevicius@ieso.ca<mailto:lorraine.turnevicius@ieso.ca>>, KING Catriona -OFFCORPSEC <catriona.king@opg.com<mailto:catriona.king@opg.com>>, Bungaro-Yemec, Francesca (ENERGY) <Francesca.Bungaro-Yemec@ontario.ca<mailto:Francesca.Bungaro-Yemec@ontario.ca>>, Feather, Adam (ENERGY) <Adam.Feather@ontario.ca<mailto:Adam.Feather@ontario.ca>>, Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca<mailto:Hilary.Cox@ontario.ca>>, Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca<mailto:Matthew.Edwards@ontario.ca>>, Laughton, Patrick (TBS) <Patrick.Laughton@ontario.ca<mailto:Patrick.Laughton@ontario.ca>>, David Barrett <david.barrett@ieso.ca<mailto:david.barrett@ieso.ca>>, Katona, Keley (MOF) <Keley.Katona@ontario.ca<mailto:Keley.Katona@ontario.ca>>
Subject: EXTERNAL – RE: Rate Mitigation Implementation Meeting - October 12, 2017

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** ______________________________

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

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Ontario Power Generation Inc.

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Ontario Power Generation Inc.

Estimates Qs and As_Day 2.pdf

Follow-up questions for Estimates

Q1. In the first session we asked if you could you talk about how the IESO's accounting policy compares to its peers. You said you were looking for trends, and you did some work in terms of how others are defining their rate-regulated assets. Can you elaborate further on this? Did you discuss this method with the other companies who are using it to determine what the overall advantages are?

- Of course. Thanks for the opportunity to revisit this question.
- When we started looking into changes to our accounting policies, we wanted to look at other organizations that have similar mandates to us.
- Including the IESO, **there are 9 independent system operators in North America**; seven in the U.S. and two in Canada: The IESO and Alberta's AESO.
- We had discussions with these organizations about their operations and accounting practices.
- We looked at their location, the accounting framework they follow, the type of organization they are (either not-for-profit or otherwise), whether they are subject to income tax, their capital structure, how they are governed, by which body they are regulated, and finally, whether they recognized balances of market participants and regulatory assets in their financial reporting.
- From this research, we found that **7 of the other 8 ISOs recognize the balances of the market participants.** They are:
    1. **ISO New England**
    2. **NYISO**, in New York
    3. **MISO**, Midcontinent ISO which covers Midwest United States, Manitoba, and much of Arkansas, Mississippi, and Louisiana.
    4. **PJM**, covering the eastern U.S. states: Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia.
    5. **CAISO**, in California
    6. **ERCOT**, in Texas
    7. **Southwest Power Pool**, in central US.
- When we talked to our counterparts across North America about regulatory assets, we found out that **6 of the other 8 entities recognize the economic effects of rate regulation**, they are:
    1. **AESO**, in Alberta
    2. ISO New England

3. NYISO
4. MISO
5. PJM
6. ERCOT

- I should mention that the two ISOs that do not recognize the effect of rate regulation are California ISO (CAISO) and Southwest Power Pool (SPP).
- When we talked to CAISO, we found out that **their accounting framework actually allows for the recognition of regulatory assets and liabilities**, but that it had concluded the need to recognize regulatory assets was no longer necessary.
- When we talked to Southwest Power Pool, we learned that **they simply do not have any variance accounts that would qualify as regulatory assets or liabilities**.

- So, when we looked at making the accounting change we considered that:
    1. Including **market accounts** on our financial statements would provide increased transparency into the value of transactions that flow through Ontario's $17 billion electricity market;
    2. That **regulatory accounting** better reflected the economic substance of certain types of IESO expenses (like Smart Metering Entity expenses) which are recovered through a rate regulated by the OEB;
    3. That the change would **enhance the relevance, transparency and accountability of our financial reporting**;
    4. That this change would **bring the IESO in line with its peers** across North America; and
    5. Finally, that this accounting change would in **no way affect the IESO's costs, or have any financial impact on electricity ratepayers –** all these factors confirmed our decision to make the accounting change.

Q2. In the first session you stated that "Public Sector Accounting Standards (PSAS) are silent in terms of rate-regulated accounting," which is ultimately what led the IESO in conjunction with KPMG, to look beyond PSAS to US Generally Accepted Accounting Principles (GAAP) in terms rate regulated activities. How did the IESO come to the conclusion that it was acceptable to use GAAP instead of PSAS for rate regulated activities? Is there a clause or section of PSAS that permits the use of GAAP in a given scenario?

- The IESO follows Public Sector Accounting Standards (PSAS) for its accounting.

- PSAS neither explicitly permits, nor prohibits, the recognition, measurement, presentation or disclosure of rate-regulated activities.

- In absence of a clear position on an issue, standard accounting practice dictates that an entity is entitled to consult another accounting standard.

- If I may cite from the PSAS Handbook, Section 1150.18 and 19:

> *"Paragraphs PS 1150.19-.24 identify some of the other sources that a public sector reporting entity might consult to assist in selecting accounting policies and disclosures that comply with paragraph PS 1150.05.Pronouncements issued by other bodies authorized to issue accounting standards may be useful sources to consult. For example, accounting pronouncements published with the authority of the Canadian Accounting Standards Board (AcSB), International Accounting Standards Board (IASB), US Federal Accounting Standards Advisory Board (FASAB), US Governmental Accounting Standards Board (GASB), or International Public Sector Accounting Standards Board (IPSASB) are often important sources to consult on matters not covered by primary sources of GAAP or for assistance in applying a primary source of GAAP to specific circumstances."*

- In this case, the IESO consulted US GAAP, the only accounting framework in North America that provides guidance on rate regulated operations. The IESO has since adopted aspects of the US GAAP accounting framework allowing the IESO to recognize a regulatory asset.

- This decision was supported by an accounting opinion from our external auditors at KPMG and as we've just discussed, aligns the IESO with six of the eight other independent system operators in North America.

- In fact, more than one of the big-four accounting firms agree with our decision on this matter.

Q3. Obviously determining a structure like this requires a lot of comprehensive insight and analysis to ensure that the best interests of Ontario ratepayers are being protected. Who was involved in the decision making process? What experts and outside companies were involved, and is the IESO certain that they left no stone unturned in ensuring the proper accounting process and standards were chosen?

- Definitely. It's a decision we made after careful consideration and extensive consultation with external experts.

- The IESO regularly reviews its accounting policies to ensure our financial reporting best represents our operations and the substance of the accounts we oversee.

- Prompted by conversation with government about the Fair Hydro Plan and recognizing the need to consider impacts of future government policy, the IESO revisited its options for reporting market accounts and recognizing regulatory assets.
- Working with its audit partner KPMG, the IESO determined that there were reporting options for market accounts and regulatory assets and that a choice was required as to whether or not to report these in the IESO financial statements.
- By analyzing the nature of the accounts, IESO's economic relationship to them, legislative requirements and market rules it was concluded that an appropriate position for either treatment was acceptable.
- Ultimately, the IESO felt the public reporting of market accounts was relevant to the needs of its financial statement users and enabled greater transparency into the market transactions it oversees, which amounted to $17 billion last year.
- We also felt that recognizing regulatory assets would provide more transparency into the substance of the variance accounts we oversee.
- As we just covered, this change to recognize regulated assets and market accounts brings the IESO in line with accounting practices followed by other independent system operators in North America.
- I should also mention, that in the past, the Ontario Power Authority, a predecessor organization of the IESO, reported a subset of the market accounts on its financial statements – so this isn't new.
- To confirm our view that the change was appropriate, the IESO engaged independent audit firm KPMG for accounting research on the matter.
- KPMG conducted their own research into the issue.
- KPMG subsequently issued a white paper on the accounting change, supporting the IESO's decision to change its accounting policy. The changes were also reviewed with and supported by the Office of the Provincial Controller.
- The accounting change was reviewed by the IESO's Board of Directors, and approved.
- As part of our regular 2016 year-end audit, KPMG issued an accounting opinion on our financial reporting. The accounting firm issued an unqualified or "clean" accounting opinion, meaning they supported the decision.
- Finally, when publishing our 2016 financial statements, in order to communicate the change of accounting policy, the IESO added additional notes in its 2016 financial statements to explain the changes in the Summary of Significant Accounting Policies section of its 2016 annual report.
- Now, you asked a question about ensuring the best interests of Ontario rate payers were protected and this is an important point that I want to take the time to address, specifically, because it was a consideration of ours.

- **These changes in no way affect the IESO's costs, or have any financial impact on electricity ratepayers.**
- Ultimately, the IESO made these changes because it will provide the users of its financial statements greater transparency into the market transactions it oversees, which amounted to $17 billion **last year**, and better reflects the economic substance of IESO expenses that are recovered through rate-regulation.

Q4. You say the IESO received an "unqualified opinion" from its auditor on your 2016 financial statements. What does that mean?

- It is the auditor's responsibility to express an opinion on the financial statements based on their audit.
- In our case, KPMG conducted their audit in accordance with Canadian generally accepted accounting standards.
- Those accounting standards require that the auditors comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the entity's financial statements are free from material misstatement.
- Here are some of the things an audit looks into:
- An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.
- The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
- In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- **On our 2016 financial statements, KPMG stated: "We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion"**
- This was followed by a statement of their **unqualified opinion:**
    - **In our opinion, the financial statements present fairly, in all material respects, the financial position of the IESO as at December 31, 2016, and its results of operations and the changes in its new debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.**

- This is taken directly from our 2016 financial statements, which are publically available.
- So the "unqualified opinion" is basically accounting-speak to say that the audit partner undertook the thorough audit process, applied the appropriate standards and believes the financial statements follow the appropriate accounting standard and fairly and accurately represent the IESO's financial position at year-end.

Q5. So you received a clean audit on the 2016 financial statements which included regulatory accounting. Why didn't the IESO include these transactions on financial statements prior to 2016?

- The IESO regularly reviews its accounting policies.
- Prompted by a discussion with government about the Fair Hydro Plan, the IESO revisited its options for reporting market accounts and recognizing regulatory assets.
- Working with its auditor, the IESO determined that a choice was required as to whether or not to record Market Accounts and regulatory assets and liabilities in the IESO financial statements.
- By analyzing the nature of the accounts, IESO's economic relationship to them, legislative requirements and market rules it was concluded that an appropriate position for either treatment was acceptable.
- In order to confirm our decision, we asked KPMG to conduct some research on our behalf into the appropriateness of adopting regulated accounting.
- Their research agreed with our view that the recognition of regulatory assets and liabilities better reflects the economic substance of IESO's operations and enhances the relevance, transparency and accountability of its financial reporting.
- It also found that US GAAP was an appropriate accounting framework to look to for guidance on rate-regulated operations, since PSAS was silent on the issue. And that regulatory assets under ASC 980 is not an exemption from the application of US GAAP.
- Finally, KPMG found that the accounting change would bring the IESO in line with the majority of its ISO peers across North America.

- When we considered the results of KPMG's research, along with the fact that the change would have no impact on **the IESO's costs, or have any financial impact on electricity ratepayers, we went ahead and made the accounting change.**

RE_ Fair Hydro Plan - Provincial Guarantee.pdf

From:	Calwell, Carolyn (ENERGY/MEDEI/MRI)
To:	McKinlay, Tom (ENERGY); Rehob, James (ENERGY); Huang, Jackson (MEDG/MRIS)
Subject:	RE: Fair Hydro Plan - Provincial Guarantee
Date:	June 29, 2017 1:02:00 PM
Attachments:	2017 06 22 Business Issues v02.docx BN FSM Fees 28 June 2017.docx BN Interest and Costs 29 June 2017f.docx

Thanks very much, Tom. Adding James and Jackson, whose work overlaps a bit.

I attach a draft briefing note on the fees issue. Jackson is looking to see if we can point to anything as a precedent for our approach.

Also, I attach a short note on the `funding rebate` issue which I sent to the DMO this morning, just so you know where things stand on that front. It ties into your note about accounting below.

Carolyn

From: McKinlay, Tom (ENERGY)
Sent: June-29-17 11:05 AM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: Fair Hydro Plan - Provincial Guarantee

Carolyn,

I attended the "business issues" meeting yesterday with the OFA and Scott Nelms. The purpose of the meeting was to go over the various outstanding business issues and discuss next steps.

Scott led the meeting and provided the following general updates:

- **General Regulation** – Torys is developing a list of "things that got missed" in the general regulation that will need to be addressed at some point down the road in an amending regulation. Scott did not offer any specific examples of major concerns and the issues seemed to me to be more in the nature of continuing housekeeping items.

- **Provincial Support Agreement/Guarantee** – Unsurprisingly, Scott indicated that OPG has a number of concerns around the mark-up of the Term Sheet that we sent over last week. Interestingly, he said that the thing they were "freaking out" the most about was the removal of the provisions around Ontario buying the debt back in a case of market disruption drying up the liquidity in the market. In any event, OPG is apparently going to deliver a further mark-up to us sometime this week.

The OFA flagged again the concern that any market disruption commitment is likely to have potentially significant accounting consequences.

- **OPG Fees** – There is apparently considerable disagreement between the government and OPG about the fee structure for OPG's role as financial service manager. OPG wants a market-style fee with a fixed component (based on assets under management) and a variable component (based on performance). The difficulty is that the fixed component would be quite high given the value of assets that would be under management and it is arguably inappropriate to use this model given that OPG is not actually performing any asset management functions that would justify this approach.

  The government would prefer a cost-plus model, where OPG gets paid its costs plus some reasonable amount of profit. OPG has indicated that there are internal accounting issues with this model and has emphasized that it is not consistent with market-norms.

  Scott indicated that discussions around this issue are continuing.

- **Fair Allocation Curve** – The OFA asked Scott whether the government was really going to make the details of the financial allocation curve public. Scott said that, as far as he knows, that is what is going to happen.

- **Subordinated Debt** – There seems to be some confusion as to the role that Ontario is going to play in the development of subordinated debt agreements between OPG and investors. OPG will itself be an investor in this debt (as a result of the 44% equity injection), but will be setting the terms of the debt in its role as financial services manager. The OFA is concerned about this conflict and noted that OPG has an interest in setting as high an interest rate on the subordinated notes as possible. Ratepayers obviously have an interest in obtaining as low a rate as possible.

  A further issue is that OPG could be paid twice for the 44% equity injection if there is ever a call on the provincial guarantee that requires Ontario to buy back the subordinated notes. For this reason, the OFA suggested that Ontario should have a right to redeem its 44% equity injection if we ever find ourselves in that circumstance.

The practical challenge seems to be that there are significant potential accounting issues if we have a right to sign off on the subordinated debt agreements and if there is a right to redeem the 44% stake. OPCD is working with the external accounts to try and figure out a practical mechanism to address these issues in a way that does not undermine the accounting treatment.

- **Accounting** – More generally on the topic of accounting, Scott noted that KPMG and E&Y are apparently getting increasingly “skittish” about the opinion they gave last year about the accounting treatment of the Fair Hydro finance model. He said that the Auditor General has been very aggressive and some people feel like the external accountants are “looking for a way to back out” of their original advice. In any event, he said that it is looking increasingly unlikely that they will accept any changes to the model that would increase the risk, even modestly. Assuming this is true, it would significantly limit our ability to compromise with OPG on some of their bigger concerns.

  The OFA pointed out that if the accounting treatment does not work there is no reason for the elaborate structure contemplated by the Act. Gadi said we would be better off just issuing provincial debt in that case.

- **Pils Exemption** – Scott indicated that the tax people have signalled a willingness to consider a focussed Pils exemption that would avoid unintended, incremental costs to ratepayers. However, he said that they are not interested in the sort of “blanket exemption” OPG has requested. Scott thought that OPG would come around on this issue eventually.

- **Credit Rating Process** – OPG is planning to meet with credit rating agencies without a final allocation curve and without the provincial guarantee. They are going to rely on a “Frankenstein curve” based on their best guesses and then update their assumptions down the road.

NEXT STEPS:

Scott is going to circulate an revised version of the attached business issues chart incorporating the updates he provided. The OFA is going to draft a memo setting out the province`s position on the outstanding business issues with OPG.

Happy to discuss,

Tom.

Tom McKinlay
General Counsel
Ministries of Energy / Economic Development & Growth / Research, Innovation & Science / Infrastructure
(416) 212-5766

2017 06 22 Business Issues v02_1.pdf

Outstanding Business Issues – Ontario Fair Hydro Plan

Issue	Overview	Supporting Documentation	Next Steps
Increased Credit Facilities	• To help IESO manage monthly cash flow requirements associated with its role in OFHP	• Credit Facility Agreement • OIC	• OFA drafting Credit Facility Agreement and OIC **Timing:** Cabinet on June 27th
Indemnities for IESO and OPG	• MOF to provide indemnities to companies, employees, and directors	• S.28 Business Case • Draft Indemnity	• ENE / OPG/ IESO has provided responses to OFA Qs **Timing:** Indemnities issued at start of July
Guarantees	• Province to provide contingent supports to enable structure	• Draft Term Sheet • Performance Guarantee • Service Guarantee	• OFA / Energy to provide comments on draft term sheet to OPG **Timing:** Language finalized by end of July
Equity Injection	• Province to purchase shares of OPG on a monthly basis	• Draft Term Sheet • Master Subscription Agreement • Service Level Agreement • Notice of Subscription • Amendment to Articles	• OFA / Energy to provide comments on equity injection term sheet • OPG / OFA / Energy to develop other agreements and revise OPG Articles **Timing**: Documents finalized at end of July
PILs Exemption	• Province to mitigate cost to ratepayers by minimizing PILs payable by OPG financing vehicle	• Tax Regulation	• OPG to consider value of comfort letter • MOF legal to draft regulation (consider broad vs. narrow) **Timing:** Regulation by fall
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**: TBD

BN FSM Fees 28 June 2017.pdf

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Ministry of the Attorney General
Briefing Note
Legal Services Division
Legal Services Branch – ENERGY/MEDG/MRIS/MOI/ADO

ISSUE

Oversight of the Financial Services Manager's establishment of fees under the *Ontario Fair Hydro Plan Act, 2017*

OPTIONS

1. Financial Services Manager's (FSM) fixed costs are subject to a prudence review by the OEB. This option provides the Board with the widest degree of discretion but could promote a hearings process which could be protracted and could lead to process delay.

2. Fees are determined in accordance with formulas set out in the regulation; OEB has discretion to determine comparators and benchmarks as inputs to the formulas. This provides the Board with limited discretion only.

3. Fees are set by formula set out in the regulation and OEB verifies FSM calculation of fees in accordance with the formulas. This option would provide the Board with the least amount of discretion (OEB's role is limited to one of numeric verification only)

BACKGROUND

The Ministry, Ontario Power Generation (OPG) and the Ontario Energy Board (OEB) have been in discussions about the role of the OEB in overseeing the fees set by OPG in its role as Financial Services Manager under the *Ontario Fair Hydro Plan Act, 2017* (the Act). Of particular concern is the amount of discretion to be accorded the Board in relation to the fee-setting process.

The Ministry, OEB and OPG generally agree on the following:

- The fee will have a fixed component based on actual costs of providing services and a performance based, variable component.
- The variable component will measure the interest rates that the FSM is able to secure against benchmark interest rates.
- The variable component will have a cap and a floor. If the variable fee is negative, then that amount will be deducted against fixed fees in the following year.
- Fees will be determined annually.
- The Board will have 120 days upon a request for approval to make its determination.

- The Board will be able to approve or refer back to OPG with recommendations for further consideration.
- Fees are “expenses” for the purposes of the Act and are part of the “finance amount”, meaning they are ultimately paid by rate payers.

OPG proposes that the fixed and variable components be determined by formulas set out in regulation. OPG recommends a fixed fee based on market comparators for similar services. OPG ‘s variable fee is based on the difference between forecast and actual interest rates achieved for its funding tranches. OPG prefers that the OEB’s role be limited to verifying OPG’s calculations using the prescribed formulas. However, the Government may be concerned that this provides the Board with too little discretion.

The OEB takes the position that if it is to have a role, that role must be meaningful, meaning that the OEB should be positioned to apply judgment and have the ability to make real determinations regarding fees. This approach accords more closely with the Board’s general role as an independent quasi-judicial administrative tribuanal where the Board exercises a true rate-making or fee-setting function. However, a role which provides the Board with more discretion may be more likely to give rise to a hearings process pursuant to the Board’s authority to hold, or not to hold, a hearing under s.34(2) of the *Ontario Fair Hydro* Act, 2017. If a more constrained role for the OEB is adopted, the Board may take the view that there is less material of substance that would be in contravercy or that would benefit from a full and transparent hearing process.

OPG argues that its position is based on two statements in its February 27, 2017 accounting “white paper” on its preliminary views on the implementation of Global Adjustment refinancing. OPG asserts that failure to adopt the model that OPG proposes will prevent OPG from receiving a favourable accounting opion that it has successfully ~~consolidating~~ consolidated financing entities. OPG relies on these statements from the white paper:

> 4. Province cannot have the right to be able to veto OPG’s decisions about the relevant activities of the Trust. OPG must have the power over the relevant activities of the Trust and be compensated. The relevant activities of the Trust include (but are not limited to) the evaluation and decisions on financing alternatives, duration, and the strategy to minimize financing costs. OPG must have the power to establish operating and capital budgets of the SPV.
>
> 10. OPG must have the ability to earn variable returns by exercising its authority, which shall be accomplished as follows:
>
> a. The cash flow from the restructured asset shall include interest determined based on a relevant benchmark that is appropriate relative to

the restructured asset, plus an appropriate margin consistent with the relevant market and other risks.

b. OPG shall have the authority to determine the financing strategy, which will vary the financing costs with the objective of enabling the SPV to achieve a more favourable return compared to the return from the restructured asset

c. The SPV shall establish classes of liabilities (senior, subordinated and the most subordinated). The classes would allow the SPV to delineate financing of lower risk investment and investment that would bear higher residual risk. The delineation would limit OPG's self-funded investment to a reasonable level in order to allow OPG to remain a self-sustaining entity.

d. OPG shall, through its ownership of the most subordinated liability, be able to capture and retain the pricing difference between cost of financing and benchmark for interest on the restructured asset, or any residual risk of restructured asset. The targeted return of the subordinated liability should be reflective of the underlying risks and compensate holders for active management that would be required.

e. OPG should participate in the detailed design of the above and the SPV documentation to ensure that it has substantive power and variability, which will allow OPG's Board of Directors to evaluate the opportunity as a business initiative instead of through a shareholder directive.

CONSIDERATIONS

1. **FSM fixed costs are subject to a prudence review by the OEB**

- The OEB could apply a prudence analysis to the actual costs of services provided by the FSM. This would entail OEB review of the actual costs incurred by the FSM. OEB would be empowered to approve or deny those costs and provide recommendations about how the FSM performs its role. OPG would be required to justify to the OEB its actual costs and any comparables are reasonable.
- The OEB could also review inputs to a variable rate, such as OPG's determination of forecast interest rates.
- This option provides the greatest level of OEB oversight and discretion.
- A hearing is likely required. Staff has not canvassed whether the OEB would prefer an oral or written hearing in these circumstances.
- OEB oversight ensures that ~~there~~ OPG does not use its regulatory generation business to cross-subsidize its work as FSM, which is not regulated.

2. **Fees are determined in accordance with formulas set out in the regulation; OEB has discretion to determine comparators and benchmarks as inputs to the formulas.**

- This option is an attempt to find a middle ground to OPG's position.
- OPG's proposal would have OPG determine its fixed rate based on "market comparable fees determined by the FSM". The variable fee is based on forecast interest rates for the following year, also determined by the FSM.
- This option could replace the discretion of the FSM to determine comparable and forecast interests with the discretion of the OEB.
- In reviewing the fixed fee, the OEB would have broad discretion to review the services provided by the FSM and the comparators that OPG has selected. These inputs would impact only one part of the formula, albeit a significant part, proposed by OPG.
- In reviewing the variable fee, the OEB would examine the forecast interest rate proposed by the FSM and would determine whether the actual interest rate and the principle amounts of funding obligations as determined by the FSM are correct.

3. Fees are set by formula set out in the regulation and OEB verifies FSM calculation of fees in accordance with the formulas.

- With this option, the regulatory framework constrains OPG's ability to impose fees.
- The OEB role's would be minimized to confirming OPG's calculations.
- A hearing is unlikely to be necessary or desirable given that there would be very little matter of substance in contravercy to put before stakeholders.

NEXT STEPS

Ministry to meet with OPG to discuss options. OPCD should be included.

Date:	June xx, 2017
Prepared by:	Legal Service Branch
Reviewed by:	Energy Supply Policy Investment Governance Secretariat

BN Interest and Costs 29 June 2017f.pdf

Ministry of the Attorney General
Briefing Note
Legal Services Division
Legal Services Branch – ENERGY/MEDG/MRIS/MOI/ADO/SB

ISSUE

Financing interest and costs for the financing entity before Clean Energy Adjustments are payable by electricity consumers ("specified consumers")

FACTUAL BACKGROUND

- In March 2017, the government committed to reduce hydro rates by a total of 25% through a variety of mechanisms and to keep increases to rates equal to inflation for the next four years.
- The *Ontario Fair Hydro Plan Act, 2017* (OFHPA) implements this plan in part (resulting in a reduction of about 17%) by allowing for Global Adjustment costs to be refinanced (GA Refinancing) in the present and paid in the future, recognizing the benefit that future generations will receive from current assets.
- In order to implement GA Refinancing, OPG acting as Financial Services Manager will develop a financing plan and cause financing entities to be created. Financing entities will seek financing from capital markets that will allow them to purchase the "regulatory asset" from the Independent Electricity System Operator (IESO). Upon purchase, financing entities will be investment interest owners.
- While "specified consumers" will eventually be required to pay for the financing obtained by financing entities through "Clean Energy Adjustments", the OFPHA prevents any amounts being charged to rate payers as Clean Energy Adjustments in the short term in order to preserve the government's commitment to lower rates and to keep increases to rates equal to inflation.
- Clean Energy Adjustments are amounts determined by the Financial Services Manager that reflect the financing cost of the GA and the true up amount. The true up amount reconciles actual amounts collected with amounts that are expected to be collected.
- Financing costs include interest and principal, as well as all other costs associated with GA Refinancing such as transaction costs, taxes, etc.
- OPG has advised that the financing entities need a revenue stream to pay for interest and transaction costs immediately.
    - The scope of the costs that must be paid immediately is under discussion. If those costs are limited to interest, the accounting treatment may be different than if those costs include a broader basket of transaction costs.
- OPG and IESO advise that the requirement for an immediate revenue stream directly impacts the accounting treatment for the financing entities and the IESO.

OPTIONS

Funding Rebate

- Under this option, the financing entity would receive from the IESO a funding rebate with the intent is that the funding rebate could be used to pay immediate interest and other costs. For example, if the financing entity paid $100 for the regulatory asset, the IESO would rebate $3 to the financing entity.
- OPG has determined that it must record a financial asset, which reflects an obligation of the IESO, rather than an obligation of rate payers (which would be an intangible asset).
- IESO advises that its preliminary analysis suggests that an ongoing commitment to pay the funding rebate becomes a forward commitment of the IESO which then must be booked as a liability and valued in the amount of the total commitment ($1.3B over 4 years).
- If this accounting treatment is correct, then the Province's books will be impacted

>25% Rate Reduction

- OPG has suggested that the OFHPA mechanisms could be used to reduce rates below the approximately 17% currently contemplated (e.g. to 19%), and that this additional financing could be used to pay interest and costs, resulting in no net difference to rate payers.
- The OFHPA and its regulations use a base line bill for a proxy customer and then apply a discount to that base line. Because of this structure, a further reduction to rates would be apparent on the face of the regulation but would not be reflect in the bills of specified consumers.

NEXT STEPS

IESO, OPG and the Province will continue to discuss options to resolve the immediate cash requirement that meets the accounting and other requirements of all parties. IESO is to undertake further accounting analysis. OPG is to model the impact of cash flows on accounting

Date: June 29, 2017

Prepared by: Carolyn Calwell, Legal Director

RE_ Guarantee briefing(1).pdf

From: Calwell, Carolyn (ENERGY/MEDEI/MRI)
To: McKinlay, Tom (ENERGY)
Subject: RE: Guarantee briefing
Date: June 19, 2017 4:56:00 PM

Thanks, Tom. I saw Scott this afternoon and he provided the Deputy and CoS with an update. He didn't say that he would send the mark up over, but I think that's helpful.

-----Original Message-----
From: McKinlay, Tom (ENERGY)
Sent: June-19-17 4:41 PM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: RE: Guarantee briefing

Carolyn,

The meeting with the OFA earlier today was relatively uneventful. Steve went through the mark-up and explained the rationale for his changes. He didn't really say anything new from our perspective. The OFA representatives agreed with all of our concerns and, in addition, expressed considerable concern about the possible accounting ramifications of the guarantee (and also mentioned the OPG and IESO indemnities). On potentially noteworthy item is that the OFA indicated that they met with the Auditor General on Friday and she indicated her preliminary view that she did not agree with the province's anticipated accounting treatment of the Fair Hydro financing and that her annual audit could end up being qualified on the basis that these liabilities should be reflected in the public accounts. As a result, the issues around the accounting significance of the guarantee and indemnities may become more significant.

In terms of next steps, the OFA was going to brief up this afternoon and, once they've done that, Scott Nelms is going to send the mark-up to OPG and schedule a meeting to discuss. Scott indicated that he would touch base with you directly (and he may have already done so).

Tom.

Tom McKinlay
(416) 212-5766

-----Original Message-----
From: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Sent: June-19-17 10:18 AM
To: McKinlay, Tom (ENERGY)
Subject: RE: Guarantee briefing

Super - thank you. I won't be at today's meeting. Please let me know how it goes.

-----Original Message-----
From: McKinlay, Tom (ENERGY)
Sent: June-19-17 10:14 AM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: FW: Guarantee briefing

I connected with Steve and gave him an update.

Tom McKinlay
(416) 212-5766

-----Original Message-----
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: June-19-17 10:02 AM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Cc: McKinlay, Tom (ENERGY)
Subject: RE: Guarantee briefing

Carolyn and Tom, is there anything from the Friday briefing that we should discuss before we meet with the broader group at 11:30 this morning? Steve

Stephen R. Ashbourne
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Dir: 416-863-3086

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-----Original Message-----
From: Calwell, Carolyn (ENERGY/MEDEI/MRI) [mailto:Carolyn.Calwell@ontario.ca]
Sent: Thursday, June 15, 2017 10:38 PM
To: ASHBOURNE, STEPHEN
Cc: McKinlay, Tom (ENERGY)
Subject: Guarantee briefing

Steve - I think because of time constraints, there is a desire to limit attendance at the briefing tomorrow. You are off the hook. I will give you a full report back about the discussion. Apologies for this change of plans.

Carolyn

RE_ Guarantee briefing(2).pdf

From:	McKinlay, Tom (ENERGY)
To:	Calwell, Carolyn (ENERGY)
Subject:	RE: Guarantee briefing
Date:	June 19, 2017 4:40:52 PM

Carolyn,

The meeting with the OFA earlier today was relatively uneventful. Steve went through the mark-up and explained the rationale for his changes. He didn't really say anything new from our perspective. The OFA representatives agreed with all of our concerns and, in addition, expressed considerable concern about the possible accounting ramifications of the guarantee (and also mentioned the OPG and IESO indemnities). On potentially noteworthy item is that the OFA indicated that they met with the Auditor General on Friday and she indicated her preliminary view that she did not agree with the province's anticipated accounting treatment of the Fair Hydro financing and that her annual audit could end up being qualified on the basis that these liabilities should be reflected in the public accounts. As a result, the issues around the accounting significance of the guarantee and indemnities may become more significant.

In terms of next steps, the OFA was going to brief up this afternoon and, once they've done that, Scott Nelms is going to send the mark-up to OPG and schedule a meeting to discuss. Scott indicated that he would touch base with you directly (and he may have already done so).

Tom.

Tom McKinlay
(416) 212-5766

-----Original Message-----
From: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Sent: June-19-17 10:18 AM
To: McKinlay, Tom (ENERGY)
Subject: RE: Guarantee briefing

Super - thank you. I won't be at today's meeting. Please let me know how it goes.

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From: McKinlay, Tom (ENERGY)
Sent: June-19-17 10:14 AM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: FW: Guarantee briefing

I connected with Steve and gave him an update.

Tom McKinlay
(416) 212-5766

-----Original Message-----
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: June-19-17 10:02 AM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Cc: McKinlay, Tom (ENERGY)
Subject: RE: Guarantee briefing

Carolyn and Tom, is there anything from the Friday briefing that we should discuss before we meet with the broader group at 11:30 this morning? 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
http://www.blakes.com | http://twitter.com/BlakesLaw |
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-----Original Message-----
From: Calwell, Carolyn (ENERGY/MEDEI/MRI) [mailto:Carolyn.Calwell@ontario.ca]
Sent: Thursday, June 15, 2017 10:38 PM
To: ASHBOURNE, STEPHEN
Cc: McKinlay, Tom (ENERGY)
Subject: Guarantee briefing

Steve - I think because of time constraints, there is a desire to limit attendance at the briefing tomorrow. You are off the hook. I will give you a full report back about the discussion. Apologies for this change of plans.

Carolyn

RE_ Guarantee briefing(3).pdf

From:	McKinlay, Tom (ENERGY)
To:	Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject:	RE: Guarantee briefing
Date:	June 19, 2017 4:40:52 PM

Carolyn,

The meeting with the OFA earlier today was relatively uneventful. Steve went through the mark-up and explained the rationale for his changes. He didn't really say anything new from our perspective. The OFA representatives agreed with all of our concerns and, in addition, expressed considerable concern about the possible accounting ramifications of the guarantee (and also mentioned the OPG and IESO indemnities). On potentially noteworthy item is that the OFA indicated that they met with the Auditor General on Friday and she indicated her preliminary view that she did not agree with the province's anticipated accounting treatment of the Fair Hydro financing and that her annual audit could end up being qualified on the basis that these liabilities should be reflected in the public accounts. As a result, the issues around the accounting significance of the guarantee and indemnities may become more significant.

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Sent: June-19-17 10:14 AM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: FW: Guarantee briefing

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To: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Cc: McKinlay, Tom (ENERGY)
Subject: RE: Guarantee briefing

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From: Calwell, Carolyn (ENERGY/MEDEI/MRI) [mailto:Carolyn.Calwell@ontario.ca]
Sent: Thursday, June 15, 2017 10:38 PM
To: ASHBOURNE, STEPHEN
Cc: McKinlay, Tom (ENERGY)
Subject: Guarantee briefing

Steve - I think because of time constraints, there is a desire to limit attendance at the briefing tomorrow. You are off the hook. I will give you a full report back about the discussion. Apologies for this change of plans.

Carolyn

RE_ Guarantee briefing(4).pdf

From:	Calwell, Carolyn (ENERGY/MEDEI/MRI)
To:	McKinlay, Tom (ENERGY)
Subject:	RE: Guarantee briefing
Date:	June 19, 2017 10:17:00 AM

Super - thank you. I won't be at today's meeting. Please let me know how it goes.

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From: McKinlay, Tom (ENERGY)
Sent: June-19-17 10:14 AM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: FW: Guarantee briefing

I connected with Steve and gave him an update.

Tom McKinlay
(416) 212-5766

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Cc: McKinlay, Tom (ENERGY)
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To: ASHBOURNE, STEPHEN
Cc: McKinlay, Tom (ENERGY)

Subject: Guarantee briefing

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Carolyn

RE_ Guarantee briefing(5).pdf

From:	ASHBOURNE, STEPHEN
To:	Calwell, Carolyn (ENERGY/MEDEI/MRI)
Cc:	McKinlay, Tom (ENERGY)
Subject:	RE: Guarantee briefing
Date:	June 19, 2017 10:02:29 AM

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

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Carolyn

RE_ Guarantee briefing.pdf

From:	Calwell, Carolyn (ENERGY/MEDEI/MRI)
To:	McKinlay, Tom (ENERGY)
Subject:	RE: Guarantee briefing
Date:	June 19, 2017 4:56:00 PM

Thanks, Tom. I saw Scott this afternoon and he provided the Deputy and CoS with an update. He didn't say that he would send the mark up over, but I think that's helpful.

-----Original Message-----
From: McKinlay, Tom (ENERGY)
Sent: June-19-17 4:41 PM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: RE: Guarantee briefing

Carolyn,

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Carolyn

RE_ Hi..pdf

From:	Schlaepfer, Martin (ENERGY)
To:	Imbrogno, Serge (ENERGY)
Subject:	RE: Hi.
Date:	September 14, 2017 11:47:00 AM
Attachments:	Action Items_Sept 14_v2.docx

Hi Deputy,

For further context on the discussion this morning attached are the Action Items from today's meeting.

Ok to share these with the broader group?

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: September 14, 2017 9:40 AM
To: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>
Subject: RE: Hi.

Also, TBS indicated that the TB meeting for the Provincial Support Agreement will be moved from the Tuesday the 26th to Monday the 25th due to TBS being called to Estimates.

Let me know if you want to chat, but I don't think you need to call Gadi – he was seized that this needed to be resolved asap.

Martin

From: Schlaepfer, Martin (ENERGY)
Sent: September 14, 2017 9:14 AM
To: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>
Subject: Re: Hi.

Hi Deputy,

A number of issues have still not been resolved, but the main issue is that OPG has indicated that the provincial support agreement as drafted won't meet the accounting test (according to EY). Gadi mentioned to OPG that it has already been signed, but that they will have to go back and reopen it. OPG and OFA are meeting right now on the issue.

Thanks,
Martin

From: Imbrogno, Serge (ENERGY)
Sent: Thursday, September 14, 2017 8:57 AM
To: Schlaepfer, Martin (ENERGY)
Subject: FW: Hi.

Hi. Can you send me the details. Thanks

Sent with BlackBerry Work
(www.blackberry.com)

From: Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>
Date: Thursday, Sep 14, 2017, 8:55 AM
To: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>
Subject: Hi.

Breakfast Club was sub-optimal.
Suggest that you get a download, might need you to ring Gadi this afternoon.
Sorry.

Atel/

Andrew Teliszewsky

Chief of Staff | Office of Hon. Glenn Thibeault
Ministry of Energy
andrew.teliszewsky@ontario.ca
416-327-3550 (o)
416-436-6370 (m)

Action Items_Sept 14_v2_1.pdf

Action Items – September 14, 2017

Agenda

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

RE_ OAGO Pre-Election Report Requests (1).pdf

From: Chatterjee, Jeet (ENERGY)
To: Yordi, Samer (ENERGY); Gounden, Pratima (ENERGY)
Subject: RE: OAGO Pre-Election Report Requests
Date: March 8, 2018 4:07:00 PM

Sam, have you looped in with Pratima on this request? I understand Corporate came in with the same request separately.

Jeet Chatterjee
Senior Policy Advisor, Deputy Minister's Office
Ontario Ministry of Energy
P: 416-327-7025

From: Yordi, Samer (ENERGY)
Sent: March-08-18 3:19 PM
To: Chatterjee, Jeet (ENERGY)
Subject: OAGO Pre-Election Report Requests

Hi Jeet,

Please see attached, OFA asked about sharing the OPG 2018-21 Business Plan with AGO as part of the pre-election report. Staff are looking for direction from DMO.

The question is just one of timing. The Minister has to table the report in the legislature, and that will happen sometime after April 10. Ideally, we would share after that. However, Carolyn expects that the AG will not want to wait more than a month and if that is the case, then she thinks we need to wait until the Minister has approved the plan. She wanted to suggest this approach to DMO and get your opinion.

Thanks,
Sam

RE_ OAGO Pre-Election Report Requests .pdf

From:	Gounden, Pratima (ENERGY)
To:	Chatterjee, Jeet (ENERGY); Yordi, Samer (ENERGY)
Subject:	RE: OAGO Pre-Election Report Requests
Date:	March 8, 2018 4:24:16 PM

Hi Jeet – Sam and I just spoke. We'll get to the bottom of this and loop back in with you.

Thanks,
Pratima

From: Chatterjee, Jeet (ENERGY)
Sent: March 8, 2018 4:07 PM
To: Yordi, Samer (ENERGY); Gounden, Pratima (ENERGY)
Subject: RE: OAGO Pre-Election Report Requests

Sam, have you looped in with Pratima on this request? I understand Corporate came in with the same request separately.

Jeet Chatterjee
Senior Policy Advisor, Deputy Minister's Office
Ontario Ministry of Energy
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Thanks,
Sam

RE_ OFHP Matrix_business issues list for Thursd...(1).pdf

From:	Yordi, Samer (ENERGY)
To:	Cox, Hilary (ENERGY)
Subject:	RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting
Date:	January 10, 2018 4:06:00 PM
Attachments:	2017 OFHP Matrix and Outstanding Business Issues - Week of Jan 8- SNAP.docx

Here you go. Director approved. I'm seeking CC's approval at the moment and I will confirm as soon as I hear from her.

Apologies for the delay!
Sam

From: Cox, Hilary (ENERGY)
Sent: January 10, 2018 3:43 PM
To: Yordi, Samer (ENERGY)
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Hey Sam –
Please send the OFHP matrix ASAP. DMO's pushing me for it.

HC

From: Yordi, Samer (ENERGY)
Sent: January 10, 2018 2:04 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Hey! I haven't forgotten this, I'm just waiting for staff on one item. So far we have partial edits on the OPG section.

Sam

From: Cox, Hilary (ENERGY)
Sent: January 9, 2018 5:31 PM
To: Edwards, Matthew (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Yordi, Samer (ENERGY)
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Winner for first completed!!!!

From: Edwards, Matthew (ENERGY)
Sent: January 9, 2018 5:28 PM

To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

CRED updates to the Matrix attached.

Thanks,

Matt

From: Cox, Hilary (ENERGY)
Sent: January 9, 2018 9:14 AM
To: Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>
Subject: FW: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Hi All –
Please use the latest (from first week of December) OFHP/Matrix to update for this Thursday's rate mitigation implementation group meeting on Thursday. SNAP, CRED, please send ADM approved input by Wednesday at 2 for ESPD to consolidate.

Also attached is action items list from December 7 meeting. Please incorporate to the extent that these items are still relevant.

HC

2017 OFHP Matrix and Outstanding Business Iss_16.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): o December – OPG initial purchase of IESO regulatory asset utilizing warehouse facility o 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~~First Share	• Master Share Subscription Agreement and Shareholder resolution signed on November 29 • OFA/ENE MOU ~~will be~~ signed by December 7 • First equity injection closed on December 20.

Issue	Overview	Supporting Documentation	Timing / Next Steps
		Subscription Form-Complete • Amendment to Articles Signed – Complete	**Timing / Next Steps:** • ~~First equity injection expected to be completed by December 18~~Next asset transfer/equity injection expected to take place in March/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	• Subordinated Debt Pricing Protocol-Complete ~~Draft Term Sheet~~ ~~Debt Loan Arrangement~~	~~• OFA has provided comments~~ ~~• OPG to draft Debt Loan Arrangement~~ ~~**Timing / Next Steps:**~~ • ~~OPG to provide additional details~~Subordinated Debt Pricing Protocol agreement signed by OPG, OFA and ENERGY on December 19, 2017.
PILs Exemption	• The beneficiary of the OFHP Trust 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) • 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		• 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

Issue	Overview	Supporting Documentation	Timing / Next Steps
	Agreement and Acknowledgement and Indemnity Agreement)		**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	Recent Action Items • 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	Recent Action Items • 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 and 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~~ a solution to the requirement for wet signatures, 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 23 ~~22 –~~ LRC date to proclaim OEBA amendments to shift the OESP to the tax base ~~and to transfer program administration authorities to the Ministry~~. The	• LRC on January 23 ~~package being developed~~ for proclaiming OEBA provisions and ~~amending~~ replacement 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
	current OESP regulation is 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. • OESP administration will remain with the OEB until such time that the Ministry has adequate resources to assume responsibility for the program. ~~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~~	
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	**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

Item	Key Deliverables / Considerations	Timing / Next Steps
	One will deliver the program in service areas of those distributors who do not apply)	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 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

RE_ OFHP Matrix_business issues list for Thursd...(10).pdf

From: Yordi, Samer (ENERGY)
To: Smith, Brett (ENERGY)
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting
Date: January 10, 2018 1:29:00 PM

Hey Brett! Do you have anything on this?

Thanks,
Sam

From: Smith, Mike (ENERGY)
Sent: January 9, 2018 5:43 PM
To: Yordi, Samer (ENERGY); Sud, Manu (ENERGY); Smith, Brett (ENERGY)
Cc: Talwar, Shruti (ENERGY); Chander, Sunita (ENERGY); Du, Tom (ENERGY)
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Nothing on this from me.

From: Yordi, Samer (ENERGY)
Sent: January-09-18 9:30 AM
To: Sud, Manu (ENERGY); Smith, Brett (ENERGY); Smith, Mike (ENERGY)
Cc: Talwar, Shruti (ENERGY); Chander, Sunita (ENERGY); Du, Tom (ENERGY)
Subject: FW: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Good morning,

Can you please update the attached OFHP Matrix by tomorrow at noon? My apologies for the short turnaround time.

Thanks,
Sam

From: Cox, Hilary (ENERGY)
Sent: January 9, 2018 9:14 AM
To: Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Yordi, Samer (ENERGY); Edwards, Matthew (ENERGY)
Subject: FW: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Hi All –
Please use the latest (from first week of December) OFHP/Matrix to update for this Thursday's rate mitigation implementation group meeting on Thursday. SNAP, CRED, please send ADM approved input by Wednesday at 2 for ESPD to consolidate.

Also attached is action items list from December 7 meeting. Please incorporate to the extent that these items are still relevant.

HC

RE_ OFHP Matrix_business issues list for Thursd...(11).pdf

From:	Smith, Mike (ENERGY)
To:	Yordi, Samer (ENERGY); Sud, Manu (ENERGY); Smith, Brett (ENERGY)
Cc:	Talwar, Shruti (ENERGY); Chander, Sunita (ENERGY); Du, Tom (ENERGY)
Subject:	RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting
Date:	January 9, 2018 5:43:24 PM

Nothing on this from me.

From: Yordi, Samer (ENERGY)
Sent: January-09-18 9:30 AM
To: Sud, Manu (ENERGY); Smith, Brett (ENERGY); Smith, Mike (ENERGY)
Cc: Talwar, Shruti (ENERGY); Chander, Sunita (ENERGY); Du, Tom (ENERGY)
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To: Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Yordi, Samer (ENERGY); Edwards, Matthew (ENERGY)
Subject: FW: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Hi All –
Please use the latest (from first week of December) OFHP/Matrix to update for this Thursday's rate mitigation implementation group meeting on Thursday. SNAP, CRED, please send ADM approved input by Wednesday at 2 for ESPD to consolidate.

Also attached is action items list from December 7 meeting. Please incorporate to the extent that these items are still relevant.

HC

RE_ OFHP Matrix_business issues list for Thursd...(12).pdf

From:	Cox, Hilary (ENERGY)
To:	Edwards, Matthew (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Yordi, Samer (ENERGY)
Subject:	RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting
Date:	January 9, 2018 5:31:24 PM

Winner for first completed!!!!

From: Edwards, Matthew (ENERGY)
Sent: January 9, 2018 5:28 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

CRED updates to the Matrix attached.

Thanks,

Matt

From: Cox, Hilary (ENERGY)
Sent: January 9, 2018 9:14 AM
To: Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>
Subject: FW: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

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HC

RE_ OFHP Matrix_business issues list for Thursd...(13).pdf

From:	Cox, Hilary (ENERGY)
To:	Edwards, Matthew (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Yordi, Samer (ENERGY)
Subject:	RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting
Date:	January 9, 2018 5:31:24 PM

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Sent: January 9, 2018 5:28 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

CRED updates to the Matrix attached.

Thanks,

Matt

From: Cox, Hilary (ENERGY)
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To: Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>
Subject: FW: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

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Also attached is action items list from December 7 meeting. Please incorporate to the extent that these items are still relevant.

HC

RE_ OFHP Matrix_business issues list for Thursd...(14).pdf

From:	Edwards, Matthew (ENERGY)
To:	Cox, Hilary (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Yordi, Samer (ENERGY)
Subject:	RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting
Date:	January 9, 2018 5:28:13 PM
Attachments:	2017 OFHP Matrix and Outstanding Business Issues - Week of Dec 4 - EPE_....docx

CRED updates to the Matrix attached.

Thanks,

Matt

From: Cox, Hilary (ENERGY)
Sent: January 9, 2018 9:14 AM
To: Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>
Subject: FW: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

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Also attached is action items list from December 7 meeting. Please incorporate to the extent that these items are still relevant.

HC

2017 OFHP Matrix and Outstanding Business Iss_17.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): o December – OPG initial purchase of IESO regulatory asset utilizing warehouse facility o 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 • Amendment to Articles	• 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
		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 *Electricity Act, 1998* (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 and 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
3) Providing a First Nations On-		

Item	Key Deliverables / Considerations	Timing / Next Steps
Reserve Delivery Credit (SNAP)		
• ENERGY and LSB	Recent Action Items • 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)	Recent Action Items • 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 • November 2017- Affordability Fund Trust (AFT) entered into a Memorandum of Understanding with Ontario 211 services to support community engagement related activities (e.g. call referrals, consultations) • As of December 14 – 1,448 applications sent to Hydro One or the over 40 active/pending participating distributors • December 18- AFT and IESO meeting with ENERGY to discuss changes to HAP income-eligibility requirements and effect on Affordability Fund eligible population. • Next Trustee meetings scheduled for ~~December 14, 2017~~January 11, 2018 • The ~~Trust~~ AFT expects to enter into agreements with interested electricity distributors starting ~~mid to late December 2017~~January 2018 (Hydro One will deliver the program in service areas of those distributors who do not apply)	**Early 2018:** • February 2018: Report back to TB/MBC through the PRRT process with final program details and a performance management framework including outcome measures and targets. • 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 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 ~~**Fall 2017:**~~ ~~The Trustees are considering the use of Ontario 211 services for the Affordability Fund~~ ~~ENERGY has amended the TPA~~

Item	Key Deliverables / Considerations	Timing / Next Steps
	• ENERGY has shared draft TPA amendments with the AFT to require use of the Ontario logo in Fund marketing and communications, and is waiting for the Trustees to sign.	~~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~~
5) Bill Presentment (SNAP/LSB)		
• ENERGY	Recent Action Items • Ongoing Ministry work re bill presentment	• 2017-2018 – Bill redesign
6) Expanding ICI (ESP/COMs)		
• ENERGY, LSB, IESO and LDCs	Recent Action Items • 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	Recent Actions Items • Work with agencies ongoing	• Continue this work as part of 2017 LTEP implementation

RE_ OFHP Matrix_business issues list for Thursd...(2).pdf

From:	Yordi, Samer (ENERGY)
To:	Cox, Hilary (ENERGY)
Subject:	RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting
Date:	January 10, 2018 4:06:00 PM
Attachments:	2017 OFHP Matrix and Outstanding Business Issues - Week of Jan 8- SNAP.docx

Here you go. Director approved. I'm seeking CC's approval at the moment and I will confirm as soon as I hear from her.

Apologies for the delay!
Sam

From: Cox, Hilary (ENERGY)
Sent: January 10, 2018 3:43 PM
To: Yordi, Samer (ENERGY)
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Hey Sam –
Please send the OFHP matrix ASAP. DMO's pushing me for it.

HC

From: Yordi, Samer (ENERGY)
Sent: January 10, 2018 2:04 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Hey! I haven't forgotten this, I'm just waiting for staff on one item. So far we have partial edits on the OPG section.

Sam

From: Cox, Hilary (ENERGY)
Sent: January 9, 2018 5:31 PM
To: Edwards, Matthew (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Yordi, Samer (ENERGY)
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Winner for first completed!!!!

From: Edwards, Matthew (ENERGY)
Sent: January 9, 2018 5:28 PM

To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

CRED updates to the Matrix attached.

Thanks,

Matt

From: Cox, Hilary (ENERGY)
Sent: January 9, 2018 9:14 AM
To: Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>
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HC

2017 OFHP Matrix and Outstanding Business Iss_18.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): o December – OPG initial purchase of IESO regulatory asset utilizing warehouse facility o 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~~First Share	• Master Share Subscription Agreement and Shareholder resolution signed on November 29 • OFA/ENE MOU ~~will be~~ signed by December 7 • First equity injection closed on December 20.

Issue	Overview	Supporting Documentation	Timing / Next Steps
		Subscription Form-Complete • Amendment to Articles Signed – Complete	**Timing / Next Steps:** • ~~First equity injection expected to be completed by December 18~~Next asset transfer/equity injection expected to take place in March/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	• Subordinated Debt Pricing Protocol-Complete ~~Draft Term Sheet~~ ~~Debt Loan Arrangement~~	~~• OFA has provided comments~~ ~~• OPG to draft Debt Loan Arrangement~~ ~~**Timing / Next Steps:**~~ • ~~OPG to provide additional details~~Subordinated Debt Pricing Protocol agreement signed by OPG, OFA and ENERGY on December 19, 2017.
PILs Exemption	• The beneficiary of the OFHP Trust 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) • 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		• 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

Issue	Overview	Supporting Documentation	Timing / Next Steps
	Agreement and Acknowledgement and Indemnity Agreement)		**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 and 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~~ a solution to the requirement for wet signatures, 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 23 ~~22 –~~ LRC date to proclaim OEBA amendments to shift the OESP to the tax base ~~and to transfer program administration authorities to the Ministry~~. The	• LRC on January 23 ~~package being developed~~ for proclaiming OEBA provisions and ~~amending~~ replacement 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
	current OESP regulation is 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. • OESP administration will remain with the OEB until such time that the Ministry has adequate resources to assume responsibility for the program. ~~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~~	
3) Providing a First Nations On-Reserve Delivery Credit (SNAP)		
• ENERGY and LSB	Recent Action Items • 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)	Recent Action Items • 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	**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

Item	Key Deliverables / Considerations	Timing / Next Steps
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• ENERGY, LSB, OEB and IESO	Recent Actions Items • Work with agencies ongoing	• Continue this work as part of 2017 LTEP implementation

RE_ OFHP Matrix_business issues list for Thursd...(3).pdf

From:	Cox, Hilary (ENERGY)
To:	Yordi, Samer (ENERGY)
Subject:	RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting
Date:	January 10, 2018 3:42:47 PM

Hey Sam –
Please send the OFHP matrix ASAP. DMO's pushing me for it.

HC

From: Yordi, Samer (ENERGY)
Sent: January 10, 2018 2:04 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

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Sam

From: Cox, Hilary (ENERGY)
Sent: January 9, 2018 5:31 PM
To: Edwards, Matthew (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Yordi, Samer (ENERGY)
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Winner for first completed!!!!

From: Edwards, Matthew (ENERGY)
Sent: January 9, 2018 5:28 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

CRED updates to the Matrix attached.

Thanks,

Matt

From: Cox, Hilary (ENERGY)

Sent: January 9, 2018 9:14 AM
To: Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>
Subject: FW: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Hi All –
Please use the latest (from first week of December) OFHP/Matrix to update for this Thursday's rate mitigation implementation group meeting on Thursday. SNAP, CRED, please send ADM approved input by Wednesday at 2 for ESPD to consolidate.

Also attached is action items list from December 7 meeting. Please incorporate to the extent that these items are still relevant.

HC

RE_ OFHP Matrix_business issues list for Thursd...(4).pdf

From:	Cox, Hilary (ENERGY)
To:	Yordi, Samer (ENERGY)
Subject:	RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting
Date:	January 10, 2018 3:42:47 PM

Hey Sam –
Please send the OFHP matrix ASAP. DMO's pushing me for it.

HC

From: Yordi, Samer (ENERGY)
Sent: January 10, 2018 2:04 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Hey! I haven't forgotten this, I'm just waiting for staff on one item. So far we have partial edits on the OPG section.

Sam

From: Cox, Hilary (ENERGY)
Sent: January 9, 2018 5:31 PM
To: Edwards, Matthew (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Yordi, Samer (ENERGY)
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Winner for first completed!!!!

From: Edwards, Matthew (ENERGY)
Sent: January 9, 2018 5:28 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

CRED updates to the Matrix attached.

Thanks,

Matt

From: Cox, Hilary (ENERGY)

Sent: January 9, 2018 9:14 AM
To: Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>
Subject: FW: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Hi All –
Please use the latest (from first week of December) OFHP/Matrix to update for this Thursday's rate mitigation implementation group meeting on Thursday. SNAP, CRED, please send ADM approved input by Wednesday at 2 for ESPD to consolidate.

Also attached is action items list from December 7 meeting. Please incorporate to the extent that these items are still relevant.

HC

RE_ OFHP Matrix_business issues list for Thursd...(5).pdf

From:	Cox, Hilary (ENERGY)
To:	Yordi, Samer (ENERGY)
Subject:	RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting
Date:	January 10, 2018 2:24:55 PM

Thx

From: Yordi, Samer (ENERGY)
Sent: January 10, 2018 2:04 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Hey! I haven't forgotten this, I'm just waiting for staff on one item. So far we have partial edits on the OPG section.

Sam

From: Cox, Hilary (ENERGY)
Sent: January 9, 2018 5:31 PM
To: Edwards, Matthew (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Yordi, Samer (ENERGY)
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Winner for first completed!!!!

From: Edwards, Matthew (ENERGY)
Sent: January 9, 2018 5:28 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

CRED updates to the Matrix attached.

Thanks,

Matt

From: Cox, Hilary (ENERGY)
Sent: January 9, 2018 9:14 AM
To: Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>

Subject: FW: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Hi All –
Please use the latest (from first week of December) OFHP/Matrix to update for this Thursday's rate mitigation implementation group meeting on Thursday. SNAP, CRED, please send ADM approved input by Wednesday at 2 for ESPD to consolidate.

Also attached is action items list from December 7 meeting. Please incorporate to the extent that these items are still relevant.

HC

RE_ OFHP Matrix_business issues list for Thursd...(6).pdf

From:	Cox, Hilary (ENERGY)
To:	Yordi, Samer (ENERGY)
Subject:	RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting
Date:	January 10, 2018 2:24:55 PM

Thx

From: Yordi, Samer (ENERGY)
Sent: January 10, 2018 2:04 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Hey! I haven't forgotten this, I'm just waiting for staff on one item. So far we have partial edits on the OPG section.

Sam

From: Cox, Hilary (ENERGY)
Sent: January 9, 2018 5:31 PM
To: Edwards, Matthew (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Yordi, Samer (ENERGY)
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Winner for first completed!!!!

From: Edwards, Matthew (ENERGY)
Sent: January 9, 2018 5:28 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

CRED updates to the Matrix attached.

Thanks,

Matt

From: Cox, Hilary (ENERGY)
Sent: January 9, 2018 9:14 AM
To: Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>

Subject: FW: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Hi All –
Please use the latest (from first week of December) OFHP/Matrix to update for this Thursday's rate mitigation implementation group meeting on Thursday. SNAP, CRED, please send ADM approved input by Wednesday at 2 for ESPD to consolidate.

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HC

RE_ OFHP Matrix_business issues list for Thursd...(7).pdf

From:	Yordi, Samer (ENERGY)
To:	Cox, Hilary (ENERGY)
Subject:	RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting
Date:	January 10, 2018 2:04:00 PM

Hey! I haven't forgotten this, I'm just waiting for staff on one item. So far we have partial edits on the OPG section.

Sam

From: Cox, Hilary (ENERGY)
Sent: January 9, 2018 5:31 PM
To: Edwards, Matthew (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Yordi, Samer (ENERGY)
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Winner for first completed!!!!

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Sent: January 9, 2018 5:28 PM
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Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

CRED updates to the Matrix attached.

Thanks,

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HC

RE_ OFHP Matrix_business issues list for Thursd...(8).pdf

From: Yordi, Samer (ENERGY)
To: Smith, Brett (ENERGY)
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting
Date: January 10, 2018 1:59:00 PM

Hi Brett – Do you have anything on this?

Sunita will go to the briefing tomorrow and she just mentioned that she will invite you. Manu will also go to cover the OPG sider of things.

Thanks,
Sam

From: Smith, Mike (ENERGY)
Sent: January 9, 2018 5:43 PM
To: Yordi, Samer (ENERGY); Sud, Manu (ENERGY); Smith, Brett (ENERGY)
Cc: Talwar, Shruti (ENERGY); Chander, Sunita (ENERGY); Du, Tom (ENERGY)
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Nothing on this from me.

From: Yordi, Samer (ENERGY)
Sent: January-09-18 9:30 AM
To: Sud, Manu (ENERGY); Smith, Brett (ENERGY); Smith, Mike (ENERGY)
Cc: Talwar, Shruti (ENERGY); Chander, Sunita (ENERGY); Du, Tom (ENERGY)
Subject: FW: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Good morning,

Can you please update the attached OFHP Matrix by tomorrow at noon? My apologies for the short turnaround time.

Thanks,
Sam

From: Cox, Hilary (ENERGY)
Sent: January 9, 2018 9:14 AM
To: Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Yordi, Samer (ENERGY); Edwards, Matthew (ENERGY)
Subject: FW: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

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HC

RE_ OFHP Matrix_business issues list for Thursd...(9).pdf

From: Yordi, Samer (ENERGY)
To: Smith, Brett (ENERGY)
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting
Date: January 10, 2018 1:59:00 PM

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Sent: January-09-18 9:30 AM
To: Sud, Manu (ENERGY); Smith, Brett (ENERGY); Smith, Mike (ENERGY)
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HC

RE_ OFHP Matrix_business issues list for Thursd....pdf

From:	Cox, Hilary (ENERGY)
To:	Yordi, Samer (ENERGY)
Subject:	RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting
Date:	January 10, 2018 5:27:38 PM

Has Carolyn approved yet? About to send up.

From: Yordi, Samer (ENERGY)
Sent: January 10, 2018 4:07 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Here you go. Director approved. I'm seeking CC's approval at the moment and I will confirm as soon as I hear from her.

Apologies for the delay!
Sam

From: Cox, Hilary (ENERGY)
Sent: January 10, 2018 3:43 PM
To: Yordi, Samer (ENERGY)
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Hey Sam –
Please send the OFHP matrix ASAP. DMO's pushing me for it.

HC

From: Yordi, Samer (ENERGY)
Sent: January 10, 2018 2:04 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Hey! I haven't forgotten this, I'm just waiting for staff on one item. So far we have partial edits on the OPG section.

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Sent: January 9, 2018 5:31 PM
To: Edwards, Matthew (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Yordi, Samer

(ENERGY)
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Winner for first completed!!!!

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Sent: January 9, 2018 5:28 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
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CRED updates to the Matrix attached.

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HC

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
    - General Update (OPG / IESO)
        - Ministry tracking Fair Allocation letter for week of September 11, but further converstaions 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
    - 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)
    - 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
    - RRRP, OESP and FN (SNAP)
        - LDCs have submitted invoices to ministry
    - Affordability Fund (CRED)
        - Trustees to brief Ministry on August 28

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

From:	Katona, Keley (MOF)
To:	Schlaepfer, Martin (ENERGY)
Cc:	Nelms, Scott (MOF); Armstrong, Hillary (ENERGY)
Subject:	RE: Rate Mitigation Implementation Meeting - August 10, 2017
Date:	August 16, 2017 7:23:45 AM
Attachments:	Term Sheet - Provincial Support Agreement - 08-14-2017.docx

Attached is the draft term sheet.

From: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Date: Tuesday, Aug 15, 2017, 11:10 PM
To: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Cc: Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>, Armstrong, Hillary (ENERGY) <Hillary.Armstrong@ontario.ca>
Subject: Re: Rate Mitigation Implementation Meeting **-** August 10, 2017

Hi Keley,

This one pager references a "term sheet" from OPG to OFA that we are recommending acceptance. The MO would like to see that document if possible.

Thanks,
Martin

Original Message
From: Katona, Keley (MOF)
Sent: Tuesday, August 15, 2017 3:30 PM
To: Schlaepfer, Martin (ENERGY)
Cc: Nelms, Scott (MOF); Armstrong, Hillary (ENERGY)
Subject: FW: Rate Mitigation Implementation Meeting - August 10, 2017

Hi Martin,
Attached is the note prepared by the OFA for tomorrow's meeting.
Thanks,
Keley

Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Sent: Monday, August 14, 2017 5:59 PM
To: Teliszewsky, Andrew (ENERGY); Hume, Steen (ENERGY); Nelms, Scott (MOF); Imbrogno, Serge (ENERGY)
Cc: Schlaepfer, Martin (ENERGY); Strathy, Anna (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Veinot, Cindy (TBS)
Subject: Re: Rate Mitigation Implementation Meeting - August 10, 2017

We're still waiting for OPG to provide us with their notes following our meeting with them last week, where we agreed to everything, subject to a few accounting checks that need to be done, so that we can ensure that what we're preparing for you and PO/CO accurately reflects what was agreed to with them. OPG is aware of the timing of the meeting on the 16th, and how critical it is to ensuring we keep with the timelines, so they'd promised their material to us by the end of the day today, and we're expecting to see it shortly. There's also a meeting scheduled with the IESO tomorrow morning, as we have to ensure that the form of guarantee on how any LDC defaults would be managed, and a couple of other IESO items, don't affect the IESO's accounting treatment.

Once we have that, barring surprises, we should be able to prepare the one-pager that we were planning to present pretty quickly, and we'll get it to you right away.

Regards,
Gadi

Original Message
From: Teliszewsky, Andrew (ENERGY)
Sent: Monday, August 14, 2017 5:32 PM
To: Gadi Mayman; Steen Hume (CAB); Scott Nelms (ENERGY); Serge Imbrogno (ENERGY)
Cc: Martin Schlaepfer (MOF)
Subject: Fw: Rate Mitigation Implementation Meeting - August 10, 2017

Good Afternoon:

Wondering - for this Wednesday - we've got our two energy products tracking. But for the "provincial guarantee" dialogue with PO/CO - I recall an OFA "note" being offered? Is that tracking?

Any chance our team could get eyes on it tomorrow, in advance of it being shared with the FPC distribution list, if it hasn't already?

Many thanks, in advance.

Andrew

From: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Sent: Thursday, August 10, 2017 7:49 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (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); Katona, Keley (MOF)
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Subject: RE: Rate Mitigation Implementation Meeting - August 10, 2017

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

Term Sheet - Provincial Support Agreement - 0.pdf

Provincial Protection and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 and the regulations to be made thereunder (the "**Act**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act.*

Change in Law Guarantee	
Guarantor:	The Province of Ontario
Guarantee Activation Events:	Any of the following would constitute a Guarantee Activation Event: (A) the Legislative Assembly of Ontario repealing (and not replacing on an equivalent basis) the Act or any Regulation made thereunder; (B) the Legislative Assembly of Ontario causing to come into force any statute (including any amendment to the Act or a Regulation made thereunder), or causing to come into force or making any order-in-council or regulation, or causing to come into force any other discriminatory action (including by way of any order by the Ontario Energy Board), in any case, in a way that adversely affects the rights and interests of the Financing Entity under its investment interest, including, for greater certainty, in any manner that is reasonably expected to limit the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations on the same basis as before such amendment was effected; (C) the Legislative Assembly of Ontario directly or indirectly amending the Guarantee or any of the financing transaction agreements without the agreement of the Financing Entity; (D) a court of competent jurisdiction (i) declares any funding obligations of the Financing Entity to be invalid or unenforceable or (ii) in a final and non-appealable

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	judgement determines that all or a portion of the Act is *ultra vires* in a way that adversely affects the rights and interests of the Financing Entity, including, for greater certainty, in any manner that is reasonably expected to limit the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its funding obligations on the same basis as before such judgement; or (E) there is a change in the organization, structure or operations of the IESO or a change in the electricity market structure or operations in any way that adversely affects the rights and interests of the Financing Entity under its investment interest, including, for greater certainty, in any manner that is reasonably expected to limit the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations on the same basis as before such amendment was effected **[NTD: Alternatively, with respect to the IESO servicing obligations, include the Servicing Guarantee language with respect to the IESO that was included in the last mark-up of the term sheet received from the Province.]**
Guarantee:	Upon the occurrence of a Guarantee Activation Event, the Guarantor shall immediately assume and pay when due (without acceleration) all of the obligations of the Financing Entity. The obligations of the Financing Entity include its funding obligations as well as any other obligation the Financing Entity has related to the Fair Hydro program such as payments to service providers (such as trustees, auditors, etc), rating agencies and any fees due to the securities commissions
Term:	The Guarantee will continue for as long as the Financing Entity has any outstanding financing or other contractual obligations and until such obligations have all been paid in full or otherwise satisfied

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Approval Requirement:	The guarantee agreement containing the terms and conditions contemplated by this term sheet shall be entered into prior to the Financing Entity incurring its first funding obligation. The Province shall enter into the guarantee based on forms of program and series financing documents required for each financing transaction (e.g., form of supplemental indenture). As long as the financing transaction documents are generally consistent with the agreed upon form, the Province's specific approval for specific funding obligations incurred by the Financing Entity will not be required. Subsequent approval is only needed if the form of such documents are materially changed. For greater certainty, deal specific terms (such as tenor, pricing, etc) shall not be considered a change in the form of transaction and series documents
FIPPA:	The parties will acknowledge that the Guarantor will be bound by the Freedom of Information and Protection of Privacy Act (Ontario) and that any information provided to the Guarantor, or any agent or representative of the Guarantor in connection with the Guarantee may be subject to disclosure in accordance with the act or as otherwise required by law
Representations and Warranties:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Guarantor and the Financing Entity
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Guarantor and the Financing Entity
Governing Law:	Province of Ontario

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Warehousing Takeout Risk and Servicing (Commingling) Risk
Note – these items are provided for information purposes only as these risks were included in the previous version of the term sheet as items that the Dealers/OPG were looking for the Province for protection against. The current proposals with respect to these items is described below. These do not contain any requirement for the Province to directly backstop these risks.

Commingling Risk (applies to Warehouse as well as any Term transactions)

Commingling Risk Mitigant:	For any LDC which is not investment grade rated by each of the rating agencies which are rating the funding obligations (the "Non-Investment Grade LDCs"), either: (A) The IESO must post a Letter of Credit (L/C), or deposit funds in a Commingling Reserve Account in a quantum equal to the Commingling Risk Amount; or (B) The IESO, for so long as it is rated investment grade by the rating agencies which are rating the funding obligations, will assume responsibility for commingling risk by the LDCs and will agree to remit to the Financing Entity any clean energy adjustment amounts collected by the LDC, regardless of whether the LDC remitted those amounts to the IESO for remittance to the Financing Entity
Commingling Risk Amount:	An amount equal to the sum of the expected Clean Energy Adjustment collections from the Non-Investment Grade LDCs over the next [45-60] days
Commingling Risk Amount Reset Date:	Each settlement date for the Financing Entity (monthly)
Beneficiary:	The beneficiary of the L/C or the Commingling Reserve Account would be the Financing Entity and the Indenture Trustee for the benefit of the creditors of the Financing Entity. The Financing Entity and/or the Indenture Trustee would have the ability to draw down the L/C or draw on the Commingling Reserve Account for any clean energy adjustment amounts expected to be received from the IESO but which were not received due to those funds not being remitted from an LDC to the IESO for that period
L/C Provider:	An entity rated at least A+ (or equivalent)

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Approvals:	The approach is subject to approval from the IESO, by the rating agencies rating the funding obligations of the Financing Entity and the risk management areas of the banks providing the warehouse facilities
<u>Warehouse Takeout Risk</u>	
Commitment Period for Warehouse[1]:	Expected to be 12-24 months
Takeout for Warehouse:	Expected to be every 3-6 months
Warehouse Default Event:	One of the events of default for the warehouse will be the failure to repay the warehouse facility at the end of the commitment term
Consequences of Warehouse Default Event:	If the Warehouse Default Event[2] described above occurs, all amounts funded through the warehouse would become immediately due and payable, subject to the Warehouse Default Payment Cap, and Default Pricing will be charged on any amounts funded through the warehouse facility
Default Pricing:	Step up in pricing to [x] until the moratorium period ends and thereafter stepping-up in increments of [y] every six months until the warehouse facility is repaid

[1] Please note that this is not intended to be an exhaustive list of terms for the warehouse facility, but rather is a summary of a few select terms that relate to the warehouse takeout risk.

[2] Note there may be other Warehouse Default Events beyond the takeout risk item described above. The consequences for a breach of these other Warehouse Default Events may be different than the one described above where the default is related to failure to takeout the warehouse facility by the end of the commitment period.

Warehouse Default Payment Cap:	For any given reference period following the occurrence of a Warehouse Default Event, the amount that shall be remitted to the Financing Entity for repayment of the warehouse facilities will be the sum of (x) the interest amount due on the warehouse facilities (which, for greater certainty will include any program fees) and (y) the lessor of: (a) The outstanding amount funded through the warehouse facilities; and (b) The maximum amount that can be charged for that period so that clean energy adjustments are equal to, but do not exceed, the fair allocation amount for such period.
Approval Requirement:	Subject to approval by the risk management areas of the banks providing the warehouse facilities which will in part depend on receipt of information on the fair allocation curve and an understanding of how long the “tail risk” could be following a Warehouse Default Event

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

From:	Hume, Steen (ENERGY)
To:	Katona, Keley (MOF)
Cc:	Cox, Hilary (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject:	RE: Rate Mitigation Implementation Meeting - August 10, 2017
Date:	August 15, 2017 5:03:45 PM

Thank you.

-----Original Message-----
From: Katona, Keley (MOF)
Sent: August 15, 2017 3:36 PM
To: Hume, Steen (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI)
Cc: Cox, Hilary (ENERGY)
Subject: FW: Rate Mitigation Implementation Meeting - August 10, 2017

FYI

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Sent: Tuesday, August 15, 2017 3:30 PM
To: Schlaepfer, Martin (ENERGY)
Cc: Nelms, Scott (MOF); Armstrong, Hillary (ENERGY)
Subject: FW: Rate Mitigation Implementation Meeting - August 10, 2017

Hi Martin,
Attached is the note prepared by the OFA for tomorrow's meeting.
Thanks,
Keley

Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Sent: Monday, August 14, 2017 5:59 PM
To: Teliszewsky, Andrew (ENERGY); Hume, Steen (ENERGY); Nelms, Scott (MOF); Imbrogno, Serge (ENERGY)
Cc: Schlaepfer, Martin (ENERGY); Strathy, Anna (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Veinot, Cindy (TBS)
Subject: Re: Rate Mitigation Implementation Meeting - August 10, 2017

We're still waiting for OPG to provide us with their notes following our meeting with them last week, where we agreed to everything, subject to a few accounting checks that need to be done, so that we can ensure that what we're preparing for you and PO/CO accurately reflects what was agreed to with them. OPG is aware of the timing of the meeting on the 16th, and how critical it is to ensuring we keep with the timelines, so they'd promised their material to us by the end of the day today, and we're expecting to see it shortly. There's also a meeting scheduled with the IESO tomorrow morning, as we have to ensure that the form of guarantee on how any LDC defaults would be managed, and a couple of other IESO items, don't affect the IESO's accounting treatment.

Once we have that, barring surprises, we should be able to prepare the one-pager that we were planning to present pretty quickly, and we'll get it to you right away.

Regards,
Gadi

Original Message

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Sent: Monday, August 14, 2017 5:32 PM
To: Gadi Mayman; Steen Hume (CAB); Scott Nelms (ENERGY); Serge Imbrogno (ENERGY)
Cc: Martin Schlaepfer (MOF)
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Good Afternoon:

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Any chance our team could get eyes on it tomorrow, in advance of it being shared with the FPC distribution list, if it hasn't already?

Many thanks, in advance.

Andrew

From: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Sent: Thursday, August 10, 2017 7:49 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (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); 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

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Thanks,
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RE_ Rate Mitigation Implementation Meeting - Au...(4).pdf

From: Calwell, Carolyn (ENERGY/MEDEI/MRI)
To: Rehob, James (ENERGY); McKinlay, Tom (ENERGY)
Subject: RE: Rate Mitigation Implementation Meeting - August 10, 2017
Date: August 15, 2017 4:35:00 PM

Thanks for the clarification, James. I am going to Fiscal Prep. I will report back!

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From: Rehob, James (ENERGY)
Sent: August-15-17 4:33 PM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI); McKinlay, Tom (ENERGY)
Subject: RE: Rate Mitigation Implementation Meeting - August 10, 2017

Hi, Carolyn - just spoke to Scott - apparently its Fiscal Prep that's slotted for a few hours at some point tomorrow (I don't know when but could ask DMO if you like).

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PS: Scott's actually on vacay but decided to call me back when I flashed his office number.
Best,
James

-----Original Message-----
From: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Sent: Tuesday, August 15, 2017 4:18 PM
To: McKinlay, Tom (ENERGY); Rehob, James (ENERGY)
Subject: FW: Rate Mitigation Implementation Meeting - August 10, 2017

fyi

(I don't know what meeting is referred to below.)

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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

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/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; 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

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Thanks,
Martin

Action Items_Aug 24v2_1.pdf

Action Items – August 24, 2017

1) GA Refinancing
    - General Update (OPG / IESO)
        - Ministry tracking Fair Allocation letter for week of September 11, but further converstaions 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
    - 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)
    - 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
    - RRRP, OESP and FN (SNAP)
        - LDCs have submitted invoices to ministry
    - Affordability Fund (CRED)
        - Trustees to brief Ministry on August 28

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

From: Calwell, Carolyn (ENERGY/MEDEI/MRI)
To: Schlaepfer, Martin (ENERGY)
Subject: RE: Rate Mitigation Implementation Meeting - June 22, 2017
Date: June 29, 2017 2:01:00 PM

Hi Martin – I realized I didn`t reply to you about the transmittal letters. I have drafted letters and am asking ESP and IGS to review. I think we need to put the letters in the context of the exchanges that have been occurring between the OPG Chair and the Minister and the IESO CEO and the Deputy, so that is how I have tried to frame them. We don`t have signatures yet from OPG or IESO, and we need those before sending. I expect everything to track up early next week.

Carolyn

From: Schlaepfer, Martin (ENERGY)
Sent: June-27-17 1:42 PM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: RE: Rate Mitigation Implementation Meeting - June 22, 2017

Yes, that works for me.

Happy to assign the letters to comms, but just given the content I figured they might send them your way regardless. Let me know what you would prefer.

Martin

From: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Sent: June 27, 2017 1:39 PM
To: Schlaepfer, Martin (ENERGY)
Subject: Re: Rate Mitigation Implementation Meeting - June 22, 2017

On further thought, I recommend sending the forms of indemnities legal to legal and asking for the agencies to sign. We will say that we are holding the minister's signature in escrow. I don't want the Minister sending anything until the chairs sign and then he can send fully executed copies. I don't want any games on this. We will then work the letters up for that stage in the process. Does that work?

From: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Sent: Tuesday, June 27, 2017 1:34 PM
To: Schlaepfer, Martin (ENERGY)
Subject: Re: Rate Mitigation Implementation Meeting - June 22, 2017

Yes, we must wait for s. 28 before semdi.g the indemnities to the agencies.

We haven't drafted transmittal memos. These are not legal letters. It might help to formally assign these Atel requests - I thought all correspondence was going to comms?

In the interest of time, I can do this after TB.

From: Schlaepfer, Martin (ENERGY)
Sent: Tuesday, June 27, 2017 1:20 PM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: FW: Rate Mitigation Implementation Meeting - June 22, 2017

Hi Carolyn,

I am assuming we would wait to share the indemnities with IESO and OPG until after we have Sec. 28 approval?

Also, are you planning to craft transmittal memos?

Thanks,
Martin

From: Teliszewsky, Andrew (ENERGY)
Sent: June 27, 2017 12:54 PM
To: Schlaepfer, Martin (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: Re: Rate Mitigation Implementation Meeting - June 22, 2017

Good Afternoon:

Just wondering - did we get these documents? The Indemnity as well as draft "cover letters" to both IESO and OPG Board Chair, please?

Andrew

From: Teliszewsky, Andrew (ENERGY)
Sent: Sunday, June 25, 2017 3:26 PM
To: Schlaepfer, Martin (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: FW: Rate Mitigation Implementation Meeting - June 22, 2017

Good Afternoon:

Several updates from my end:

A. Spoke with Finance MO and underscored the need to have the issue of S.28 / Indemnity resolved within the next few days. They agreed and promised that things are tracking well on their end for their Minister's review / approval on Wednesday. To that end, wondering if we could please have all appropriate documents for Minister Thibeault to execute on Tuesday (after Cabinet is fine); given that 27 June is his only day in Toronto this week.

B. Would also like to craft a cover letter in plain language to both Chairs (IESO and OPG) as part of the official transmission of these indemnities. To that end, would it please be possible to get correspondence drafted for CoS review for early Tuesday (morning) please?

C. Had a call with OPG Chair and CEO regarding the outstanding business issues on the fair allocation / regulation / provincial guarantees / what they actually need versus what they think they would like to have. Let's make sure we discuss tomorrow during OFHP update meeting.

Many thanks, in advance.

Andrew Teliszewsky

Chief of Staff | Office of Hon. Glenn Thibeault
Ministry of Energy
andrew.teliszewsky@ontario.ca
416-327-3550 (o)
416-436-6370 (m)

From: Schlaepfer, Martin (ENERGY)
Sent: June-23-17 10:34 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.aldred@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

Hi everyone,

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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.aldred@ontarioenergyboard.ca)'; 'Kim Marshall

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Subject: Rate Mitigation Implementation Meeting - June 22, 2017

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Thanks,
Martin

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

From: Schlaepfer, Martin (ENERGY)
To: Teliszewsky, Andrew (ENERGY)
Cc: Imbrogno, Serge (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: RE: Rate Mitigation Implementation Meeting - June 22, 2017
Date: June 27, 2017 1:57:11 PM

Hi Andrew,

Legal will be sending the forms of indemnities legal to legal and asking for the agencies to sign, pending the minister's signature in escrow. The Minister can then send fully executed copies. We will then work the letters up for that stage in the process.

Thanks,
Martin

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Sent: June 27, 2017 12:54 PM
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Subject: FW: Rate Mitigation Implementation Meeting - June 22, 2017

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Many thanks, in advance.

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Ministry of Energy
andrew.teliszewsky@ontario.ca
416-327-3550 (o)
416-436-6370 (m)

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

From:	Schlaepfer, Martin (ENERGY)
To:	Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject:	RE: Rate Mitigation Implementation Meeting - June 22, 2017
Date:	June 27, 2017 1:41:37 PM

Yes, that works for me.

Happy to assign the letters to comms, but just given the content I figured they might send them your way regardless. Let me know what you would prefer.

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To:	Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject:	RE: Rate Mitigation Implementation Meeting - June 22, 2017
Date:	June 29, 2017 2:13:08 PM

Thanks for the update, Carolyn.

I appreciate you pulling together these memos.

Martin

From: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Sent: June 29, 2017 2:01 PM
To: Schlaepfer, Martin (ENERGY)
Subject: RE: Rate Mitigation Implementation Meeting - June 22, 2017

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To: Schlaepfer, Martin (ENERGY)
Subject: Re: Rate Mitigation Implementation Meeting - June 22, 2017

On further thought, I recommend sending the forms of indemnities legal to legal and asking for the agencies to sign. We will say that we are holding the minister's signature in escrow. I don't want the Minister sending anything until the chairs sign and then he can send fully executed copies. I don't want any games on this. We will then work the letters up for that stage in the process. Does that work?

From: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Sent: Tuesday, June 27, 2017 1:34 PM
To: Schlaepfer, Martin (ENERGY)
Subject: Re: Rate Mitigation Implementation Meeting - June 22, 2017

Yes, we must wait for s. 28 before semdi.g the indemnities to the agencies.

We haven't drafted transmittal memos. These are not legal letters. It might help to formally assign these Atel requests - I thought all correspondence was going to comms?

In the interest of time, I can do this after TB.

From: Schlaepfer, Martin (ENERGY)
Sent: Tuesday, June 27, 2017 1:20 PM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: FW: Rate Mitigation Implementation Meeting - June 22, 2017

Hi Carolyn,

I am assuming we would wait to share the indemnities with IESO and OPG until after we have Sec. 28 approval?

Also, are you planning to craft transmittal memos?

Thanks,
Martin

From: Teliszewsky, Andrew (ENERGY)
Sent: June 27, 2017 12:54 PM
To: Schlaepfer, Martin (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: Re: Rate Mitigation Implementation Meeting - June 22, 2017

Good Afternoon:

Just wondering - did we get these documents? The Indemnity as well as draft "cover letters" to both IESO and OPG Board Chair, please?

Andrew

From: Teliszewsky, Andrew (ENERGY)
Sent: Sunday, June 25, 2017 3:26 PM

To: Schlaepfer, Martin (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: FW: Rate Mitigation Implementation Meeting - June 22, 2017

Good Afternoon:

Several updates from my end:

A. Spoke with Finance MO and underscored the need to have the issue of S.28 / Indemnity resolved within the next few days. They agreed and promised that things are tracking well on their end for their Minister's review / approval on Wednesday. To that end, wondering if we could please have all appropriate documents for Minister Thibeault to execute on Tuesday (after Cabinet is fine); given that 27 June is his only day in Toronto this week.
B. Would also like to craft a cover letter in plain language to both Chairs (IESO and OPG) as part of the official transmission of these indemnities. To that end, would it please be possible to get correspondence drafted for CoS review for early Tuesday (morning) please?
C. Had a call with OPG Chair and CEO regarding the outstanding business issues on the fair allocation / regulation / provincial guarantees / what they actually need versus what they think they would like to have. Let's make sure we discuss tomorrow during OFHP update meeting.

Many thanks, in advance.

Andrew Teliszewsky

Chief of Staff | Office of Hon. Glenn Thibeault
Ministry of Energy
andrew.teliszewsky@ontario.ca
416-327-3550 (o)
416-436-6370 (m)

From: Schlaepfer, Martin (ENERGY)
Sent: June-23-17 10:34 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.aldred@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

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.aldred@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

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

From:	Schlaepfer, Martin (ENERGY)
To:	Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Reid, Michael (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI); Nelms, Scott (MOF); Christie, Tim (ENERGY); ""jeffrey.lyash@opg.com" (jeffrey.lyash@opg.com)"; "HARTWICK Ken -FINANCE (ken.hartwick@opg.com)"; "Rosemaire Leclair"; "Mary Anne Aldred (maryanne.aldred@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"
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 - May 25, 2017
Date:	May 25, 2017 6:34:31 PM
Attachments:	Action Items_May 25.docx

Hi everyone,

Please find attached the action items from today's meeting. For any items that require providing materials for next week's meeting, please send them to me in advance by end of day Tuesday. I will ensure hard copies are available at the meeting.

For next week it would be helpful to receive materials for the following items:

- Critical paths from OPG, IESO and OEB
- OFA's comparison of the Clean Energy Adjustment with the DRC
- Draft Provincial Guarantees for the dealers from OPG

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: May 24, 2017 6:02 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Reid, Michael (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI); Nelms, Scott (MOF); Christie, Tim (ENERGY); ''jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Rosemaire Leclair'; 'Mary Anne Aldred (maryanne.aldred@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'
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 - May 25, 2017

Good evening,

Please find attached the material for discussion tomorrow morning.

Thanks,
Martin

Action Items_May 25.pdf

Action Items – May 25

1) GA Refinancing
   - Ministry to finalize motions by noon today to deliver to the Clerks by 6pm
   - Ministry on track for package on June 14 and second package later in June
     - Ministry to work with OPG/OEB/ISEO on regulations
   - TBS to draft a chart with TB report backs
     - There is a requirement to go back to TB on details of regulations before proceeding to LRC
     - TBS to look at more streamlined approval process (Cabinet sitting as TB, LRC)
   - OPG, IESO, OEB to develop more detailed individual workplans to align with overall workplan
   - OPG has workplan for working group that it can table every week
   - OPG needs to have regulations to be finalized to move forward on ratings process
   - OEB also needs regs to move forward with pricing, which is on track for June 22
   - IESO working on responses for their Board related AG comments
   - OEB was asked yesterday by AG for all correspondence between all parties by June 2
     - OFA received a similar request
   - OFA to have comparison of Clean Energy Adjustment to DRC ready by end of next week
     - TBS to connect with OFA to determine if it is ready to share with IESO

2) Other OFHP Initiatives
   - RRRP, OESP and FN:
   - Ministry finalizing process for eligibility and COO working to communicate First Nation Delivery credit
   - Letter being drafted by Regional Chief Day tracking for next week
     - Ministry finalizing distribution of components remaining on the rate base
     - Minister could provide letter to legislators to clarify that social programs are ongoing
   - Affordability Fund:
     - Advisory Committee reaching out to another social services agency candidate

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

From:	Edwards, Matthew (ENERGY)
To:	Cox, Hilary (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Yordi, Samer (ENERGY)
Cc:	Thouin, Alena (ENERGY)
Subject:	RE: Rate Mitigation Implementation Meeting - November 23, 2017
Date:	December 5, 2017 4:37:22 PM
Attachments:	2017-12-05 OFHP Matrix and Outstanding Business Issues - Week of Nov 20....docx

CRED edits attached.

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)' <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: 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 *Electricity Act, 1998* (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)	Recent Action Items • 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	Recent Action Items • Ongoing Ministry work re bill presentment	• 2017-2018 – Bill redesign
6) Expanding ICI (ESP/COMs)		
• ENERGY, LSB, IESO and LDCs	Recent Action Items • 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) Considerations • 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) Considerations • IESO's stakeholder engagement re Market Renewal is ongoing	• Continue this work as part of 2017 LTEP implementation

RE_ Rate Mitigation Implementation Meeting - No...(2).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_6.pdf

Action Items
November 23, 2017

1) GA Refinancing

- 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 Novemeber 29th. Note: IESO Board approved delelgation of approval for OPG / IESO Commercial Agreements, which are expected to be finalize by end of next week (i.e., week of Novermber 27th).
  - MOF to draft comfort letter and possible regulation (either LGIC or Minister's Reg) with respect to PILs Exemption

- 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 of behalf of the province

- 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 join Ministers' briefing next week

2) Technical Briefing (All)

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

- Technical Briefing presentation needs to be put in plain language and needs to be higher level, including a few context slides up front

- Overall, the objective of the presentation is to providing a conclusion to the process (i.e., bookending the process)

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

RE_ Rate Mitigation Implementation Meeting - No...(3).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>
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Subject: Rate Mitigation Implementation Meeting - November 23, 2017

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Action Items_Nov 23_Final_7.pdf

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November 23, 2017

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    - Affordability Fund (CRED)

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

From:	Christie, Tim (ENERGY)
To:	Cox, Hilary (ENERGY); Cayley, Daniel (ENERGY); Lightbody, Ava (ENERGY)
Subject:	RE: Rate Mitigation Implementation Meeting - November 23, 2017
Date:	December 6, 2017 11:46:12 AM
Attachments:	2017 OFHP Matrix and Outstanding Business Issues - Week of Dec 4 - EPE - CRED.docx

---

Hilary, here are the edits, consolidated with CRED's.

From: Cox, Hilary (ENERGY)
Sent: December-04-17 10:11 AM
To: Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Edwards, Matthew (ENERGY); Yordi, Samer (ENERGY)
Cc: Thouin, Alena (ENERGY)
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)' <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>
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Hi everyone,

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Thanks,
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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_19.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 by mid-December (No later than Dec. 15th) ~~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 • Financing Plan • Transaction Documents	• OPG has provided a second draft of the Financing Plan to ENERGY **Timing / Next Steps:** • OPG Board committee review and approval of Financing Plan by the OPG Board (TBD). • Final Financing Plan expected the week of December 11th, pending conclusion of rating agency preliminary assessment. • Finalization of Transaction Documents in December / January as required (TBD). • OPG initial purchase of IESO regulatory asset utilizing warehouse facility expected ~~debt issuance is currently planned to proceed~~ in December. ~~(TBD).~~ • OPG to proceed with initial issuance of term debt in January (TBD).

Formatted: Superscript

Commented [AL1]: Certain documents that pertain to term debt may not need to be finalized in December

Issue	Overview	Supporting Documentation	Timing / Next Steps
Contingent Funding Agreement / Letter	• IESO requires assurance that the Province will backstop its line of credit with the OFA in the event IESO is unable to recover the balance of the variance account (i.e. if the regulatory asset is not transferred). • The Act prohibits IESO from recovering any amount of the variance account from specified consumers during the inflationary cap period	• Agreement / Comfort Letter	• ENE / IESO considering options that would meet the needs of IESO **Timing / Next Steps:**
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 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 *Electricity Act, 1998* (EA), and would pay PILs to the Ontario	• 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)

Commented [AL2]: For SNAP to update

Commented [AL3]: For SNAP to update

Issue	Overview	Supporting Documentation	Timing / Next Steps
	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		
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. • ~~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

Commented [AL4]: Email from Blakes on Dec 4 commenting on changes to the security agreement would seem to indicate this is still being worked on

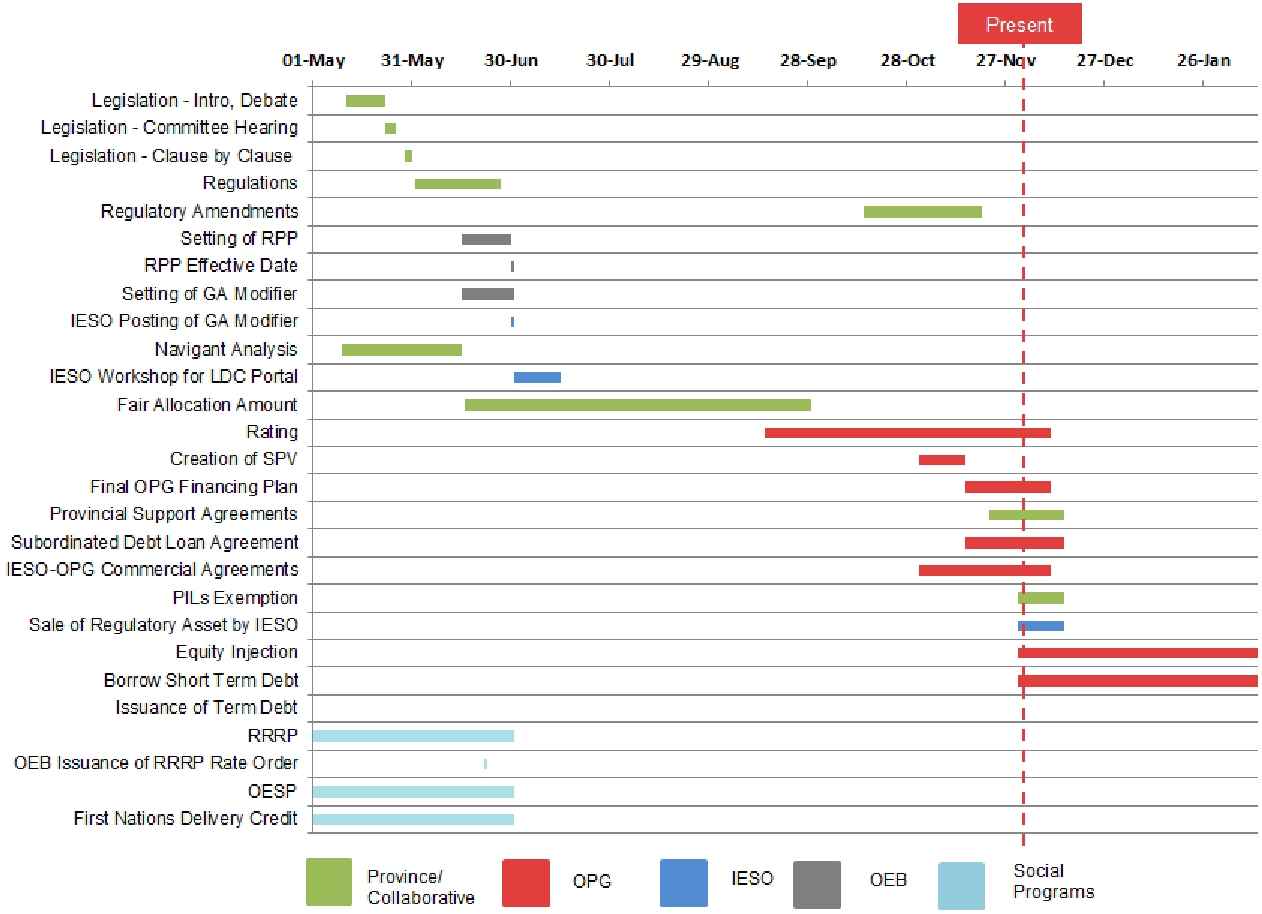
Ontario's Fair Hydro Plan – Implementation Matrix of Other Items

Item	Key Deliverables / Considerations	Timing / Next Steps
1) Broadening Rural or Remote		

Item	Key Deliverables / Considerations	Timing / Next Steps
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> • All LDCs have indicated they have implemented the program.	• Receiving regular updates from H1 on enrollment

Item	Key Deliverables / Considerations	Timing / Next Steps
	• FNDC post card has been distributed to First Nations Band Councils • IESO has begun submitting claims for reimbursement to the Ministry	
4) Establishing an Affordability Fund (CRED)		
• ENERGY, IGS, LSB, Blakes, CSD, OPCD, TBS, MOF and H1 (KPMG and Osler)	Recent Action Items • 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~~Nov. 16 – 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~~ • 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-year TB submission based on performance and need. Trust term can be extended with amended/new TPA if agreed by Trust

Item	Key Deliverables / Considerations	Timing / Next Steps
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



Note: Timeline for illustrative purposes. Dates are approximate and subject to change.

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
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Subject: RE: Rate Mitigation Implementation Meeting - September 28, 2017
Date: September 28, 2017 9:03:00 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>
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RE_ Rate Mitigation Implementation Meeting - Se...(2).pdf

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

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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
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Date: September 28, 2017 9:03:00 PM
Attachments: Action Items_ Sept 28_v2.docx

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Action Items_ Sept 28_v2_2.pdf

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

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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
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    - o Business Item (OPG/IGS)
        - Items are tracking towards completition in Fall.
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        - Term sheet approved. Final agreement is under development and needs to be finalized before going to market (i.e., November)
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        - 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 specifc questions

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

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_5.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
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3) Other OFHP Initiatives
    - o RRRP, OESP and FN (SNAP)
    - o Affordability Fund (CRED)

RE_ Rate Mitigation Materials(1).pdf

From:	Schlaepfer, Martin (ENERGY)
To:	Hume, Steen (ENERGY)
Cc:	Cox, Hilary (ENERGY)
Subject:	RE: Rate Mitigation Materials
Date:	August 9, 2017 8:00:00 PM
Attachments:	Agenda_Weekly Rate Mitig Implmentation Group_Aug 10.docx

Thanks, Steen. For the "August 16th Meeting" agenda item are you referring to the potential PO briefing on the Provincial Guarantee? If so, are you comfortable with adding a sub bullet to that effect, per the attached?

Thanks,
Martin

From: Hume, Steen (ENERGY)
Sent: August 9, 2017 6:13 PM
To: Schlaepfer, Martin (ENERGY)
Cc: Cox, Hilary (ENERGY)
Subject: Rate Mitigation Materials

Hi Martin: attached are the materials for tomorrow's rate mitigation meeting. We've recycled the materials from last week's internal meeting on the topic.

On the proposed agenda, I've included an item re next week's follow-up with CO/PO on Aug 16th. Need to line up Gadi to speak to the provincial guarantee proposal at the meeting on the 16th.

Thanks,

Agenda_Weekly Rate Mitig Implmentation Group__4.pdf

WEEKLY RATE MITIGATION IMPLEMENTATION GROUP
August 10, 2017

Agenda

1) GA Refinancing
    - o General Update (OPG / IESO)
    - o Draft Provincial Guarantees for Dealers (OFA/OPG)
    - o Business Item (OPG/IGS)

2) August 16th Meeting
    - o Provincial Guarantee Update

3) AG Update

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

Notes:

RE_ Rate Mitigation Materials(2).pdf

From:	Schlaepfer, Martin (ENERGY)
To:	Hume, Steen (ENERGY)
Cc:	Cox, Hilary (ENERGY)
Subject:	RE: Rate Mitigation Materials
Date:	August 9, 2017 8:00:00 PM
Attachments:	Agenda_Weekly Rate Mitig Implmentation Group_Aug 10.docx

Thanks, Steen. For the "August 16th Meeting" agenda item are you referring to the potential PO briefing on the Provincial Guarantee? If so, are you comfortable with adding a sub bullet to that effect, per the attached?

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Martin

From: Hume, Steen (ENERGY)
Sent: August 9, 2017 6:13 PM
To: Schlaepfer, Martin (ENERGY)
Cc: Cox, Hilary (ENERGY)
Subject: Rate Mitigation Materials

Hi Martin: attached are the materials for tomorrow's rate mitigation meeting. We've recycled the materials from last week's internal meeting on the topic.

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Thanks,

Agenda_Weekly Rate Mitig Implmentation Group__5.pdf

WEEKLY RATE MITIGATION IMPLEMENTATION GROUP
August 10, 2017

Agenda

1) GA Refinancing
   - General Update (OPG / IESO)
   - Draft Provincial Guarantees for Dealers (OFA/OPG)
   - Business Item (OPG/IGS)

2) August 16th Meeting
   - Provincial Guarantee Update

3) AG Update

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

Notes:

RE_ Rate Mitigation Materials.pdf

From:	Schlaepfer, Martin (ENERGY)
To:	Hume, Steen (ENERGY)
Cc:	Cox, Hilary (ENERGY)
Subject:	RE: Rate Mitigation Materials
Date:	August 9, 2017 8:00:36 PM
Attachments:	Agenda_Weekly Rate Mitig Implmentation Group_Aug 10.docx

Thanks, Steen. For the "August 16th Meeting" agenda item are you referring to the potential PO briefing on the Provincial Guarantee? If so, are you comfortable with adding a sub bullet to that effect, per the attached?

Thanks,
Martin

From: Hume, Steen (ENERGY)
Sent: August 9, 2017 6:13 PM
To: Schlaepfer, Martin (ENERGY)
Cc: Cox, Hilary (ENERGY)
Subject: Rate Mitigation Materials

Hi Martin: attached are the materials for tomorrow's rate mitigation meeting. We've recycled the materials from last week's internal meeting on the topic.

On the proposed agenda, I've included an item re next week's follow-up with CO/PO on Aug 16th. Need to line up Gadi to speak to the provincial guarantee proposal at the meeting on the 16th.

Thanks,

Agenda_Weekly Rate Mitig Implmentation Group__6.pdf

WEEKLY RATE MITIGATION IMPLEMENTATION GROUP
August 10, 2017

Agenda

1) GA Refinancing
   - General Update (OPG / IESO)
   - Draft Provincial Guarantees for Dealers (OFA/OPG)
   - Business Item (OPG/IGS)

2) August 16th Meeting
   - Provincial Guarantee Update

3) AG Update

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

Notes:

RE_ SCOPA QAs_MOE_20180124 v1_SH(1).pdf

From:	Ridd, Carl (ENERGY)
To:	Hendy, Adam (ENERGY); Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY)
Cc:	@ENERGY-COMM-Issues_and_MediaRelations; Perkins, Michael (ENERGY); Whytock, John (ENERGY); Lyon, Sam (ENERGY)
Subject:	RE: SCOPA QAs_MOE_20180124 v1_SH
Date:	January 29, 2018 3:16:16 PM
Attachments:	SCOPA QAs_MOE_20180124 v 2 SNAP.DOCX

SNAP ADM approved input/edits to the QA's as requested.

Thanks,

Carl

From: Hendy, Adam (ENERGY)
Sent: January-29-18 2:04 PM
To: Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc: @ENERGY-COMM-Issues_and_MediaRelations; Perkins, Michael (ENERGY); Whytock, John (ENERGY); Lyon, Sam (ENERGY)
Subject: RE: SCOPA QAs_MOE_20180124 v1_SH

Hi Again Everyone,

Just following up on these status of these. Still hoping we can get these fully approved and over to TBS today.

Thanks,
Adam

From: Hendy, Adam (ENERGY)
Sent: January-29-18 9:15 AM
To: Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc: @ENERGY-COMM-Issues_and_MediaRelations; Perkins, Michael (ENERGY); Whytock, John (ENERGY); Lyon, Sam (ENERGY)
Subject: RE: SCOPA QAs_MOE_20180124 v1_SH
Importance: High

Hi Folks,

Just a friendly reminder that we will need these back as soon as possible today. We need to have these DMO/MO approved and in TBS' hands today in preparation for their coming meeting with the SoC.

Thanks,
Adam

From: Cox, Hilary (ENERGY)
Sent: January-26-18 1:34 PM

To: Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc: Hendy, Adam (ENERGY)
Subject: Fw: SCOPA QAs_MOE_20180124 v1_SH

Hi All -
Further to Adam's email yesterday on Public Accounts, attached is a revised package of QAS. CRED, we'll need you to beef up the section on A-Fund. SNAP, we'll need some Qs and As on bill redesign.

Adam, we need additional QA on OPG's role. Can you take a stab at blocking these out?

These are needed back to Comms for Monday please.

HC

SCOPA QAs_MOE_20180124 v 2 SNAP.pdf

QUESTIONS & ANSWERS

Contents

PENSION ASSET ACCOUNTING

AG Recommendation #1: Pension Asset Accounting

For QAs related to:	See:
Pension Asset Accounting	Treasury Board Secretariat

Advisory Panel Compensation

For QAs related to:	See:
Pension Asset Accounting	Treasury Board Secretariat

IESO ACCOUNTING

Commented [HS(1]: IESO to review and fact check

Add additional Q/As as IESO thinks is necessary

AG Recommendation #2: IESO Market Accounts

- IESO's accounting changes are supported by the IESO's audit committee, board of directors, its independent external auditor, and by the Office of the Provincial Controller.
- The IESO prepares its financial statements in accordance with PSAS, and received an unqualified, or clean, audit opinion on its 2016 financial statements.
- The change to include market account assets and liabilities in the financial statements provides increased transparency with respect to the value of transactions that flow through Ontario's electricity market.
- The government supports the enhanced reporting and greater transparency for the economic activities of IESO resulting from the recognition of the market accounts.

For QAs related to:	See:
Government decision to accept IESO market accounts	Treasury Board Secretariat

Q. Why did the IESO choose to recognize market accounts?

The Independent Electricity System Operator (IESO) began recognizing its market accounts' assets (amounts due from power distributors) and liabilities (amounts due to power producers) in their financial results. The IESO has chosen to recognize these markets accounts on its books for transparency reasons, as it better reflects its net financial position on behalf of IESO-administered markets at year-end.

This accounting change was accepted by IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in the IESO's annual report which was published online in March 2017.

Further, this accounting is consistent with the presentation used previously by the Ontario Power Authority (which was merged with IESO on January 1, 2015) in its financial statements, which was not subject to qualification from the Office of the Auditor General at that time.

This change has no impact to the province's annual deficit, net debt or accumulated deficit.

This accounting change has been supported by the professional accounting staff of the Office of the Provincial Controller.

We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

AG Recommendation #5: IESO Market Accounts & Rate-Regulated Accounting

- The IESO management, IESO's Audit Committee, IESO's Board of Directors, IESO's external auditor and the Office of the Provincial Controller all support the use of rate-regulated accounting by IESO.
- In the development of OFHP, the government consulted with several third party advisors in the application of accounting standards. This is normal course of business governments take for complex transactions.

For QAs related to:	**See:**
Government decision to accept IESO market accounts & rate-regulated accounting	Treasury Board Secretariat

Q. Why did the IESO choose to adopt rate-regulated accounting?

The IESO made the decision to adopt rate-regulated accounting because it better reflects the economic substance of certain types of expenses that may not be directly recovered through the normal revenue requirement model.

The IESO, like Hydro One and Ontario Power Generation (OPG), is regulated by the Ontario Energy Board. The IESO adopted rate-regulated accounting for its year ended December 31, 2016. The impact on the financial statements of the Province is a decrease of $82 million in the 2016-17 opening accumulated deficit and an increase in the 2016-17 annual deficit by $24 million.

This accounting change was accepted by IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in IESO's annual report which was published online in March 2017.

AG Audit of 2017 Statements

- We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.
- The Ministry of Energy, the Ministry of Finance, and the Treasury Board Secretariat remain committed to assisting the Office of the Auditor General so that it can provide its independent views to the Legislative Assembly.

- With regards to the Auditor General's report on Ontario's Fair Hydro Plan (OFHP) – while the government does not agree with the assertions and conclusions expressed in the report, the government thanks the Office of the Auditor General for its report.
- While we expect professional accountants to agree on the vast majority of issues, we acknowledge that they may not agree on everything and when that occurs, and the difference is material to the financial statements, the Office of the Auditor General can choose to issue a qualified audit opinion.
- The Province will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

For QAs related to:	See:
Relationship with Auditor General	Treasury Board Secretariat

Q. How will IESO respond to the Auditor General's decision to audit the 2017 consolidated financial statements?

We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

The Ministry of Energy, the Ministry of Finance, and the Treasury Board Secretariat remain committed to assisting the Office of the Auditor General so that it can provide its independent views to the Legislative Assembly.

Q. The Auditor General says that the Independent Electricity System Operator's decision to adopt rate-regulated accounting was a deviation from Public Sector Accounting Standards, and cautioned against its use in her Independent Auditor's Report. Why this change was made and was it appropriate?

Canadian Public Sector Accounting Standards (PSAS) are effectively silent on this issue – they neither explicitly permit, nor prohibit, the recognition, measurement, presentation, or disclosure of rate-regulated activities.

In the absence of a clear position on an issue, standard accounting practice dictates that an entity should consult other accounting standards.

Paragraph 11 of the *Introduction to Public Sector Accounting Standards* ("Introduction") states: "When applying the CPA Canadian Public Sector Accounting (PSA) Handbook, where the standards are silent on an issue, public sector entities should apply Generally Accepted Accounting Principles (GAAP), Section PS 1150."

In this case, the Independent Electricity System Operator (IESO) consulted U.S. Generally Accepted Accounting Principles (GAAP), the appropriate accounting framework in North America that provides guidance on rate-regulated operations.

The IESO made the decision to adopt rate-regulated accounting because it better reflects the economic substance of certain types of expenses that may not be directly recovered through the normal revenue requirement model.

The IESO, like Hydro One and Ontario Power Generation (OPG), is regulated by the Ontario Energy Board (OEB). The IESO adopted rate-regulated accounting for its year ended December 31, 2016.
This accounting change was accepted by IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in IESO's annual report which was published online in March 2017.

It is worth noting that currently 8 out of 9 electricity system operators in North American markets employ accounting for rate-regulated assets, including IESO.

Q. The Auditor General says that the use of rate-regulated accounting is inappropriate for the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB) according to U.S. Generally Accepted Accounting Principles. How do you respond?

In commenting on the use of rate-regulated accounting and the role of the Ontario Energy Board (OEB), the Auditor General's report makes reference to a requirement under U.S. accounting standards in connection with the use of rate-regulated accounting that "there must an independent regulator." This reference is misleading as it does not provide the criteria in its entirety, which is as follows:

*"The entity's rates for regulated services or products provided to its customers are established by or are subject to approval by an independent, third-party regulator **or by its own governing board empowered by statute or contract to establish rates that bind customers"** [ASC 980-10-15-2].*

The U.S. accounting standard was developed specifically to not preclude the application of rate-regulated accounting by government utilities where the rate regulator would not necessarily be viewed as independent (FAS 71, par. 64).

In addition, the position that rate-regulated accounting is precluded because the OEB is not considered independent of the government of Ontario is contradictory to accepting the use of rate-regulated accounting by Ontario Power Generation (OPG) and Hydro One – both of which are regulated by the OEB and whose results, using rate-regulated accounting, are and have been included in the consolidated financial statements of the Province.

IESO Response:

Canadian Public Sector Accounting Standards (PSAS) are effectively silent on this issue – they neither explicitly permit, nor prohibit, the recognition, measurement, presentation, or disclosure of rate-regulated activities.

In the absence of a clear position on an issue, standard accounting practice dictates that an entity should consult other accounting standards.

In this case, the Independent Electricity System Operator (IESO) consulted U.S. Generally Accepted Accounting Principles (GAAP), the appropriate accounting framework in North America that provides guidance on rate-regulated operations.

ONTARIO'S FAIR HYDRO PLAN

Commented [HS(2]: Ministry of Energy to provide Q&As related to the policy rationale for OFHP

AG Recommendation #3: OFHP Accounting

- The province will continue to prepare its consolidated financial statements in accordance with Public Sector Accounting Standards (PSAS).
- The proposed accounting for the Ontario Fair Hydro Plan (OFHP) reflects the economic substance of the transaction by differentiating costs borne by taxpayers versus those borne by ratepayers.
- PSAS is silent on a key accounting issue regarding the OFHP – the standards neither explicitly permit, nor prohibit, the recognition, measurement, presentation, or disclosure of rate-regulated activities.
- In the absence of a clear position on an issue, standard accounting practice dictates that an entity should consult other accounting standards.
- The professional staff has appropriately applied this guidance in assessing the accounting for the Ontario Fair Hydro Plan.

For QAs related to:	**See:**
Decision to accept OFHP accounting	Treasury Board Secretariat

Q. Why did the government introduce the Ontario Fair Hydro Plan?

The government has been making important investments in a cleaner and more reliable electricity system, but these investments have led to higher bills. Since 2003, nearly $70 billion[1] has been invested in the electricity system, including more than $37[2] billion in electricity generation to ensure the system is clean and reliable.

Ontario's Fair Hydro Plan (OFHP) is delivering the single-largest reduction in electricity rates in the province's history. OFHP lowered electricity bills by 25 per cent on average

[1] Ministry of Energy, *2017 Long-Term Energy Plan*
[2] Ministry of Energy, *2017 Long-Term Energy Plan*

for residential consumers 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 a reduction.

In developing the policy to refinance the Global Adjustment (GA), the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure due diligence was completed.

GA refinancing is designed so that deferred costs are borne by the rate-base, as the beneficiaries of the electricity system, and not the tax-base.

OFHP operates under a financial and accounting framework that is appropriate for the intended purpose and in accordance with Public Sector Accounting Standards (PSAS) and ensures that the fairness goals underlying the program are achieved in a cost-effective manner.

Q. What is Global Adjustment (GA)?

Global Adjustment (GA) is a mechanism that recovers certain electricity system costs, such as capital costs incurred by generators. GA is calculated by the Independent Electricity System Operator (IESO) based on the difference between the market price for electricity, which represents the marginal cost of electricity production, and rates paid to regulated and contracted generators to ensure they can recover their fixed costs. It also recovers costs associated with running conservation programs in the province.

GA has been an important factor in providing stable prices while ensuring that sufficient generating capacity is in place to deliver a reliable supply of electricity.

GA pays for the bulk of the recent investments in the electricity system. The majority of the province's electricity generators operate under 20-year contracts. Third-party experts have confirmed that many of these generators will be able to continue to operate beyond the end of their contract. This means that generating assets are expected to have ongoing useful life and benefit future ratepayers by reducing the need to finance the development of new generating assets.

Refinancing the GA is providing significant and immediate rate relief by spreading the cost of electricity investments over the expected lifecycle of the infrastructure that has been built. This more fairly shares the cost of our investments across the generations of electricity ratepayers who will benefit from them.

Q. Who was involved in the policy and implementation process to meet the mandate?

Senior officials and staff from several departments and agencies, led by the Ministry of Energy, collaborated to plan a structure, identify risks, make decisions and take other actions to meet the mandate.

The senior officials and staff were from:
- Ministry of Energy;
- Ministry of Finance;
- Treasury Board Secretariat;
- Office of the Provincial Controller;
- Cabinet Office;
- Ontario Financing Authority (OFA);
- Independent Electricity System Operator (IESO); and
- Ontario Power Generation Inc. (OPG).

In development and implementation of Global Adjustment (GA) refinancing, the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure due diligence was completed.

Q. Has the Ministry of Energy's estimate for "peak debt" related to Ontario's Fair Hydro Plan (OFHP) changed? How much is the program expected to cost?

Ontario Power Generation (OPG) has begun the process of raising funds to finance the deferred costs, and while total borrowing costs will not be known until the program is complete, accumulated interest is projected to be considerably less than original estimates.

Current government estimates forecast that the peak debt over the thirty year life of OFHP will be approximately $20 billion[3]. The preliminary estimate from March 2017 was about $28 billion[4].

A number of variables, including interest rates, electricity demand and electricity costs, will vary over the thirty-year life of OFHP and cost estimates will continue to be revised to reflect these changing conditions.

If pressed on the details of the revised peak debt number:

Peak debt for OFHP has been revised down substantially from March 2017, from about $28 billion[5] to approximately $20 billion[6]. These estimates are consistent with 2017

[3] Ministry of Energy
[4] Ministry of Energy, submission to Financial Accountability Officer

Long-Term Energy Plan (LTEP) projections, include fees charged by OPG in its role as financial service manager (FSM) and assume a 5 per cent interest rate.

Q. Why is the government using Ontario Power Generation (OPG) as a borrowing agent for Ontario's Fair Hydro Plan? Would it be easier to use a traditional government borrowing agent like the Ontario Financing Authority (OFA)?

Ontario Power Generation (OPG) has the necessary financing and commercial expertise to assist with refinancing the Global Adjustment (GA).

OPG currently manages approximately $20 billion[7] in segregated nuclear funds to manage nuclear liabilities, and, is an electricity sector entity regulated by the Ontario Energy Board (OEB) with extensive experience with regulatory deferral and variance accounts.

OPG also has the breadth and demonstrated track record in the financial markets with its Corporate Debt platform, private placement of insurance linked bonds, participation in securitization programs and highly successful project debt issuances tied to new hydroelectric developments. These financing initiatives have been well received by investors at a reasonable cost to OPG. The innovative, cost saving and precedent setting aspects of these structures have resulted in international recognition.

OPG has developed solid investor relationships and has a large investor base in the structured finance space that would be the target market for financing Ontario's Fair Hydro Plan initiative. For example, Lower Mattagami project financing attracted a broad investor base of ~80 institutional investors[8], including major investors in the Canadian power and utility bonds market.

In terms of administration, OPG is currently managing its own Corporate public debt program and three project financing programs totalling more than $2 billion[9] and two commercial paper programs.

Finally, OPG's Treasury functions are well positioned given their management of existing multiple debt programs.

Q. The Auditor General and the Financial Accountability Office both suggest that the cost of borrowing will be more expensive than traditional government borrowing? Is this true?

---

[5] Ministry of Energy
[6] Ministry of Energy
[7] Ontario Financing Authority
[8] Ontario Power Generation
[9] Ontario Power Generation

In the development of Ontario's Fair Hydro Plan (OFHP), the government made the policy decision that deferred electricity system costs should be borne by the rate-base and not the tax-base.

Based on this policy decision, it was decided that the debt obligation would be recognized as a regulatory asset that would be sold and securitized. This design appropriately aligns the costs and benefits within the group of eligible consumers.

Ontario Power Generation (OPG) was identified as the Financial Services Manager responsible for the financing plans and the financing entity (i.e., Fair Hydro Plan Trust) that will manage the debt obligations. OPG has the necessary financing and commercial expertise to assist with refinancing the Global Adjustment (GA) and will ensure that it is done in an efficient and cost-effective manner.

OPG has a demonstrated track record in the financial markets with its Corporate Debt platform, private placement of insurance linked bonds, participation in securitization programs and highly successful project debt issuances tied to new hydroelectric developments. The innovative, cost saving and precedent setting aspects of these structures have resulted in international recognition.

With respect to the $4 billion[10] figure referenced by the Financial Accountability Office (FAO) in its May 2017 report, it should be noted that the FAO's report was based on initial Ministry of Energy estimates from March 2017. Subsequent analysis conducted by the Ministry of Energy refined a number of variables, including the cost of borrowing and electricity system cost forecasts.

Total borrowing estimates over the thirty year life of OFHP have been revised down substantially by the government since the FAO released its report in May 2017, and borrowing costs are now forecast to be substantially lower than original estimates. Current government estimates forecast that the peak debt over the thirty year life of OFHP will be approximately $20 billion[11]. The preliminary estimate from March 2017 was about $28 billion[12].

A number of variables, including interest rates, electricity demand and electricity costs, will vary over the thirty year life of OFHP and cost estimates will continue to be revised to reflect these changing conditions.

The government will continue to identify and implement initiatives to take costs out of the electricity system, which would reduce the cost of the GA refinancing program.

If pressed on the details of the revised peak debt number:

[10] Financial Accountability Officer, *An Assessment of the Fiscal Impact of the Province's Fair Hydro Plan*
[11] Ministry of Energy
[12] Ministry of Energy, submission to Financial Accountability Officer

Peak debt for OFHP has been revised down substantially from March 2017, from about $ 28 billion[13] to approximately $20 billion[14]. The higher March 2017 estimate was used by the FAO in its May 2017 report.

Updated estimates are consistent with 2017 Long-Term Energy Plan (LTEP) projections, include fees charged by OPG in its role as financial service manage (FSM) and assume a 5 per cent interest rate.

If pressed on interest costs:

The government estimates of total interest cost also decreased from $25 billion[15] to less than $19 billion[16].

Q. Some say you are unfairly placing the burden of debt on future generations through things like Ontario's Fair Hydro Plan, how do you respond?

Future generations will be paying their fair share for a system they will be benefiting from in their lifetime. Not only will they benefit from a reliable electricity system, but also from cleaner air resulting from the elimination of coal-fired generation.

Ontario's Fair Hydro Plan (OFHP) acts much like taking out a new mortgage – providing much-needed relief now by spreading costs across the life of our assets. Current ratepayers are paying less now, and future ratepayers will in turn help to pay for their fair share of the significant investments that we've made to build a clean and reliable electricity system. This more fairly shares the cost of our investments across the generations of electricity ratepayers who will benefit from them.

Moving forward, Ontario's 2017 Long-Term Energy Plan (2017 LTEP) focuses on continuing to put downward pressure on electricity bills over the long term. Our robust electricity supply puts us in a good position to improve efficiency, increase transparency and enhance opportunities for innovation and competition to further reduce system costs. That is why Ontario's Fair Hydro Plan includes a commitment to improving sector efficiency and modernizing Ontario's electricity market, building on the collaboration of the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB).

For example, IESO's Market Renewal initiative will result in a more efficient marketplace with competitive and transparent mechanisms that meet future system needs at the lowest cost. The initiative is expected to save up to $5.2 billion[17] over a 10-year period

[13] Ministry of Energy
[14] Ministry of Energy
[15] Ministry of Energy
[16] Ministry of Energy
[17] Independent Electricity System Operator, *Assessment of the Benefits of Market Renewal (Brattle Group)*

and forms a key component of Ontario's plan to ensure the affordability of electricity in the longer term.

Q. In the development of Ontario's Fair Hydro Plan, did the government set up the financing structure intentionally to keep it off government books?

No. GA refinancing is designed so that deferred costs are borne by the rate-base, as the beneficiaries of the electricity system, and not the tax-base.

GA refinancing operates under a financial and accounting framework that is appropriate for the intended purpose and in accordance with Public Sector Accounting Standards (PSAS) and ensures that the fairness goals underlying the program are achieved in a cost-effective manner.

AG Recommendation #6: "Legislated Accounting"

- The *Ontario Fair Hydro Plan Act, 2017* and its related regulations do not create accounting rules or legislate the accounting.
- It is important to distinguish legislating the accounting from legislating the right of the government to recover amounts from specified ratepayers in the future, which in the absence of legislation, would have been collected from specified ratepayers as the costs were incurred.
- The province, as always, will prepare its consolidated financial statements in accordance with PSAS, including the transactions resulting from Ontario's Fair Hydro Plan.

For QAs related to:	**See:**
Issue of OFHP "legislated" accounting	Treasury Board Secretariat

AG Recommendation #9: Arm's Length Trusts

Commented [HS(3]: CRED to provide Q&As with respect to the Affordability Fund

- A Trust structure was selected to implement the Affordability Fund in order to provide an effective solution to distributing funds to electricity distributors. With approximately 70 distributors across Ontario, it was not feasible for the Province to enter into agreements with each distributor.
- The Trust structure establishes an independent entity with expertise from the electricity distributor and community sectors.
- There are report-back requirements on the use of funds transferred as well as the ability for the government to conduct an audit to gain assurance that the funds have been used for the purposes intended.

- The government will continue to assess the most appropriate vehicle for meeting its policy objectives, which include appropriate oversight of how transfer payments are spent.

For QAs related to:	See:
Accounting for Trust	Treasury Board Secretariat

Records Disclosure/Process

Commented [HS(4]: LSB should review and fact check

- The Ministry conducted a search consistent with the 40 plus search terms provided by the Auditor General.
- The Ministry of Energy has selected McCarthys/Wortzmans to assist with processing and analysis of approximately 2.2 million records that resulted from the search of 81 custodians.
- The Ministry has been regularly providing the Auditor General batches of responsive documents.

For QAs related to:	See:
Records - TBS	Treasury Board Secretariat
Records - MOF	

Q. Why has the Ministry of Energy not provided all e-mails requested by the Auditor General?

As of October 13, 2017, the Ministry has provided 13,212 emails and attachments to the OAG's office.

Q. How much money did the Ministry spend on lawyers?

The Ministry does not intend to spend more than $60,000 on this request. Although the retainer agreement includes a cap of up to $500,000, as of September 21, 2017, only $41,775.75 has actually been spent.

Q. What was the Ministry of Energy's process for providing the emails requested by the Auditor General?

The Ministry conducted a search consistent with the 40 plus search terms provided to the AG. In order to manage the approximately 2.2 million records resulted from the search of 81 custodians, the Ministry of Energy has selected McCarthys/Wortzmans to assist with processing and analysis of the documents.

No legal advice on relevancy of documents was provided by Wortzmans. The Ministry has been regularly providing AG batches of responsive documents.

Commented [HA(5]: May be updated in tech briefing QA

Re-Design of Hydro Bills

Commented [HS(6]: SNAP to provide Q&As with respect to this section

- The objective of the bill redesign initiative is to make bills easier for customers to understand and ensure that they get the most useful information out of their bills.
- Comparisons of costs from previous billing periods ~~between redesigned and previous bills~~ will continue to be possible.
- Electricity bills are a customer's main window into the electricity system. Through the LTEP consultation process, the government heard that customers found their bills confusing and inaccessible.
- Hydro One has been a leader in consumer research on ways to improve the appearance and comprehension of its bill. Hydro One enlisted the services of a behavioural research firm and engaged with thousands of customers to develop a new bill design which has been observed to increase customer satisfaction and comprehension.
- Building on this research, the Ministry launched the Bill Redesign Action Plan with the aim of revising the regulatory framework on invoicing to improve the value of electricity bills for consumers. The Ministry ~~has~~continues to engage~~d~~ with industry and consumers to better understand consumer concerns and preferences with respect to the bill to ensure that any proposed changes to the bill's design will meet consumer's needs.

Q. Isn't the problem the amount on people's bills, not the design?

The government recognizes that the much-needed investments in our electricity system have led to higher electricity prices. That's why the government developed Ontario's Fair Hydro Plan – to relieve the cost pressures caused by these system improvements.

Through the 2017 Long Term Energy Plan (LTEP) consultation process, the government heard that consumers find their current bills confusing and inaccessible, as part of LTEP 2017, the Ministry committed to continue to work with the OEB, industry and consumers to explore opportunities to redesign electricity bills to make them easier for customers to understand.

Q. How can Ontarian's know redesigning bills isn't just a way to hide increases?

The objective of the bill redesign initiative is to make bills easier for customers to understand and ensure that they get the most useful information out of their bills. Comparisons of costs from previous billing periods will continue to be possible.

Q. What Is the overall cost of the bill redesign?

Each LDC will have different costs to implement a re-designed bill depending on current billing and customer information systems. Changes to billing systems are a part of an LDC's cost of doing business.

Q. Are all customers in Ontario getting redesigned bills, or just in some areas?

All LDCs will be required to comply with any new requirements implemented as part of a bill-redesign initiative. By March 31, 2018, all LDCs will come into compliance with the new requirement to provide customer-specific OFHP savings on invoices.

Q How do the new regulatory amendments to require that LDCs provide customer-specific savings associated with the Ontario Fair Hydro Plan on invoices fit in to the broader redesign action plan?

The requirement for dynamic messaging or customer-specific Fair Hydro savings on invoices is the first step in the broader, longer term bill re-design project. Providing customer specific savings promotes greater understanding of the associated bill impacts of Ontario's Fair Hydro Plan for consumers.

The new regulatory amendments are being~~were~~ discussed with industry stakeholders as part of the bill redesign working group. ~~Feedback from the working group was considered in the development of the regulation.~~

The Ministry of Energy is continuing to work with stakeholders to examine opportunities to redesign electricity bills to make them more understandable and to give consumers the information that they want on the bill.

PRE-ELECTION REPORT

AG Recommendation #10: Pre-Election Report on Ontario's Finances

For QAs related to:	See:
Pre-Election Report on Ontario's Finances	Treasury Board Secretariat Ministry of Finance

PROVINCE'S FISCAL SITUATION

Recommendation #7: Province's Debt Burden

For QAs related to:	See:
Ontario's Debt Burden	Ministry of Finance

Financial Accountability Office Reports

For QAs related to:	See:
FAO Reports	Ministry of Finance

Credit Ratings

For QAs related to:	See:
Credit Ratings	Ministry of Finance

PREPARATION OF PUBLIC ACCOUNTS

AG Recommendation # 4: External Advisors

For QAs related to:	See:
External Advisors	Treasury Board Secretariat

Q. Who was involved in the policy and implementation process to meet the mandate?

Senior officials and staff from several departments and agencies, led by the Ministry of Energy, collaborated to plan a structure, identify risks, make decisions and take other actions to meet the mandate.

The senior officials and staff were from:

- Ministry of Energy;
- Ministry of Finance;
- Treasury Board Secretariat;
- Office of the Provincial Controller;
- Cabinet Office;
- Ontario Financing Authority (OFA);
- Independent Electricity System Operator (IESO); and
- Ontario Power Generation Inc. (OPG).

In development and implementation of Global Adjustment (GA) refinancing, the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure due diligence was completed.

AG Recommendation #8: Timeline of Finalization of Financial Statements

For QAs related to:	See:
Finalization of Financial Statements	Treasury Board Secretariat Ministry of Finance

Audit Opinion

For QAs related to:	See:
Audit Opinions	Treasury Board Secretariat

RE_ SCOPA QAs_MOE_20180124 v1_SH(10).pdf

From:	Smith, Mike (ENERGY)
To:	Ridd, Carl (ENERGY)
Cc:	Yordi, Samer (ENERGY)
Subject:	RE: SCOPA QAs_MOE_20180124 v1_SH
Date:	January 29, 2018 9:39:51 AM

We will look this morning

From: Ridd, Carl (ENERGY)
Sent: January-29-18 9:36 AM
To: Smith, Mike (ENERGY)
Cc: Yordi, Samer (ENERGY)
Subject: RE: SCOPA QAs_MOE_20180124 v1_SH
Importance: High

Hi Mike,

Any chance we could expedite these for this morning? DMO is now calling them in ASAP today.

Thanks,

Carl

From: Ridd, Carl (ENERGY)
Sent: January-26-18 2:54 PM
To: Smith, Mike (ENERGY)
Cc: Yordi, Samer (ENERGY)
Subject: FW: SCOPA QAs_MOE_20180124 v1_SH

Hi Mike,

ESP have flagged the attached Standing Committee on Public Accounts (SCOPA) QA's for our input on bill redesign. I have attached the last QA's that I have on bill redesign from late November for your consideration on this request if they're still relevant.

Can we get this back by **3:00pm on Monday, Jan 29th?**

Thanks,

Carl

From: Cox, Hilary (ENERGY)
Sent: January-26-18 1:34 PM
To: Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc: Hendy, Adam (ENERGY)
Subject: Fw: SCOPA QAs_MOE_20180124 v1_SH

Hi All -

Further to Adam's email yesterday on Public Accounts, attached is a revised package of QAS. CRED, we'll need you to beef up the section on A-Fund. SNAP, we'll need some Qs and As on bill redesign.

Adam, we need additional QA on OPG's role. Can you take a stab at blocking these out?

These are needed back to Comms for Monday please.

HC

RE_ SCOPA QAs_MOE_20180124 v1_SH(11).pdf

From:	Ridd, Carl (ENERGY)
To:	Smith, Mike (ENERGY)
Cc:	Yordi, Samer (ENERGY)
Subject:	RE: SCOPA QAs_MOE_20180124 v1_SH
Date:	January 29, 2018 9:36:23 AM
Importance:	High

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RE_ SCOPA QAs_MOE_20180124 v1_SH(12).pdf

From:	Ridd, Carl (ENERGY)
To:	Smith, Mike (ENERGY)
Cc:	Yordi, Samer (ENERGY)
Subject:	RE: SCOPA QAs_MOE_20180124 v1_SH
Date:	January 29, 2018 9:36:23 AM
Importance:	High

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RE_ SCOPA QAs_MOE_20180124 v1_SH(13).pdf

From:	Hendy, Adam (ENERGY)
To:	Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc:	@ENERGY-COMM-Issues_and_MediaRelations; Perkins, Michael (ENERGY); Whytock, John (ENERGY); Lyon, Sam (ENERGY)
Subject:	RE: SCOPA QAs_MOE_20180124 v1_SH
Date:	January 29, 2018 9:15:32 AM
Importance:	High

Hi Folks,

Just a friendly reminder that we will need these back as soon as possible today. We need to have these DMO/MO approved and in TBS' hands today in preparation for their coming meeting with the SoC.

Thanks,
Adam

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Sent: January-26-18 1:34 PM
To: Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc: Hendy, Adam (ENERGY)
Subject: Fw: SCOPA QAs_MOE_20180124 v1_SH

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RE_ SCOPA QAs_MOE_20180124 v1_SH(14).pdf

From:	Hendy, Adam (ENERGY)
To:	Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc:	@ENERGY-COMM-Issues_and_MediaRelations; Perkins, Michael (ENERGY); Whytock, John (ENERGY); Lyon, Sam (ENERGY)
Subject:	RE: SCOPA QAs_MOE_20180124 v1_SH
Date:	January 29, 2018 9:15:32 AM
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RE_ SCOPA QAs_MOE_20180124 v1_SH(15).pdf

From:	Hendy, Adam (ENERGY)
To:	Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc:	Whytock, John (ENERGY); Lyon, Sam (ENERGY); @ENERGY-COMM-Issues_and_MediaRelations
Subject:	RE: SCOPA QAs_MOE_20180124 v1_SH
Date:	January 26, 2018 1:47:49 PM
Attachments:	SCOPA QAs_MOE_20180124 v1_SH.DOCX

No problem. I will draft and send down today.

Adam

From: Cox, Hilary (ENERGY)
Sent: January-26-18 1:34 PM
To: Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc: Hendy, Adam (ENERGY)
Subject: Fw: SCOPA QAs_MOE_20180124 v1_SH

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SCOPA QAs_MOE_20180124 v1_SH_2.pdf

QUESTIONS & ANSWERS

Contents

PENSION ASSET ACCOUNTING

AG Recommendation #1: Pension Asset Accounting

For QAs related to:	See:
Pension Asset Accounting	Treasury Board Secretariat

Advisory Panel Compensation

For QAs related to:	See:
Pension Asset Accounting	Treasury Board Secretariat

IESO ACCOUNTING

Commented [HS(1]: IESO to review and fact check

Add additional Q/As as IESO thinks is necessary

AG Recommendation #2: IESO Market Accounts

- IESO's accounting changes are supported by the IESO's audit committee, board of directors, its independent external auditor, and by the Office of the Provincial Controller.
- The IESO prepares its financial statements in accordance with PSAS, and received an unqualified, or clean, audit opinion on its 2016 financial statements.
- The change to include market account assets and liabilities in the financial statements provides increased transparency with respect to the value of transactions that flow through Ontario's electricity market.
- The government supports the enhanced reporting and greater transparency for the economic activities of IESO resulting from the recognition of the market accounts.

For QAs related to:	See:
Government decision to accept IESO market accounts	Treasury Board Secretariat

Q. Why did the IESO choose to recognize market accounts?

The Independent Electricity System Operator (IESO) began recognizing its market accounts' assets (amounts due from power distributors) and liabilities (amounts due to power producers) in their financial results. The IESO has chosen to recognize these markets accounts on its books for transparency reasons, as it better reflects its net financial position on behalf of IESO-administered markets at year-end.

This accounting change was accepted by IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in the IESO's annual report which was published online in March 2017.

Further, this accounting is consistent with the presentation used previously by the Ontario Power Authority (which was merged with IESO on January 1, 2015) in its financial statements, which was not subject to qualification from the Office of the Auditor General at that time.

This change has no impact to the province's annual deficit, net debt or accumulated deficit.

This accounting change has been supported by the professional accounting staff of the Office of the Provincial Controller.

We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

AG Recommendation #5: IESO Market Accounts & Rate-Regulated Accounting

- The IESO management, IESO's Audit Committee, IESO's Board of Directors, IESO's external auditor and the Office of the Provincial Controller all support the use of rate-regulated accounting by IESO.
- In the development of OFHP, the government consulted with several third party advisors in the application of accounting standards. This is normal course of business governments take for complex transactions.

For QAs related to:	**See:**
Government decision to accept IESO market accounts & rate-regulated accounting	Treasury Board Secretariat

Q. Why did the IESO choose to adopt rate-regulated accounting?

The IESO made the decision to adopt rate-regulated accounting because it better reflects the economic substance of certain types of expenses that may not be directly recovered through the normal revenue requirement model.

The IESO, like Hydro One and Ontario Power Generation (OPG), is regulated by the Ontario Energy Board. The IESO adopted rate-regulated accounting for its year ended December 31, 2016. The impact on the financial statements of the Province is a decrease of $82 million in the 2016-17 opening accumulated deficit and an increase in the 2016-17 annual deficit by $24 million.

This accounting change was accepted by IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in IESO's annual report which was published online in March 2017.

AG Audit of 2017 Statements

- We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.
- The Ministry of Energy, the Ministry of Finance, and the Treasury Board Secretariat remain committed to assisting the Office of the Auditor General so that it can provide its independent views to the Legislative Assembly.

- With regards to the Auditor General's report on Ontario's Fair Hydro Plan (OFHP) – while the government does not agree with the assertions and conclusions expressed in the report, the government thanks the Office of the Auditor General for its report.
- While we expect professional accountants to agree on the vast majority of issues, we acknowledge that they may not agree on everything and when that occurs, and the difference is material to the financial statements, the Office of the Auditor General can choose to issue a qualified audit opinion.
- The Province will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

For QAs related to:	See:
Relationship with Auditor General	Treasury Board Secretariat

Q. How will IESO respond to the Auditor General's decision to audit the 2017 consolidated financial statements?

We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

The Ministry of Energy, the Ministry of Finance, and the Treasury Board Secretariat remain committed to assisting the Office of the Auditor General so that it can provide its independent views to the Legislative Assembly.

Q. The Auditor General says that the Independent Electricity System Operator's decision to adopt rate-regulated accounting was a deviation from Public Sector Accounting Standards, and cautioned against its use in her Independent Auditor's Report. Why this change was made and was it appropriate?

Canadian Public Sector Accounting Standards (PSAS) are effectively silent on this issue – they neither explicitly permit, nor prohibit, the recognition, measurement, presentation, or disclosure of rate-regulated activities.

In the absence of a clear position on an issue, standard accounting practice dictates that an entity should consult other accounting standards.

Paragraph 11 of the *Introduction to Public Sector Accounting Standards* ("Introduction") states: "When applying the CPA Canadian Public Sector Accounting (PSA) Handbook, where the standards are silent on an issue, public sector entities should apply Generally Accepted Accounting Principles (GAAP), Section PS 1150."

In this case, the Independent Electricity System Operator (IESO) consulted U.S. Generally Accepted Accounting Principles (GAAP), the appropriate accounting framework in North America that provides guidance on rate-regulated operations.

The IESO made the decision to adopt rate-regulated accounting because it better reflects the economic substance of certain types of expenses that may not be directly recovered through the normal revenue requirement model.

The IESO, like Hydro One and Ontario Power Generation (OPG), is regulated by the Ontario Energy Board (OEB). The IESO adopted rate-regulated accounting for its year ended December 31, 2016.
This accounting change was accepted by IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in IESO's annual report which was published online in March 2017.

It is worth noting that currently 8 out of 9 electricity system operators in North American markets employ accounting for rate-regulated assets, including IESO.

Q. The Auditor General says that the use of rate-regulated accounting is inappropriate for the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB) according to U.S. Generally Accepted Accounting Principles. How do you respond?

In commenting on the use of rate-regulated accounting and the role of the Ontario Energy Board (OEB), the Auditor General's report makes reference to a requirement under U.S. accounting standards in connection with the use of rate-regulated accounting that "there must an independent regulator." This reference is misleading as it does not provide the criteria in its entirety, which is as follows:

"The entity's rates for regulated services or products provided to its customers are established by or are subject to approval by an independent, third-party regulator ***or by its own governing board empowered by statute or contract to establish rates that bind customers"*** *[ASC 980-10-15-2].*

The U.S. accounting standard was developed specifically to not preclude the application of rate-regulated accounting by government utilities where the rate regulator would not necessarily be viewed as independent (FAS 71, par. 64).

In addition, the position that rate-regulated accounting is precluded because the OEB is not considered independent of the government of Ontario is contradictory to accepting the use of rate-regulated accounting by Ontario Power Generation (OPG) and Hydro One – both of which are regulated by the OEB and whose results, using rate-regulated accounting, are and have been included in the consolidated financial statements of the Province.

IESO Response:

Canadian Public Sector Accounting Standards (PSAS) are effectively silent on this issue – they neither explicitly permit, nor prohibit, the recognition, measurement, presentation, or disclosure of rate-regulated activities.

In the absence of a clear position on an issue, standard accounting practice dictates that an entity should consult other accounting standards.

In this case, the Independent Electricity System Operator (IESO) consulted U.S. Generally Accepted Accounting Principles (GAAP), the appropriate accounting framework in North America that provides guidance on rate-regulated operations.

ONTARIO'S FAIR HYDRO PLAN

Commented [HS(2]: Ministry of Energy to provide Q&As related to the policy rationale for OFHP

AG Recommendation #3: OFHP Accounting

- The province will continue to prepare its consolidated financial statements in accordance with Public Sector Accounting Standards (PSAS).
- The proposed accounting for the Ontario Fair Hydro Plan (OFHP) reflects the economic substance of the transaction by differentiating costs borne by taxpayers versus those borne by ratepayers.
- PSAS is silent on a key accounting issue regarding the OFHP – the standards neither explicitly permit, nor prohibit, the recognition, measurement, presentation, or disclosure of rate-regulated activities.
- In the absence of a clear position on an issue, standard accounting practice dictates that an entity should consult other accounting standards.
- The professional staff has appropriately applied this guidance in assessing the accounting for the Ontario Fair Hydro Plan.

For QAs related to:	See:
Decision to accept OFHP accounting	Treasury Board Secretariat

Q. Why did the government introduce the Ontario Fair Hydro Plan?

The government has been making important investments in a cleaner and more reliable electricity system, but these investments have led to higher bills. Since 2003, nearly $70 billion[1] has been invested in the electricity system, including more than $37[2] billion in electricity generation to ensure the system is clean and reliable.

Ontario's Fair Hydro Plan (OFHP) is delivering the single-largest reduction in electricity rates in the province's history. OFHP lowered electricity bills by 25 per cent on average

[1] Ministry of Energy, *2017 Long-Term Energy Plan*
[2] Ministry of Energy, *2017 Long-Term Energy Plan*

for residential consumers 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 a reduction.

In developing the policy to refinance the Global Adjustment (GA), the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure due diligence was completed.

GA refinancing is designed so that deferred costs are borne by the rate-base, as the beneficiaries of the electricity system, and not the tax-base.

OFHP operates under a financial and accounting framework that is appropriate for the intended purpose and in accordance with Public Sector Accounting Standards (PSAS) and ensures that the fairness goals underlying the program are achieved in a cost-effective manner.

Q. What is Global Adjustment (GA)?

Global Adjustment (GA) is a mechanism that recovers certain electricity system costs, such as capital costs incurred by generators. GA is calculated by the Independent Electricity System Operator (IESO) based on the difference between the market price for electricity, which represents the marginal cost of electricity production, and rates paid to regulated and contracted generators to ensure they can recover their fixed costs. It also recovers costs associated with running conservation programs in the province.

GA has been an important factor in providing stable prices while ensuring that sufficient generating capacity is in place to deliver a reliable supply of electricity.

GA pays for the bulk of the recent investments in the electricity system. The majority of the province's electricity generators operate under 20-year contracts. Third-party experts have confirmed that many of these generators will be able to continue to operate beyond the end of their contract. This means that generating assets are expected to have ongoing useful life and benefit future ratepayers by reducing the need to finance the development of new generating assets.

Refinancing the GA is providing significant and immediate rate relief by spreading the cost of electricity investments over the expected lifecycle of the infrastructure that has been built. This more fairly shares the cost of our investments across the generations of electricity ratepayers who will benefit from them.

Q. Who was involved in the policy and implementation process to meet the mandate?

Senior officials and staff from several departments and agencies, led by the Ministry of Energy, collaborated to plan a structure, identify risks, make decisions and take other actions to meet the mandate.

The senior officials and staff were from:

- Ministry of Energy;
- Ministry of Finance;
- Treasury Board Secretariat;
- Office of the Provincial Controller;
- Cabinet Office;
- Ontario Financing Authority (OFA);
- Independent Electricity System Operator (IESO); and
- Ontario Power Generation Inc. (OPG).

In development and implementation of Global Adjustment (GA) refinancing, the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure due diligence was completed.

Q. Has the Ministry of Energy's estimate for "peak debt" related to Ontario's Fair Hydro Plan (OFHP) changed? How much is the program expected to cost?

Ontario Power Generation (OPG) has begun the process of raising funds to finance the deferred costs, and while total borrowing costs will not be known until the program is complete, accumulated interest is projected to be considerably less than original estimates.

Current government estimates forecast that the peak debt over the thirty year life of OFHP will be approximately $20 billion[3]. The preliminary estimate from March 2017 was about $28 billion[4].

A number of variables, including interest rates, electricity demand and electricity costs, will vary over the thirty-year life of OFHP and cost estimates will continue to be revised to reflect these changing conditions.

If pressed on the details of the revised peak debt number:

[3] Ministry of Energy
[4] Ministry of Energy, submission to Financial Accountability Officer

Peak debt for OFHP has been revised down substantially from March 2017, from about $28 billion[5] to approximately $20 billion[6]. These estimates are consistent with 2017 Long-Term Energy Plan (LTEP) projections, include fees charged by OPG in its role as financial service manager (FSM) and assume a 5 per cent interest rate.

Q. Why is the government using Ontario Power Generation (OPG) as a borrowing agent for Ontario's Fair Hydro Plan? Would it be easier to use a traditional government borrowing agent like the Ontario Financing Authority (OFA)?

Ontario Power Generation (OPG) has the necessary financing and commercial expertise to assist with refinancing the Global Adjustment (GA).

OPG currently manages approximately $20 billion[7] in segregated nuclear funds to manage nuclear liabilities, and, is an electricity sector entity regulated by the Ontario Energy Board (OEB) with extensive experience with regulatory deferral and variance accounts.

OPG also has the breadth and demonstrated track record in the financial markets with its Corporate Debt platform, private placement of insurance linked bonds, participation in securitization programs and highly successful project debt issuances tied to new hydroelectric developments. These financing initiatives have been well received by investors at a reasonable cost to OPG. The innovative, cost saving and precedent setting aspects of these structures have resulted in international recognition.

OPG has developed solid investor relationships and has a large investor base in the structured finance space that would be the target market for financing Ontario's Fair Hydro Plan initiative. For example, Lower Mattagami project financing attracted a broad investor base of ~80 institutional investors[8], including major investors in the Canadian power and utility bonds market.

In terms of administration, OPG is currently managing its own Corporate public debt program and three project financing programs totalling more than $2 billion[9] and two commercial paper programs.

Finally, OPG's Treasury functions are well positioned given their management of existing multiple debt programs.

[5] Ministry of Energy
[6] Ministry of Energy
[7] Ontario Financing Authority
[8] Ontario Power Generation
[9] Ontario Power Generation

Q. The Auditor General and the Financial Accountability Office both suggest that the cost of borrowing will be more expensive than traditional government borrowing? Is this true?

In the development of Ontario's Fair Hydro Plan (OFHP), the government made the policy decision that deferred electricity system costs should be borne by the rate-base and not the tax-base.

Based on this policy decision, it was decided that the debt obligation would be recognized as a regulatory asset that would be sold and securitized. This design appropriately aligns the costs and benefits within the group of eligible consumers.

Ontario Power Generation (OPG) was identified as the Financial Services Manager responsible for the financing plans and the financing entity (i.e., Fair Hydro Plan Trust) that will manage the debt obligations. OPG has the necessary financing and commercial expertise to assist with refinancing the Global Adjustment (GA) and will ensure that it is done in an efficient and cost-effective manner.

OPG has a demonstrated track record in the financial markets with its Corporate Debt platform, private placement of insurance linked bonds, participation in securitization programs and highly successful project debt issuances tied to new hydroelectric developments. The innovative, cost saving and precedent setting aspects of these structures have resulted in international recognition.

With respect to the $4 billion[10] figure referenced by the Financial Accountability Office (FAO) in its May 2017 report, it should be noted that the FAO's report was based on initial Ministry of Energy estimates from March 2017. Subsequent analysis conducted by the Ministry of Energy refined a number of variables, including the cost of borrowing and electricity system cost forecasts.

Total borrowing estimates over the thirty year life of OFHP have been revised down substantially by the government since the FAO released its report in May 2017, and borrowing costs are now forecast to be substantially lower than original estimates. Current government estimates forecast that the peak debt over the thirty year life of OFHP will be approximately $20 billion[11]. The preliminary estimate from March 2017 was about $28 billion[12].

A number of variables, including interest rates, electricity demand and electricity costs, will vary over the thirty year life of OFHP and cost estimates will continue to be revised to reflect these changing conditions.

[10] Financial Accountability Officer, *An Assessment of the Fiscal Impact of the Province's Fair Hydro Plan*
[11] Ministry of Energy
[12] Ministry of Energy, submission to Financial Accountability Officer

The government will continue to identify and implement initiatives to take costs out of the electricity system, which would reduce the cost of the GA refinancing program.

If pressed on the details of the revised peak debt number:

Peak debt for OFHP has been revised down substantially from March 2017, from about $ 28 billion[13] to approximately $20 billion[14]. The higher March 2017 estimate was used by the FAO in its May 2017 report.

Updated estimates are consistent with 2017 Long-Term Energy Plan (LTEP) projections, include fees charged by OPG in its role as financial service manage (FSM) and assume a 5 per cent interest rate.

If pressed on interest costs:

The government estimates of total interest cost also decreased from $25 billion[15] to less than $19 billion[16].

Q. Some say you are unfairly placing the burden of debt on future generations through things like Ontario's Fair Hydro Plan, how do you respond?

Future generations will be paying their fair share for a system they will be benefiting from in their lifetime. Not only will they benefit from a reliable electricity system, but also from cleaner air resulting from the elimination of coal-fired generation.

Ontario's Fair Hydro Plan (OFHP) acts much like taking out a new mortgage – providing much-needed relief now by spreading costs across the life of our assets. Current ratepayers are paying less now, and future ratepayers will in turn help to pay for their fair share of the significant investments that we've made to build a clean and reliable electricity system. This more fairly shares the cost of our investments across the generations of electricity ratepayers who will benefit from them.

Moving forward, Ontario's 2017 Long-Term Energy Plan (2017 LTEP) focuses on continuing to put downward pressure on electricity bills over the long term. Our robust electricity supply puts us in a good position to improve efficiency, increase transparency and enhance opportunities for innovation and competition to further reduce system costs. That is why Ontario's Fair Hydro Plan includes a commitment to improving sector efficiency and modernizing Ontario's electricity market, building on the collaboration of the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB).

[13] Ministry of Energy
[14] Ministry of Energy
[15] Ministry of Energy
[16] Ministry of Energy

For example, IESO's Market Renewal initiative will result in a more efficient marketplace with competitive and transparent mechanisms that meet future system needs at the lowest cost. The initiative is expected to save up to $5.2 billion[17] over a 10-year period and forms a key component of Ontario's plan to ensure the affordability of electricity in the longer term.

Q. In the development of Ontario's Fair Hydro Plan, did the government set up the financing structure intentionally to keep it off government books?

No. GA refinancing is designed so that deferred costs are borne by the rate-base, as the beneficiaries of the electricity system, and not the tax-base.

GA refinancing operates under a financial and accounting framework that is appropriate for the intended purpose and in accordance with Public Sector Accounting Standards (PSAS) and ensures that the fairness goals underlying the program are achieved in a cost-effective manner.

AG Recommendation #6: "Legislated Accounting"

- The *Ontario Fair Hydro Plan Act, 2017* and its related regulations do not create accounting rules or legislate the accounting.
- It is important to distinguish legislating the accounting from legislating the right of the government to recover amounts from specified ratepayers in the future, which in the absence of legislation, would have been collected from specified ratepayers as the costs were incurred.

- The province, as always, will prepare its consolidated financial statements in accordance with PSAS, including the transactions resulting from Ontario's Fair Hydro Plan.

For QAs related to:	See:
Issue of OFHP "legislated" accounting	Treasury Board Secretariat

AG Recommendation #9: Arm's Length Trusts

Commented [HS(3]: CRED to provide Q&As with respect to the Affordability Fund

- A Trust structure was selected to implement the Affordability Fund in order to provide an effective solution to distributing funds to electricity distributors. With approximately 70 distributors across Ontario, it was not feasible for the Province to enter into agreements with each distributor.

[17] Independent Electricity System Operator, *Assessment of the Benefits of Market Renewal (Brattle Group)*

- The Trust structure establishes an independent entity with expertise from the electricity distributor and community sectors.
- There are report-back requirements on the use of funds transferred as well as the ability for the government to conduct an audit to gain assurance that the funds have been used for the purposes intended.
- The government will continue to assess the most appropriate vehicle for meeting its policy objectives, which include appropriate oversight of how transfer payments are spent.

For QAs related to:	See:
Accounting for Trust	Treasury Board Secretariat

Records Disclosure/Process

Commented [HS(4]: LSB should review and fact check

- The Ministry conducted a search consistent with the 40 plus search terms provided by the Auditor General.
- The Ministry of Energy has selected McCarthys/Wortzmans to assist with processing and analysis of approximately 2.2 million records that resulted from the search of 81 custodians.
- The Ministry has been regularly providing the Auditor General batches of responsive documents.

For QAs related to:	See:
Records - TBS	Treasury Board Secretariat
Records - MOF	

Q. Why has the Ministry of Energy not provided all e-mails requested by the Auditor General?

As of October 13, 2017, the Ministry has provided 13,212 emails and attachments to the OAG's office.

Q. How much money did the Ministry spend on lawyers?

The Ministry does not intend to spend more than $60,000 on this request. Although the retainer agreement includes a cap of up to $500,000, as of September 21, 2017, only $41,775.75 has actually been spent.

Q. What was the Ministry of Energy's process for providing the emails requested by the Auditor General?

The Ministry conducted a search consistent with the 40 plus search terms provided to the AG. In order to manage the approximately 2.2 million records resulted from the search of 81 custodians, the Ministry of Energy has selected McCarthys/Wortzmans to assist with processing and analysis of the documents.

No legal advice on relevancy of documents was provided by Wortzmans. The Ministry has been regularly providing AG batches of responsive documents.

Commented [HA(5]: May be updated in tech briefing QA

Re-Design of Hydro Bills

Commented [HS(6]: SNAP to provide Q&As with respect to this section

- The objective of the bill redesign initiative is to make bills easier for customers to understand and ensure that they get the most useful information out of their bills.
- Comparisons between redesigned and previous bills will continue to be possible.
- Electricity bills are a customer's main window into the electricity system. Through the LTEP consultation process, the government heard that customers found their bills confusing and inaccessible.
- Hydro One has been a leader in consumer research on ways to improve the appearance and comprehension of its bill. Hydro One enlisted the services of a behavioural research firm and engaged with thousands of customers to develop a new bill design which has been observed to increase customer satisfaction and comprehension.
- Building on this research, the Ministry launched the Bill Redesign Action Plan with the aim of revising the regulatory framework on invoicing to improve the value of electricity bills for consumers. The Ministry has engaged with industry and consumers to better understand consumer concerns and preferences with respect to the bill to ensure that any proposed changes to the bill's design will meet consumer's needs.

PRE-ELECTION REPORT

AG Recommendation #10: Pre-Election Report on Ontario's Finances

For QAs related to:	See:
Pre-Election Report on Ontario's Finances	Treasury Board Secretariat Ministry of Finance

PROVINCE'S FISCAL SITUATION

Recommendation #7: Province's Debt Burden

For QAs related to:	See:
Ontario's Debt Burden	Ministry of Finance

Financial Accountability Office Reports

For QAs related to:	See:
FAO Reports	Ministry of Finance

Credit Ratings

For QAs related to:	See:
Credit Ratings	Ministry of Finance

PREPARATION OF PUBLIC ACCOUNTS

AG Recommendation # 4: External Advisors

For QAs related to:	See:
External Advisors	Treasury Board Secretariat

Q. Who was involved in the policy and implementation process to meet the mandate?

Senior officials and staff from several departments and agencies, led by the Ministry of Energy, collaborated to plan a structure, identify risks, make decisions and take other actions to meet the mandate.

The senior officials and staff were from:
- Ministry of Energy;
- Ministry of Finance;
- Treasury Board Secretariat;
- Office of the Provincial Controller;
- Cabinet Office;
- Ontario Financing Authority (OFA);
- Independent Electricity System Operator (IESO); and
- Ontario Power Generation Inc. (OPG).

In development and implementation of Global Adjustment (GA) refinancing, the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure due diligence was completed.

AG Recommendation #8: Timeline of Finalization of Financial Statements

For QAs related to:	See:
Finalization of Financial Statements	Treasury Board Secretariat Ministry of Finance

Audit Opinion

For QAs related to:	See:
Audit Opinions	Treasury Board Secretariat

RE_ SCOPA QAs_MOE_20180124 v1_SH(16).pdf

From:	Hendy, Adam (ENERGY)
To:	Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc:	Whytock, John (ENERGY); Lyon, Sam (ENERGY); @ENERGY-COMM-Issues_and_MediaRelations
Subject:	RE: SCOPA QAs_MOE_20180124 v1_SH
Date:	January 26, 2018 1:47:49 PM
Attachments:	SCOPA QAs_MOE_20180124 v1_SH.DOCX

No problem. I will draft and send down today.

Adam

From: Cox, Hilary (ENERGY)
Sent: January-26-18 1:34 PM
To: Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc: Hendy, Adam (ENERGY)
Subject: Fw: SCOPA QAs_MOE_20180124 v1_SH

Hi All -
Further to Adam's email yesterday on Public Accounts, attached is a revised package of QAS. CRED, we'll need you to beef up the section on A-Fund. SNAP, we'll need some Qs and As on bill redesign.

Adam, we need additional QA on OPG's role. Can you take a stab at blocking these out?

These are needed back to Comms for Monday please.

HC

SCOPA QAs_MOE_20180124 v1_SH_3.pdf

QUESTIONS & ANSWERS

Contents

PENSION ASSET ACCOUNTING

AG Recommendation #1: Pension Asset Accounting

For QAs related to:	**See:**
Pension Asset Accounting	Treasury Board Secretariat

Advisory Panel Compensation

For QAs related to:	**See:**
Pension Asset Accounting	Treasury Board Secretariat

IESO ACCOUNTING

Commented [HS(1]: IESO to review and fact check

Add additional Q/As as IESO thinks is necessary

AG Recommendation #2: IESO Market Accounts

- IESO's accounting changes are supported by the IESO's audit committee, board of directors, its independent external auditor, and by the Office of the Provincial Controller.
- The IESO prepares its financial statements in accordance with PSAS, and received an unqualified, or clean, audit opinion on its 2016 financial statements.
- The change to include market account assets and liabilities in the financial statements provides increased transparency with respect to the value of transactions that flow through Ontario's electricity market.
- The government supports the enhanced reporting and greater transparency for the economic activities of IESO resulting from the recognition of the market accounts.

For QAs related to:	See:
Government decision to accept IESO market accounts	Treasury Board Secretariat

Q. Why did the IESO choose to recognize market accounts?

The Independent Electricity System Operator (IESO) began recognizing its market accounts' assets (amounts due from power distributors) and liabilities (amounts due to power producers) in their financial results. The IESO has chosen to recognize these markets accounts on its books for transparency reasons, as it better reflects its net financial position on behalf of IESO-administered markets at year-end.

This accounting change was accepted by IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in the IESO's annual report which was published online in March 2017.

Further, this accounting is consistent with the presentation used previously by the Ontario Power Authority (which was merged with IESO on January 1, 2015) in its financial statements, which was not subject to qualification from the Office of the Auditor General at that time.

This change has no impact to the province's annual deficit, net debt or accumulated deficit.

This accounting change has been supported by the professional accounting staff of the Office of the Provincial Controller.

We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

AG Recommendation #5: IESO Market Accounts & Rate-Regulated Accounting

- The IESO management, IESO's Audit Committee, IESO's Board of Directors, IESO's external auditor and the Office of the Provincial Controller all support the use of rate-regulated accounting by IESO.
- In the development of OFHP, the government consulted with several third party advisors in the application of accounting standards. This is normal course of business governments take for complex transactions.

For QAs related to:	See:
Government decision to accept IESO market accounts & rate-regulated accounting	Treasury Board Secretariat

Q. Why did the IESO choose to adopt rate-regulated accounting?

The IESO made the decision to adopt rate-regulated accounting because it better reflects the economic substance of certain types of expenses that may not be directly recovered through the normal revenue requirement model.

The IESO, like Hydro One and Ontario Power Generation (OPG), is regulated by the Ontario Energy Board. The IESO adopted rate-regulated accounting for its year ended December 31, 2016. The impact on the financial statements of the Province is a decrease of $82 million in the 2016-17 opening accumulated deficit and an increase in the 2016-17 annual deficit by $24 million.

This accounting change was accepted by IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in IESO's annual report which was published online in March 2017.

AG Audit of 2017 Statements

- We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.
- The Ministry of Energy, the Ministry of Finance, and the Treasury Board Secretariat remain committed to assisting the Office of the Auditor General so that it can provide its independent views to the Legislative Assembly.

- With regards to the Auditor General's report on Ontario's Fair Hydro Plan (OFHP) – while the government does not agree with the assertions and conclusions expressed in the report, the government thanks the Office of the Auditor General for its report.
- While we expect professional accountants to agree on the vast majority of issues, we acknowledge that they may not agree on everything and when that occurs, and the difference is material to the financial statements, the Office of the Auditor General can choose to issue a qualified audit opinion.
- The Province will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

For QAs related to:	See:
Relationship with Auditor General	Treasury Board Secretariat

Q. How will IESO respond to the Auditor General's decision to audit the 2017 consolidated financial statements?

We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

The Ministry of Energy, the Ministry of Finance, and the Treasury Board Secretariat remain committed to assisting the Office of the Auditor General so that it can provide its independent views to the Legislative Assembly.

Q. The Auditor General says that the Independent Electricity System Operator's decision to adopt rate-regulated accounting was a deviation from Public Sector Accounting Standards, and cautioned against its use in her Independent Auditor's Report. Why this change was made and was it appropriate?

Canadian Public Sector Accounting Standards (PSAS) are effectively silent on this issue – they neither explicitly permit, nor prohibit, the recognition, measurement, presentation, or disclosure of rate-regulated activities.

In the absence of a clear position on an issue, standard accounting practice dictates that an entity should consult other accounting standards.

Paragraph 11 of the *Introduction to Public Sector Accounting Standards* ("Introduction") states: "When applying the CPA Canadian Public Sector Accounting (PSA) Handbook, where the standards are silent on an issue, public sector entities should apply Generally Accepted Accounting Principles (GAAP), Section PS 1150."

In this case, the Independent Electricity System Operator (IESO) consulted U.S. Generally Accepted Accounting Principles (GAAP), the appropriate accounting framework in North America that provides guidance on rate-regulated operations.

The IESO made the decision to adopt rate-regulated accounting because it better reflects the economic substance of certain types of expenses that may not be directly recovered through the normal revenue requirement model.

The IESO, like Hydro One and Ontario Power Generation (OPG), is regulated by the Ontario Energy Board (OEB). The IESO adopted rate-regulated accounting for its year ended December 31, 2016.
This accounting change was accepted by IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in IESO's annual report which was published online in March 2017.

It is worth noting that currently 8 out of 9 electricity system operators in North American markets employ accounting for rate-regulated assets, including IESO.

Q. The Auditor General says that the use of rate-regulated accounting is inappropriate for the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB) according to U.S. Generally Accepted Accounting Principles. How do you respond?

In commenting on the use of rate-regulated accounting and the role of the Ontario Energy Board (OEB), the Auditor General's report makes reference to a requirement under U.S. accounting standards in connection with the use of rate-regulated accounting that "there must an independent regulator." This reference is misleading as it does not provide the criteria in its entirety, which is as follows:

"The entity's rates for regulated services or products provided to its customers are established by or are subject to approval by an independent, third-party regulator ***or by its own governing board empowered by statute or contract to establish rates that bind customers"*** *[ASC 980-10-15-2].*

The U.S. accounting standard was developed specifically to not preclude the application of rate-regulated accounting by government utilities where the rate regulator would not necessarily be viewed as independent (FAS 71, par. 64).

In addition, the position that rate-regulated accounting is precluded because the OEB is not considered independent of the government of Ontario is contradictory to accepting the use of rate-regulated accounting by Ontario Power Generation (OPG) and Hydro One – both of which are regulated by the OEB and whose results, using rate-regulated accounting, are and have been included in the consolidated financial statements of the Province.

IESO Response:

Canadian Public Sector Accounting Standards (PSAS) are effectively silent on this issue – they neither explicitly permit, nor prohibit, the recognition, measurement, presentation, or disclosure of rate-regulated activities.

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ONTARIO'S FAIR HYDRO PLAN

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Decision to accept OFHP accounting	Treasury Board Secretariat

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Ontario Power Generation (OPG) has begun the process of raising funds to finance the deferred costs, and while total borrowing costs will not be known until the program is complete, accumulated interest is projected to be considerably less than original estimates.

Current government estimates forecast that the peak debt over the thirty year life of OFHP will be approximately $20 billion[3]. The preliminary estimate from March 2017 was about $28 billion[4].

A number of variables, including interest rates, electricity demand and electricity costs, will vary over the thirty-year life of OFHP and cost estimates will continue to be revised to reflect these changing conditions.

If pressed on the details of the revised peak debt number:

[3] Ministry of Energy
[4] Ministry of Energy, submission to Financial Accountability Officer

Peak debt for OFHP has been revised down substantially from March 2017, from about \$28 billion[5] to approximately \$20 billion[6]. These estimates are consistent with 2017 Long-Term Energy Plan (LTEP) projections, include fees charged by OPG in its role as financial service manager (FSM) and assume a 5 per cent interest rate.

Q. Why is the government using Ontario Power Generation (OPG) as a borrowing agent for Ontario's Fair Hydro Plan? Would it be easier to use a traditional government borrowing agent like the Ontario Financing Authority (OFA)?

Ontario Power Generation (OPG) has the necessary financing and commercial expertise to assist with refinancing the Global Adjustment (GA).

OPG currently manages approximately \$20 billion[7] in segregated nuclear funds to manage nuclear liabilities, and, is an electricity sector entity regulated by the Ontario Energy Board (OEB) with extensive experience with regulatory deferral and variance accounts.

OPG also has the breadth and demonstrated track record in the financial markets with its Corporate Debt platform, private placement of insurance linked bonds, participation in securitization programs and highly successful project debt issuances tied to new hydroelectric developments. These financing initiatives have been well received by investors at a reasonable cost to OPG. The innovative, cost saving and precedent setting aspects of these structures have resulted in international recognition.

OPG has developed solid investor relationships and has a large investor base in the structured finance space that would be the target market for financing Ontario's Fair Hydro Plan initiative. For example, Lower Mattagami project financing attracted a broad investor base of ~80 institutional investors[8], including major investors in the Canadian power and utility bonds market.

In terms of administration, OPG is currently managing its own Corporate public debt program and three project financing programs totalling more than \$2 billion[9] and two commercial paper programs.

Finally, OPG's Treasury functions are well positioned given their management of existing multiple debt programs.

[5] Ministry of Energy
[6] Ministry of Energy
[7] Ontario Financing Authority
[8] Ontario Power Generation
[9] Ontario Power Generation

Q. The Auditor General and the Financial Accountability Office both suggest that the cost of borrowing will be more expensive than traditional government borrowing? Is this true?

In the development of Ontario's Fair Hydro Plan (OFHP), the government made the policy decision that deferred electricity system costs should be borne by the rate-base and not the tax-base.

Based on this policy decision, it was decided that the debt obligation would be recognized as a regulatory asset that would be sold and securitized. This design appropriately aligns the costs and benefits within the group of eligible consumers.

Ontario Power Generation (OPG) was identified as the Financial Services Manager responsible for the financing plans and the financing entity (i.e., Fair Hydro Plan Trust) that will manage the debt obligations. OPG has the necessary financing and commercial expertise to assist with refinancing the Global Adjustment (GA) and will ensure that it is done in an efficient and cost-effective manner.

OPG has a demonstrated track record in the financial markets with its Corporate Debt platform, private placement of insurance linked bonds, participation in securitization programs and highly successful project debt issuances tied to new hydroelectric developments. The innovative, cost saving and precedent setting aspects of these structures have resulted in international recognition.

With respect to the $4 billion[10] figure referenced by the Financial Accountability Office (FAO) in its May 2017 report, it should be noted that the FAO's report was based on initial Ministry of Energy estimates from March 2017. Subsequent analysis conducted by the Ministry of Energy refined a number of variables, including the cost of borrowing and electricity system cost forecasts.

Total borrowing estimates over the thirty year life of OFHP have been revised down substantially by the government since the FAO released its report in May 2017, and borrowing costs are now forecast to be substantially lower than original estimates. Current government estimates forecast that the peak debt over the thirty year life of OFHP will be approximately $20 billion[11]. The preliminary estimate from March 2017 was about $28 billion[12].

A number of variables, including interest rates, electricity demand and electricity costs, will vary over the thirty year life of OFHP and cost estimates will continue to be revised to reflect these changing conditions.

[10] Financial Accountability Officer, *An Assessment of the Fiscal Impact of the Province's Fair Hydro Plan*
[11] Ministry of Energy
[12] Ministry of Energy, submission to Financial Accountability Officer

The government will continue to identify and implement initiatives to take costs out of the electricity system, which would reduce the cost of the GA refinancing program.

If pressed on the details of the revised peak debt number:

Peak debt for OFHP has been revised down substantially from March 2017, from about $ 28 billion[13] to approximately $20 billion[14]. The higher March 2017 estimate was used by the FAO in its May 2017 report.

Updated estimates are consistent with 2017 Long-Term Energy Plan (LTEP) projections, include fees charged by OPG in its role as financial service manage (FSM) and assume a 5 per cent interest rate.

If pressed on interest costs:

The government estimates of total interest cost also decreased from $25 billion[15] to less than $19 billion[16].

Q. Some say you are unfairly placing the burden of debt on future generations through things like Ontario's Fair Hydro Plan, how do you respond?

Future generations will be paying their fair share for a system they will be benefiting from in their lifetime. Not only will they benefit from a reliable electricity system, but also from cleaner air resulting from the elimination of coal-fired generation.

Ontario's Fair Hydro Plan (OFHP) acts much like taking out a new mortgage – providing much-needed relief now by spreading costs across the life of our assets. Current ratepayers are paying less now, and future ratepayers will in turn help to pay for their fair share of the significant investments that we've made to build a clean and reliable electricity system. This more fairly shares the cost of our investments across the generations of electricity ratepayers who will benefit from them.

Moving forward, Ontario's 2017 Long-Term Energy Plan (2017 LTEP) focuses on continuing to put downward pressure on electricity bills over the long term. Our robust electricity supply puts us in a good position to improve efficiency, increase transparency and enhance opportunities for innovation and competition to further reduce system costs. That is why Ontario's Fair Hydro Plan includes a commitment to improving sector efficiency and modernizing Ontario's electricity market, building on the collaboration of the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB).

[13] Ministry of Energy
[14] Ministry of Energy
[15] Ministry of Energy
[16] Ministry of Energy

For example, IESO's Market Renewal initiative will result in a more efficient marketplace with competitive and transparent mechanisms that meet future system needs at the lowest cost. The initiative is expected to save up to $5.2 billion[17] over a 10-year period and forms a key component of Ontario's plan to ensure the affordability of electricity in the longer term.

Q. In the development of Ontario's Fair Hydro Plan, did the government set up the financing structure intentionally to keep it off government books?

No. GA refinancing is designed so that deferred costs are borne by the rate-base, as the beneficiaries of the electricity system, and not the tax-base.

GA refinancing operates under a financial and accounting framework that is appropriate for the intended purpose and in accordance with Public Sector Accounting Standards (PSAS) and ensures that the fairness goals underlying the program are achieved in a cost-effective manner.

AG Recommendation #6: "Legislated Accounting"

- The *Ontario Fair Hydro Plan Act, 2017* and its related regulations do not create accounting rules or legislate the accounting.
- It is important to distinguish legislating the accounting from legislating the right of the government to recover amounts from specified ratepayers in the future, which in the absence of legislation, would have been collected from specified ratepayers as the costs were incurred.

- The province, as always, will prepare its consolidated financial statements in accordance with PSAS, including the transactions resulting from Ontario's Fair Hydro Plan.

For QAs related to:	See:
Issue of OFHP "legislated" accounting	Treasury Board Secretariat

AG Recommendation #9: Arm's Length Trusts

Commented [HS(3]: CRED to provide Q&As with respect to the Affordability Fund

- A Trust structure was selected to implement the Affordability Fund in order to provide an effective solution to distributing funds to electricity distributors. With approximately 70 distributors across Ontario, it was not feasible for the Province to enter into agreements with each distributor.

[17] Independent Electricity System Operator, *Assessment of the Benefits of Market Renewal (Brattle Group)*

- The Trust structure establishes an independent entity with expertise from the electricity distributor and community sectors.
- There are report-back requirements on the use of funds transferred as well as the ability for the government to conduct an audit to gain assurance that the funds have been used for the purposes intended.
- The government will continue to assess the most appropriate vehicle for meeting its policy objectives, which include appropriate oversight of how transfer payments are spent.

For QAs related to:	See:
Accounting for Trust	Treasury Board Secretariat

Records Disclosure/Process

Commented [HS(4]: LSB should review and fact check

- The Ministry conducted a search consistent with the 40 plus search terms provided by the Auditor General.
- The Ministry of Energy has selected McCarthys/Wortzmans to assist with processing and analysis of approximately 2.2 million records that resulted from the search of 81 custodians.
- The Ministry has been regularly providing the Auditor General batches of responsive documents.

For QAs related to:	See:
Records - TBS	Treasury Board Secretariat
Records - MOF	

Q. Why has the Ministry of Energy not provided all e-mails requested by the Auditor General?

As of October 13, 2017, the Ministry has provided 13,212 emails and attachments to the OAG's office.

Q. How much money did the Ministry spend on lawyers?

The Ministry does not intend to spend more than $60,000 on this request. Although the retainer agreement includes a cap of up to $500,000, as of September 21, 2017, only $41,775.75 has actually been spent.

Q. What was the Ministry of Energy's process for providing the emails requested by the Auditor General?

The Ministry conducted a search consistent with the 40 plus search terms provided to the AG. In order to manage the approximately 2.2 million records resulted from the search of 81 custodians, the Ministry of Energy has selected McCarthys/Wortzmans to assist with processing and analysis of the documents.

No legal advice on relevancy of documents was provided by Wortzmans. The Ministry has been regularly providing AG batches of responsive documents.

Commented [HA(5]: May be updated in tech briefing QA

Re-Design of Hydro Bills

Commented [HS(6]: SNAP to provide Q&As with respect to this section

- The objective of the bill redesign initiative is to make bills easier for customers to understand and ensure that they get the most useful information out of their bills.
- Comparisons between redesigned and previous bills will continue to be possible.
- Electricity bills are a customer's main window into the electricity system. Through the LTEP consultation process, the government heard that customers found their bills confusing and inaccessible.
- Hydro One has been a leader in consumer research on ways to improve the appearance and comprehension of its bill. Hydro One enlisted the services of a behavioural research firm and engaged with thousands of customers to develop a new bill design which has been observed to increase customer satisfaction and comprehension.
- Building on this research, the Ministry launched the Bill Redesign Action Plan with the aim of revising the regulatory framework on invoicing to improve the value of electricity bills for consumers. The Ministry has engaged with industry and consumers to better understand consumer concerns and preferences with respect to the bill to ensure that any proposed changes to the bill's design will meet consumer's needs.

PRE-ELECTION REPORT

AG Recommendation #10: Pre-Election Report on Ontario's Finances

For QAs related to:	See:
Pre-Election Report on Ontario's Finances	Treasury Board Secretariat Ministry of Finance

PROVINCE'S FISCAL SITUATION

Recommendation #7: Province's Debt Burden

For QAs related to:	See:
Ontario's Debt Burden	Ministry of Finance

Financial Accountability Office Reports

For QAs related to:	See:
FAO Reports	Ministry of Finance

Credit Ratings

For QAs related to:	See:
Credit Ratings	Ministry of Finance

PREPARATION OF PUBLIC ACCOUNTS

AG Recommendation # 4: External Advisors

For QAs related to:	See:
External Advisors	Treasury Board Secretariat

Q. Who was involved in the policy and implementation process to meet the mandate?

Senior officials and staff from several departments and agencies, led by the Ministry of Energy, collaborated to plan a structure, identify risks, make decisions and take other actions to meet the mandate.

The senior officials and staff were from:
- Ministry of Energy;
- Ministry of Finance;
- Treasury Board Secretariat;
- Office of the Provincial Controller;
- Cabinet Office;
- Ontario Financing Authority (OFA);
- Independent Electricity System Operator (IESO); and
- Ontario Power Generation Inc. (OPG).

In development and implementation of Global Adjustment (GA) refinancing, the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure due diligence was completed.

AG Recommendation #8: Timeline of Finalization of Financial Statements

For QAs related to:	See:
Finalization of Financial Statements	Treasury Board Secretariat Ministry of Finance

Audit Opinion

For QAs related to:	See:
Audit Opinions	Treasury Board Secretariat

RE_ SCOPA QAs_MOE_20180124 v1_SH(2).pdf

From:	Ridd, Carl (ENERGY)
To:	Hendy, Adam (ENERGY); Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY)
Cc:	@ENERGY-COMM-Issues_and_MediaRelations; Perkins, Michael (ENERGY); Whytock, John (ENERGY); Lyon, Sam (ENERGY)
Subject:	RE: SCOPA QAs_MOE_20180124 v1_SH
Date:	January 29, 2018 3:16:16 PM
Attachments:	SCOPA QAs_MOE_20180124 v 2 SNAP.DOCX

SNAP ADM approved input/edits to the QA's as requested.

Thanks,

Carl

From: Hendy, Adam (ENERGY)
Sent: January-29-18 2:04 PM
To: Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc: @ENERGY-COMM-Issues_and_MediaRelations; Perkins, Michael (ENERGY); Whytock, John (ENERGY); Lyon, Sam (ENERGY)
Subject: RE: SCOPA QAs_MOE_20180124 v1_SH

Hi Again Everyone,

Just following up on these status of these. Still hoping we can get these fully approved and over to TBS today.

Thanks,
Adam

From: Hendy, Adam (ENERGY)
Sent: January-29-18 9:15 AM
To: Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc: @ENERGY-COMM-Issues_and_MediaRelations; Perkins, Michael (ENERGY); Whytock, John (ENERGY); Lyon, Sam (ENERGY)
Subject: RE: SCOPA QAs_MOE_20180124 v1_SH
Importance: High

Hi Folks,

Just a friendly reminder that we will need these back as soon as possible today. We need to have these DMO/MO approved and in TBS' hands today in preparation for their coming meeting with the SoC.

Thanks,
Adam

From: Cox, Hilary (ENERGY)
Sent: January-26-18 1:34 PM

To: Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc: Hendy, Adam (ENERGY)
Subject: Fw: SCOPA QAs_MOE_20180124 v1_SH

Hi All -
Further to Adam's email yesterday on Public Accounts, attached is a revised package of QAS. CRED, we'll need you to beef up the section on A-Fund. SNAP, we'll need some Qs and As on bill redesign.

Adam, we need additional QA on OPG's role. Can you take a stab at blocking these out?

These are needed back to Comms for Monday please.

HC

SCOPA QAs_MOE_20180124 v 2 SNAP_1.pdf

QUESTIONS & ANSWERS

Contents

PENSION ASSET ACCOUNTING

AG Recommendation #1: Pension Asset Accounting

For QAs related to:	See:
Pension Asset Accounting	Treasury Board Secretariat

Advisory Panel Compensation

For QAs related to:	See:
Pension Asset Accounting	Treasury Board Secretariat

IESO ACCOUNTING

Commented [HS(1]: IESO to review and fact check

Add additional Q/As as IESO thinks is necessary

AG Recommendation #2: IESO Market Accounts

- IESO's accounting changes are supported by the IESO's audit committee, board of directors, its independent external auditor, and by the Office of the Provincial Controller.
- The IESO prepares its financial statements in accordance with PSAS, and received an unqualified, or clean, audit opinion on its 2016 financial statements.
- The change to include market account assets and liabilities in the financial statements provides increased transparency with respect to the value of transactions that flow through Ontario's electricity market.
- The government supports the enhanced reporting and greater transparency for the economic activities of IESO resulting from the recognition of the market accounts.

For QAs related to:	See:
Government decision to accept IESO market accounts	Treasury Board Secretariat

Q. Why did the IESO choose to recognize market accounts?

The Independent Electricity System Operator (IESO) began recognizing its market accounts' assets (amounts due from power distributors) and liabilities (amounts due to power producers) in their financial results. The IESO has chosen to recognize these markets accounts on its books for transparency reasons, as it better reflects its net financial position on behalf of IESO-administered markets at year-end.

This accounting change was accepted by IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in the IESO's annual report which was published online in March 2017.

Further, this accounting is consistent with the presentation used previously by the Ontario Power Authority (which was merged with IESO on January 1, 2015) in its financial statements, which was not subject to qualification from the Office of the Auditor General at that time.

This change has no impact to the province's annual deficit, net debt or accumulated deficit.

This accounting change has been supported by the professional accounting staff of the Office of the Provincial Controller.

We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

AG Recommendation #5: IESO Market Accounts & Rate-Regulated Accounting

- The IESO management, IESO's Audit Committee, IESO's Board of Directors, IESO's external auditor and the Office of the Provincial Controller all support the use of rate-regulated accounting by IESO.
- In the development of OFHP, the government consulted with several third party advisors in the application of accounting standards. This is normal course of business governments take for complex transactions.

For QAs related to:	**See:**
Government decision to accept IESO market accounts & rate-regulated accounting	Treasury Board Secretariat

Q. Why did the IESO choose to adopt rate-regulated accounting?

The IESO made the decision to adopt rate-regulated accounting because it better reflects the economic substance of certain types of expenses that may not be directly recovered through the normal revenue requirement model.

The IESO, like Hydro One and Ontario Power Generation (OPG), is regulated by the Ontario Energy Board. The IESO adopted rate-regulated accounting for its year ended December 31, 2016. The impact on the financial statements of the Province is a decrease of $82 million in the 2016-17 opening accumulated deficit and an increase in the 2016-17 annual deficit by $24 million.

This accounting change was accepted by IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in IESO's annual report which was published online in March 2017.

AG Audit of 2017 Statements

- We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.
- The Ministry of Energy, the Ministry of Finance, and the Treasury Board Secretariat remain committed to assisting the Office of the Auditor General so that it can provide its independent views to the Legislative Assembly.

- With regards to the Auditor General's report on Ontario's Fair Hydro Plan (OFHP) – while the government does not agree with the assertions and conclusions expressed in the report, the government thanks the Office of the Auditor General for its report.
- While we expect professional accountants to agree on the vast majority of issues, we acknowledge that they may not agree on everything and when that occurs, and the difference is material to the financial statements, the Office of the Auditor General can choose to issue a qualified audit opinion.
- The Province will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

For QAs related to:	See:
Relationship with Auditor General	Treasury Board Secretariat

Q. How will IESO respond to the Auditor General's decision to audit the 2017 consolidated financial statements?

We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

The Ministry of Energy, the Ministry of Finance, and the Treasury Board Secretariat remain committed to assisting the Office of the Auditor General so that it can provide its independent views to the Legislative Assembly.

Q. The Auditor General says that the Independent Electricity System Operator's decision to adopt rate-regulated accounting was a deviation from Public Sector Accounting Standards, and cautioned against its use in her Independent Auditor's Report. Why this change was made and was it appropriate?

Canadian Public Sector Accounting Standards (PSAS) are effectively silent on this issue – they neither explicitly permit, nor prohibit, the recognition, measurement, presentation, or disclosure of rate-regulated activities.

In the absence of a clear position on an issue, standard accounting practice dictates that an entity should consult other accounting standards.

Paragraph 11 of the *Introduction to Public Sector Accounting Standards* ("Introduction") states: "When applying the CPA Canadian Public Sector Accounting (PSA) Handbook, where the standards are silent on an issue, public sector entities should apply Generally Accepted Accounting Principles (GAAP), Section PS 1150."

In this case, the Independent Electricity System Operator (IESO) consulted U.S. Generally Accepted Accounting Principles (GAAP), the appropriate accounting framework in North America that provides guidance on rate-regulated operations.

The IESO made the decision to adopt rate-regulated accounting because it better reflects the economic substance of certain types of expenses that may not be directly recovered through the normal revenue requirement model.

The IESO, like Hydro One and Ontario Power Generation (OPG), is regulated by the Ontario Energy Board (OEB). The IESO adopted rate-regulated accounting for its year ended December 31, 2016.
This accounting change was accepted by IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in IESO's annual report which was published online in March 2017.

It is worth noting that currently 8 out of 9 electricity system operators in North American markets employ accounting for rate-regulated assets, including IESO.

Q. The Auditor General says that the use of rate-regulated accounting is inappropriate for the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB) according to U.S. Generally Accepted Accounting Principles. How do you respond?

In commenting on the use of rate-regulated accounting and the role of the Ontario Energy Board (OEB), the Auditor General's report makes reference to a requirement under U.S. accounting standards in connection with the use of rate-regulated accounting that "there must an independent regulator." This reference is misleading as it does not provide the criteria in its entirety, which is as follows:

"The entity's rates for regulated services or products provided to its customers are established by or are subject to approval by an independent, third-party regulator ***or by its own governing board empowered by statute or contract to establish rates that bind customers"*** *[ASC 980-10-15-2].*

The U.S. accounting standard was developed specifically to not preclude the application of rate-regulated accounting by government utilities where the rate regulator would not necessarily be viewed as independent (FAS 71, par. 64).

In addition, the position that rate-regulated accounting is precluded because the OEB is not considered independent of the government of Ontario is contradictory to accepting the use of rate-regulated accounting by Ontario Power Generation (OPG) and Hydro One – both of which are regulated by the OEB and whose results, using rate-regulated accounting, are and have been included in the consolidated financial statements of the Province.

IESO Response:

Canadian Public Sector Accounting Standards (PSAS) are effectively silent on this issue – they neither explicitly permit, nor prohibit, the recognition, measurement, presentation, or disclosure of rate-regulated activities.

In the absence of a clear position on an issue, standard accounting practice dictates that an entity should consult other accounting standards.

In this case, the Independent Electricity System Operator (IESO) consulted U.S. Generally Accepted Accounting Principles (GAAP), the appropriate accounting framework in North America that provides guidance on rate-regulated operations.

ONTARIO'S FAIR HYDRO PLAN

Commented [HS(2]: Ministry of Energy to provide Q&As related to the policy rationale for OFHP

AG Recommendation #3: OFHP Accounting

- The province will continue to prepare its consolidated financial statements in accordance with Public Sector Accounting Standards (PSAS).
- The proposed accounting for the Ontario Fair Hydro Plan (OFHP) reflects the economic substance of the transaction by differentiating costs borne by taxpayers versus those borne by ratepayers.
- PSAS is silent on a key accounting issue regarding the OFHP – the standards neither explicitly permit, nor prohibit, the recognition, measurement, presentation, or disclosure of rate-regulated activities.
- In the absence of a clear position on an issue, standard accounting practice dictates that an entity should consult other accounting standards.
- The professional staff has appropriately applied this guidance in assessing the accounting for the Ontario Fair Hydro Plan.

For QAs related to:	See:
Decision to accept OFHP accounting	Treasury Board Secretariat

Q. Why did the government introduce the Ontario Fair Hydro Plan?

The government has been making important investments in a cleaner and more reliable electricity system, but these investments have led to higher bills. Since 2003, nearly $70 billion[1] has been invested in the electricity system, including more than $37[2] billion in electricity generation to ensure the system is clean and reliable.

Ontario's Fair Hydro Plan (OFHP) is delivering the single-largest reduction in electricity rates in the province's history. OFHP lowered electricity bills by 25 per cent on average

[1] Ministry of Energy, *2017 Long-Term Energy Plan*
[2] Ministry of Energy, *2017 Long-Term Energy Plan*

for residential consumers 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 a reduction.

In developing the policy to refinance the Global Adjustment (GA), the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure due diligence was completed.

GA refinancing is designed so that deferred costs are borne by the rate-base, as the beneficiaries of the electricity system, and not the tax-base.

OFHP operates under a financial and accounting framework that is appropriate for the intended purpose and in accordance with Public Sector Accounting Standards (PSAS) and ensures that the fairness goals underlying the program are achieved in a cost-effective manner.

Q. What is Global Adjustment (GA)?

Global Adjustment (GA) is a mechanism that recovers certain electricity system costs, such as capital costs incurred by generators. GA is calculated by the Independent Electricity System Operator (IESO) based on the difference between the market price for electricity, which represents the marginal cost of electricity production, and rates paid to regulated and contracted generators to ensure they can recover their fixed costs. It also recovers costs associated with running conservation programs in the province.

GA has been an important factor in providing stable prices while ensuring that sufficient generating capacity is in place to deliver a reliable supply of electricity.

GA pays for the bulk of the recent investments in the electricity system. The majority of the province's electricity generators operate under 20-year contracts. Third-party experts have confirmed that many of these generators will be able to continue to operate beyond the end of their contract. This means that generating assets are expected to have ongoing useful life and benefit future ratepayers by reducing the need to finance the development of new generating assets.

Refinancing the GA is providing significant and immediate rate relief by spreading the cost of electricity investments over the expected lifecycle of the infrastructure that has been built. This more fairly shares the cost of our investments across the generations of electricity ratepayers who will benefit from them.

Q. Who was involved in the policy and implementation process to meet the mandate?

Senior officials and staff from several departments and agencies, led by the Ministry of Energy, collaborated to plan a structure, identify risks, make decisions and take other actions to meet the mandate.

The senior officials and staff were from:

- Ministry of Energy;
- Ministry of Finance;
- Treasury Board Secretariat;
- Office of the Provincial Controller;
- Cabinet Office;
- Ontario Financing Authority (OFA);
- Independent Electricity System Operator (IESO); and
- Ontario Power Generation Inc. (OPG).

In development and implementation of Global Adjustment (GA) refinancing, the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure due diligence was completed.

Q. Has the Ministry of Energy's estimate for "peak debt" related to Ontario's Fair Hydro Plan (OFHP) changed? How much is the program expected to cost?

Ontario Power Generation (OPG) has begun the process of raising funds to finance the deferred costs, and while total borrowing costs will not be known until the program is complete, accumulated interest is projected to be considerably less than original estimates.

Current government estimates forecast that the peak debt over the thirty year life of OFHP will be approximately $20 billion[3]. The preliminary estimate from March 2017 was about $28 billion[4].

A number of variables, including interest rates, electricity demand and electricity costs, will vary over the thirty-year life of OFHP and cost estimates will continue to be revised to reflect these changing conditions.

If pressed on the details of the revised peak debt number:

Peak debt for OFHP has been revised down substantially from March 2017, from about $28 billion[5] to approximately $20 billion[6]. These estimates are consistent with 2017

[3] Ministry of Energy
[4] Ministry of Energy, submission to Financial Accountability Officer

Long-Term Energy Plan (LTEP) projections, include fees charged by OPG in its role as financial service manager (FSM) and assume a 5 per cent interest rate.

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OPG currently manages approximately $20 billion[7] in segregated nuclear funds to manage nuclear liabilities, and, is an electricity sector entity regulated by the Ontario Energy Board (OEB) with extensive experience with regulatory deferral and variance accounts.

OPG also has the breadth and demonstrated track record in the financial markets with its Corporate Debt platform, private placement of insurance linked bonds, participation in securitization programs and highly successful project debt issuances tied to new hydroelectric developments. These financing initiatives have been well received by investors at a reasonable cost to OPG. The innovative, cost saving and precedent setting aspects of these structures have resulted in international recognition.

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In terms of administration, OPG is currently managing its own Corporate public debt program and three project financing programs totalling more than $2 billion[9] and two commercial paper programs.

Finally, OPG's Treasury functions are well positioned given their management of existing multiple debt programs.

Q. The Auditor General and the Financial Accountability Office both suggest that the cost of borrowing will be more expensive than traditional government borrowing? Is this true?

[5] Ministry of Energy
[6] Ministry of Energy
[7] Ontario Financing Authority
[8] Ontario Power Generation
[9] Ontario Power Generation

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Based on this policy decision, it was decided that the debt obligation would be recognized as a regulatory asset that would be sold and securitized. This design appropriately aligns the costs and benefits within the group of eligible consumers.

Ontario Power Generation (OPG) was identified as the Financial Services Manager responsible for the financing plans and the financing entity (i.e., Fair Hydro Plan Trust) that will manage the debt obligations. OPG has the necessary financing and commercial expertise to assist with refinancing the Global Adjustment (GA) and will ensure that it is done in an efficient and cost-effective manner.

OPG has a demonstrated track record in the financial markets with its Corporate Debt platform, private placement of insurance linked bonds, participation in securitization programs and highly successful project debt issuances tied to new hydroelectric developments. The innovative, cost saving and precedent setting aspects of these structures have resulted in international recognition.

With respect to the $4 billion[10] figure referenced by the Financial Accountability Office (FAO) in its May 2017 report, it should be noted that the FAO's report was based on initial Ministry of Energy estimates from March 2017. Subsequent analysis conducted by the Ministry of Energy refined a number of variables, including the cost of borrowing and electricity system cost forecasts.

Total borrowing estimates over the thirty year life of OFHP have been revised down substantially by the government since the FAO released its report in May 2017, and borrowing costs are now forecast to be substantially lower than original estimates. Current government estimates forecast that the peak debt over the thirty year life of OFHP will be approximately $20 billion[11]. The preliminary estimate from March 2017 was about $28 billion[12].

A number of variables, including interest rates, electricity demand and electricity costs, will vary over the thirty year life of OFHP and cost estimates will continue to be revised to reflect these changing conditions.

The government will continue to identify and implement initiatives to take costs out of the electricity system, which would reduce the cost of the GA refinancing program.

If pressed on the details of the revised peak debt number:

[10] Financial Accountability Officer, *An Assessment of the Fiscal Impact of the Province's Fair Hydro Plan*
[11] Ministry of Energy
[12] Ministry of Energy, submission to Financial Accountability Officer

Peak debt for OFHP has been revised down substantially from March 2017, from about $ 28 billion[13] to approximately $20 billion[14]. The higher March 2017 estimate was used by the FAO in its May 2017 report.

Updated estimates are consistent with 2017 Long-Term Energy Plan (LTEP) projections, include fees charged by OPG in its role as financial service manage (FSM) and assume a 5 per cent interest rate.

If pressed on interest costs:

The government estimates of total interest cost also decreased from $25 billion[15] to less than $19 billion[16].

Q. Some say you are unfairly placing the burden of debt on future generations through things like Ontario's Fair Hydro Plan, how do you respond?

Future generations will be paying their fair share for a system they will be benefiting from in their lifetime. Not only will they benefit from a reliable electricity system, but also from cleaner air resulting from the elimination of coal-fired generation.

Ontario's Fair Hydro Plan (OFHP) acts much like taking out a new mortgage – providing much-needed relief now by spreading costs across the life of our assets. Current ratepayers are paying less now, and future ratepayers will in turn help to pay for their fair share of the significant investments that we've made to build a clean and reliable electricity system. This more fairly shares the cost of our investments across the generations of electricity ratepayers who will benefit from them.

Moving forward, Ontario's 2017 Long-Term Energy Plan (2017 LTEP) focuses on continuing to put downward pressure on electricity bills over the long term. Our robust electricity supply puts us in a good position to improve efficiency, increase transparency and enhance opportunities for innovation and competition to further reduce system costs. That is why Ontario's Fair Hydro Plan includes a commitment to improving sector efficiency and modernizing Ontario's electricity market, building on the collaboration of the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB).

For example, IESO's Market Renewal initiative will result in a more efficient marketplace with competitive and transparent mechanisms that meet future system needs at the lowest cost. The initiative is expected to save up to $5.2 billion[17] over a 10-year period

[13] Ministry of Energy
[14] Ministry of Energy
[15] Ministry of Energy
[16] Ministry of Energy
[17] Independent Electricity System Operator, *Assessment of the Benefits of Market Renewal (Brattle Group)*

and forms a key component of Ontario's plan to ensure the affordability of electricity in the longer term.

Q. In the development of Ontario's Fair Hydro Plan, did the government set up the financing structure intentionally to keep it off government books?

No. GA refinancing is designed so that deferred costs are borne by the rate-base, as the beneficiaries of the electricity system, and not the tax-base.

GA refinancing operates under a financial and accounting framework that is appropriate for the intended purpose and in accordance with Public Sector Accounting Standards (PSAS) and ensures that the fairness goals underlying the program are achieved in a cost-effective manner.

AG Recommendation #6: "Legislated Accounting"

- The *Ontario Fair Hydro Plan Act, 2017* and its related regulations do not create accounting rules or legislate the accounting.
- It is important to distinguish legislating the accounting from legislating the right of the government to recover amounts from specified ratepayers in the future, which in the absence of legislation, would have been collected from specified ratepayers as the costs were incurred.
- The province, as always, will prepare its consolidated financial statements in accordance with PSAS, including the transactions resulting from Ontario's Fair Hydro Plan.

For QAs related to:	See:
Issue of OFHP "legislated" accounting	Treasury Board Secretariat

AG Recommendation #9: Arm's Length Trusts

Commented [HS(3]: CRED to provide Q&As with respect to the Affordability Fund

- A Trust structure was selected to implement the Affordability Fund in order to provide an effective solution to distributing funds to electricity distributors. With approximately 70 distributors across Ontario, it was not feasible for the Province to enter into agreements with each distributor.
- The Trust structure establishes an independent entity with expertise from the electricity distributor and community sectors.
- There are report-back requirements on the use of funds transferred as well as the ability for the government to conduct an audit to gain assurance that the funds have been used for the purposes intended.

- The government will continue to assess the most appropriate vehicle for meeting its policy objectives, which include appropriate oversight of how transfer payments are spent.

For QAs related to:	See:
Accounting for Trust	Treasury Board Secretariat

Records Disclosure/Process

Commented [HS(4]: LSB should review and fact check

- The Ministry conducted a search consistent with the 40 plus search terms provided by the Auditor General.
- The Ministry of Energy has selected McCarthys/Wortzmans to assist with processing and analysis of approximately 2.2 million records that resulted from the search of 81 custodians.
- The Ministry has been regularly providing the Auditor General batches of responsive documents.

For QAs related to:	See:
Records - TBS	Treasury Board Secretariat
Records - MOF	

Q. Why has the Ministry of Energy not provided all e-mails requested by the Auditor General?

As of October 13, 2017, the Ministry has provided 13,212 emails and attachments to the OAG's office.

Q. How much money did the Ministry spend on lawyers?

The Ministry does not intend to spend more than $60,000 on this request. Although the retainer agreement includes a cap of up to $500,000, as of September 21, 2017, only $41,775.75 has actually been spent.

Q. What was the Ministry of Energy's process for providing the emails requested by the Auditor General?

The Ministry conducted a search consistent with the 40 plus search terms provided to the AG. In order to manage the approximately 2.2 million records resulted from the search of 81 custodians, the Ministry of Energy has selected McCarthys/Wortzmans to assist with processing and analysis of the documents.

No legal advice on relevancy of documents was provided by Wortzmans. The Ministry has been regularly providing AG batches of responsive documents.

Commented [HA(5]: May be updated in tech briefing QA

Re-Design of Hydro Bills

Commented [HS(6]: SNAP to provide Q&As with respect to this section

- The objective of the bill redesign initiative is to make bills easier for customers to understand and ensure that they get the most useful information out of their bills.
- Comparisons of costs from previous billing periods ~~between redesigned and previous bills~~ will continue to be possible.
- Electricity bills are a customer's main window into the electricity system. Through the LTEP consultation process, the government heard that customers found their bills confusing and inaccessible.
- Hydro One has been a leader in consumer research on ways to improve the appearance and comprehension of its bill. Hydro One enlisted the services of a behavioural research firm and engaged with thousands of customers to develop a new bill design which has been observed to increase customer satisfaction and comprehension.
- Building on this research, the Ministry launched the Bill Redesign Action Plan with the aim of revising the regulatory framework on invoicing to improve the value of electricity bills for consumers. The Ministry ~~has~~continues to engage~~d~~ with industry and consumers to better understand consumer concerns and preferences with respect to the bill to ensure that any proposed changes to the bill's design will meet consumer's needs.

Q. Isn't the problem the amount on people's bills, not the design?

The government recognizes that the much-needed investments in our electricity system have led to higher electricity prices. That's why the government developed Ontario's Fair Hydro Plan – to relieve the cost pressures caused by these system improvements.

Through the 2017 Long Term Energy Plan (LTEP) consultation process, the government heard that consumers find their current bills confusing and inaccessible, as part of LTEP 2017, the Ministry committed to continue to work with the OEB, industry and consumers to explore opportunities to redesign electricity bills to make them easier for customers to understand.

Q. How can Ontarian's know redesigning bills isn't just a way to hide increases?

The objective of the bill redesign initiative is to make bills easier for customers to understand and ensure that they get the most useful information out of their bills. Comparisons of costs from previous billing periods will continue to be possible.

Q. What Is the overall cost of the bill redesign?

Each LDC will have different costs to implement a re-designed bill depending on current billing and customer information systems. Changes to billing systems are a part of an LDC's cost of doing business.

Q. Are all customers in Ontario getting redesigned bills, or just in some areas?

All LDCs will be required to comply with any new requirements implemented as part of a bill-redesign initiative. By March 31, 2018, all LDCs will come into compliance with the new requirement to provide customer-specific OFHP savings on invoices.

Q How do the new regulatory amendments to require that LDCs provide customer-specific savings associated with the Ontario Fair Hydro Plan on invoices fit in to the broader redesign action plan?

The requirement for dynamic messaging or customer-specific Fair Hydro savings on invoices is the first step in the broader, longer term bill re-design project. Providing customer specific savings promotes greater understanding of the associated bill impacts of Ontario's Fair Hydro Plan for consumers.

The new regulatory amendments are being~~were~~ discussed with industry stakeholders as part of the bill redesign working group. ~~Feedback from the working group was considered in the development of the regulation.~~

The Ministry of Energy is continuing to work with stakeholders to examine opportunities to redesign electricity bills to make them more understandable and to give consumers the information that they want on the bill.

PRE-ELECTION REPORT

AG Recommendation #10: Pre-Election Report on Ontario's Finances

For QAs related to:	See:
Pre-Election Report on Ontario's Finances	Treasury Board Secretariat Ministry of Finance

PROVINCE'S FISCAL SITUATION

Recommendation #7: Province's Debt Burden

For QAs related to:	See:
Ontario's Debt Burden	Ministry of Finance

Financial Accountability Office Reports

For QAs related to:	See:
FAO Reports	Ministry of Finance

Credit Ratings

For QAs related to:	See:
Credit Ratings	Ministry of Finance

PREPARATION OF PUBLIC ACCOUNTS

AG Recommendation # 4: External Advisors

For QAs related to:	See:
External Advisors	Treasury Board Secretariat

Q. Who was involved in the policy and implementation process to meet the mandate?

Senior officials and staff from several departments and agencies, led by the Ministry of Energy, collaborated to plan a structure, identify risks, make decisions and take other actions to meet the mandate.

The senior officials and staff were from:
- Ministry of Energy;
- Ministry of Finance;
- Treasury Board Secretariat;
- Office of the Provincial Controller;
- Cabinet Office;
- Ontario Financing Authority (OFA);
- Independent Electricity System Operator (IESO); and
- Ontario Power Generation Inc. (OPG).

In development and implementation of Global Adjustment (GA) refinancing, the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure due diligence was completed.

AG Recommendation #8: Timeline of Finalization of Financial Statements

For QAs related to:	See:
Finalization of Financial Statements	Treasury Board Secretariat Ministry of Finance

Audit Opinion

For QAs related to:	See:
Audit Opinions	Treasury Board Secretariat

RE_ SCOPA QAs_MOE_20180124 v1_SH(3).pdf

From:	Perkins, Michael (ENERGY)
To:	Hendy, Adam (ENERGY); Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc:	@ENERGY-COMM-Issues_and_MediaRelations; Whytock, John (ENERGY); Lyon, Sam (ENERGY)
Subject:	RE: SCOPA QAs_MOE_20180124 v1_SH
Date:	January 29, 2018 2:08:06 PM

Hi all,

Reiterating the importance of getting these back today.

Thanks,
Michael

From: Hendy, Adam (ENERGY)
Sent: January-29-18 2:04 PM
To: Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc: @ENERGY-COMM-Issues_and_MediaRelations; Perkins, Michael (ENERGY); Whytock, John (ENERGY); Lyon, Sam (ENERGY)
Subject: RE: SCOPA QAs_MOE_20180124 v1_SH

Hi Again Everyone,

Just following up on these status of these. Still hoping we can get these fully approved and over to TBS today.

Thanks,
Adam

From: Hendy, Adam (ENERGY)
Sent: January-29-18 9:15 AM
To: Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc: @ENERGY-COMM-Issues_and_MediaRelations; Perkins, Michael (ENERGY); Whytock, John (ENERGY); Lyon, Sam (ENERGY)
Subject: RE: SCOPA QAs_MOE_20180124 v1_SH
Importance: High

Hi Folks,

Just a friendly reminder that we will need these back as soon as possible today. We need to have these DMO/MO approved and in TBS' hands today in preparation for their coming meeting with the SoC.

Thanks,
Adam

From: Cox, Hilary (ENERGY)
Sent: January-26-18 1:34 PM
To: Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl

(ENERGY)
Cc: Hendy, Adam (ENERGY)
Subject: Fw: SCOPA QAs_MOE_20180124 v1_SH

Hi All -
Further to Adam's email yesterday on Public Accounts, attached is a revised package of QAS. CRED, we'll need you to beef up the section on A-Fund. SNAP, we'll need some Qs and As on bill redesign.

Adam, we need additional QA on OPG's role. Can you take a stab at blocking these out?

These are needed back to Comms for Monday please.

HC

RE_ SCOPA QAs_MOE_20180124 v1_SH(4).pdf

From:	Perkins, Michael (ENERGY)
To:	Hendy, Adam (ENERGY); Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc:	@ENERGY-COMM-Issues_and_MediaRelations; Whytock, John (ENERGY); Lyon, Sam (ENERGY)
Subject:	RE: SCOPA QAs_MOE_20180124 v1_SH
Date:	January 29, 2018 2:08:06 PM

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Sent: January-29-18 2:04 PM
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Cc: @ENERGY-COMM-Issues_and_MediaRelations; Perkins, Michael (ENERGY); Whytock, John (ENERGY); Lyon, Sam (ENERGY)
Subject: RE: SCOPA QAs_MOE_20180124 v1_SH

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Cc: @ENERGY-COMM-Issues_and_MediaRelations; Perkins, Michael (ENERGY); Whytock, John (ENERGY); Lyon, Sam (ENERGY)
Subject: RE: SCOPA QAs_MOE_20180124 v1_SH
Importance: High

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These are needed back to Comms for Monday please.

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RE_ SCOPA QAs_MOE_20180124 v1_SH(5).pdf

From:	Hendy, Adam (ENERGY)
To:	Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc:	@ENERGY-COMM-Issues_and_MediaRelations; Perkins, Michael (ENERGY); Whytock, John (ENERGY); Lyon, Sam (ENERGY)
Subject:	RE: SCOPA QAs_MOE_20180124 v1_SH
Date:	January 29, 2018 2:04:22 PM

Hi Again Everyone,

Just following up on these status of these. Still hoping we can get these fully approved and over to TBS today.

Thanks,
Adam

From: Hendy, Adam (ENERGY)
Sent: January-29-18 9:15 AM
To: Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc: @ENERGY-COMM-Issues_and_MediaRelations; Perkins, Michael (ENERGY); Whytock, John (ENERGY); Lyon, Sam (ENERGY)
Subject: RE: SCOPA QAs_MOE_20180124 v1_SH
Importance: High

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Sent: January-26-18 1:34 PM
To: Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc: Hendy, Adam (ENERGY)
Subject: Fw: SCOPA QAs_MOE_20180124 v1_SH

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These are needed back to Comms for Monday please.

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RE_ SCOPA QAs_MOE_20180124 v1_SH(6).pdf

From:	Hendy, Adam (ENERGY)
To:	Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc:	@ENERGY-COMM-Issues_and_MediaRelations; Perkins, Michael (ENERGY); Whytock, John (ENERGY); Lyon, Sam (ENERGY)
Subject:	RE: SCOPA QAs_MOE_20180124 v1_SH
Date:	January 29, 2018 2:04:22 PM

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Sent: January-29-18 9:15 AM
To: Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc: @ENERGY-COMM-Issues_and_MediaRelations; Perkins, Michael (ENERGY); Whytock, John (ENERGY); Lyon, Sam (ENERGY)
Subject: RE: SCOPA QAs_MOE_20180124 v1_SH
Importance: High

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Sent: January-26-18 1:34 PM
To: Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc: Hendy, Adam (ENERGY)
Subject: Fw: SCOPA QAs_MOE_20180124 v1_SH

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These are needed back to Comms for Monday please.

HC

RE_ SCOPA QAs_MOE_20180124 v1_SH(7).pdf

From:	Smith, Mike (ENERGY)
To:	Ridd, Carl (ENERGY)
Cc:	Yordi, Samer (ENERGY)
Subject:	RE: SCOPA QAs_MOE_20180124 v1_SH
Date:	January 29, 2018 11:24:04 AM
Attachments:	SCOPA QAs_MOE_20180124 v1_SH_MSL.DOCX

Here you go

From: Ridd, Carl (ENERGY)
Sent: January-29-18 9:36 AM
To: Smith, Mike (ENERGY)
Cc: Yordi, Samer (ENERGY)
Subject: RE: SCOPA QAs_MOE_20180124 v1_SH
Importance: High

Hi Mike,

Any chance we could expedite these for this morning? DMO is now calling them in ASAP today.

Thanks,

Carl

From: Ridd, Carl (ENERGY)
Sent: January-26-18 2:54 PM
To: Smith, Mike (ENERGY)
Cc: Yordi, Samer (ENERGY)
Subject: FW: SCOPA QAs_MOE_20180124 v1_SH

Hi Mike,

ESP have flagged the attached Standing Committee on Public Accounts (SCOPA) QA's for our input on bill redesign. I have attached the last QA's that I have on bill redesign from late November for your consideration on this request if they're still relevant.

Can we get this back by **3:00pm on Monday, Jan 29th?**

Thanks,

Carl

From: Cox, Hilary (ENERGY)
Sent: January-26-18 1:34 PM
To: Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc: Hendy, Adam (ENERGY)
Subject: Fw: SCOPA QAs_MOE_20180124 v1_SH

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SCOPA QAs_MOE_20180124 v1_SH_MSL.pdf

QUESTIONS & ANSWERS

Contents

PENSION ASSET ACCOUNTING

AG Recommendation #1: Pension Asset Accounting

For QAs related to:	See:
Pension Asset Accounting	Treasury Board Secretariat

Advisory Panel Compensation

For QAs related to:	See:
Pension Asset Accounting	Treasury Board Secretariat

IESO ACCOUNTING

Commented [HS(1]: IESO to review and fact check

Add additional Q/As as IESO thinks is necessary

AG Recommendation #2: IESO Market Accounts

- IESO's accounting changes are supported by the IESO's audit committee, board of directors, its independent external auditor, and by the Office of the Provincial Controller.
- The IESO prepares its financial statements in accordance with PSAS, and received an unqualified, or clean, audit opinion on its 2016 financial statements.
- The change to include market account assets and liabilities in the financial statements provides increased transparency with respect to the value of transactions that flow through Ontario's electricity market.
- The government supports the enhanced reporting and greater transparency for the economic activities of IESO resulting from the recognition of the market accounts.

For QAs related to:	See:
Government decision to accept IESO market accounts	Treasury Board Secretariat

Q. Why did the IESO choose to recognize market accounts?

The Independent Electricity System Operator (IESO) began recognizing its market accounts' assets (amounts due from power distributors) and liabilities (amounts due to power producers) in their financial results. The IESO has chosen to recognize these markets accounts on its books for transparency reasons, as it better reflects its net financial position on behalf of IESO-administered markets at year-end.

This accounting change was accepted by IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in the IESO's annual report which was published online in March 2017.

Further, this accounting is consistent with the presentation used previously by the Ontario Power Authority (which was merged with IESO on January 1, 2015) in its financial statements, which was not subject to qualification from the Office of the Auditor General at that time.

This change has no impact to the province's annual deficit, net debt or accumulated deficit.

This accounting change has been supported by the professional accounting staff of the Office of the Provincial Controller.

We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

AG Recommendation #5: IESO Market Accounts & Rate-Regulated Accounting

- The IESO management, IESO's Audit Committee, IESO's Board of Directors, IESO's external auditor and the Office of the Provincial Controller all support the use of rate-regulated accounting by IESO.
- In the development of OFHP, the government consulted with several third party advisors in the application of accounting standards. This is normal course of business governments take for complex transactions.

For QAs related to:	See:
Government decision to accept IESO market accounts & rate-regulated accounting	Treasury Board Secretariat

Q. Why did the IESO choose to adopt rate-regulated accounting?

The IESO made the decision to adopt rate-regulated accounting because it better reflects the economic substance of certain types of expenses that may not be directly recovered through the normal revenue requirement model.

The IESO, like Hydro One and Ontario Power Generation (OPG), is regulated by the Ontario Energy Board. The IESO adopted rate-regulated accounting for its year ended December 31, 2016. The impact on the financial statements of the Province is a decrease of $82 million in the 2016-17 opening accumulated deficit and an increase in the 2016-17 annual deficit by $24 million.

This accounting change was accepted by IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in IESO's annual report which was published online in March 2017.

AG Audit of 2017 Statements

- We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.
- The Ministry of Energy, the Ministry of Finance, and the Treasury Board Secretariat remain committed to assisting the Office of the Auditor General so that it can provide its independent views to the Legislative Assembly.

- With regards to the Auditor General's report on Ontario's Fair Hydro Plan (OFHP) – while the government does not agree with the assertions and conclusions expressed in the report, the government thanks the Office of the Auditor General for its report.
- While we expect professional accountants to agree on the vast majority of issues, we acknowledge that they may not agree on everything and when that occurs, and the difference is material to the financial statements, the Office of the Auditor General can choose to issue a qualified audit opinion.
- The Province will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

For QAs related to:	**See:**
Relationship with Auditor General	Treasury Board Secretariat

Q. How will IESO respond to the Auditor General's decision to audit the 2017 consolidated financial statements?

We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

The Ministry of Energy, the Ministry of Finance, and the Treasury Board Secretariat remain committed to assisting the Office of the Auditor General so that it can provide its independent views to the Legislative Assembly.

Q. The Auditor General says that the Independent Electricity System Operator's decision to adopt rate-regulated accounting was a deviation from Public Sector Accounting Standards, and cautioned against its use in her Independent Auditor's Report. Why this change was made and was it appropriate?

Canadian Public Sector Accounting Standards (PSAS) are effectively silent on this issue – they neither explicitly permit, nor prohibit, the recognition, measurement, presentation, or disclosure of rate-regulated activities.

In the absence of a clear position on an issue, standard accounting practice dictates that an entity should consult other accounting standards.

Paragraph 11 of the *Introduction to Public Sector Accounting Standards* ("Introduction") states: "When applying the CPA Canadian Public Sector Accounting (PSA) Handbook, where the standards are silent on an issue, public sector entities should apply Generally Accepted Accounting Principles (GAAP), Section PS 1150."

In this case, the Independent Electricity System Operator (IESO) consulted U.S. Generally Accepted Accounting Principles (GAAP), the appropriate accounting framework in North America that provides guidance on rate-regulated operations.

The IESO made the decision to adopt rate-regulated accounting because it better reflects the economic substance of certain types of expenses that may not be directly recovered through the normal revenue requirement model.

The IESO, like Hydro One and Ontario Power Generation (OPG), is regulated by the Ontario Energy Board (OEB). The IESO adopted rate-regulated accounting for its year ended December 31, 2016.
This accounting change was accepted by IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in IESO's annual report which was published online in March 2017.

It is worth noting that currently 8 out of 9 electricity system operators in North American markets employ accounting for rate-regulated assets, including IESO.

Q. The Auditor General says that the use of rate-regulated accounting is inappropriate for the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB) according to U.S. Generally Accepted Accounting Principles. How do you respond?

In commenting on the use of rate-regulated accounting and the role of the Ontario Energy Board (OEB), the Auditor General's report makes reference to a requirement under U.S. accounting standards in connection with the use of rate-regulated accounting that "there must an independent regulator." This reference is misleading as it does not provide the criteria in its entirety, which is as follows:

"The entity's rates for regulated services or products provided to its customers are established by or are subject to approval by an independent, third-party regulator ***or by its own governing board empowered by statute or contract to establish rates that bind customers"*** *[ASC 980-10-15-2].*

The U.S. accounting standard was developed specifically to not preclude the application of rate-regulated accounting by government utilities where the rate regulator would not necessarily be viewed as independent (FAS 71, par. 64).

In addition, the position that rate-regulated accounting is precluded because the OEB is not considered independent of the government of Ontario is contradictory to accepting the use of rate-regulated accounting by Ontario Power Generation (OPG) and Hydro One – both of which are regulated by the OEB and whose results, using rate-regulated accounting, are and have been included in the consolidated financial statements of the Province.

IESO Response:

Canadian Public Sector Accounting Standards (PSAS) are effectively silent on this issue – they neither explicitly permit, nor prohibit, the recognition, measurement, presentation, or disclosure of rate-regulated activities.

In the absence of a clear position on an issue, standard accounting practice dictates that an entity should consult other accounting standards.

In this case, the Independent Electricity System Operator (IESO) consulted U.S. Generally Accepted Accounting Principles (GAAP), the appropriate accounting framework in North America that provides guidance on rate-regulated operations.

ONTARIO'S FAIR HYDRO PLAN

Commented [HS(2]: Ministry of Energy to provide Q&As related to the policy rationale for OFHP

AG Recommendation #3: OFHP Accounting

- The province will continue to prepare its consolidated financial statements in accordance with Public Sector Accounting Standards (PSAS).
- The proposed accounting for the Ontario Fair Hydro Plan (OFHP) reflects the economic substance of the transaction by differentiating costs borne by taxpayers versus those borne by ratepayers.
- PSAS is silent on a key accounting issue regarding the OFHP – the standards neither explicitly permit, nor prohibit, the recognition, measurement, presentation, or disclosure of rate-regulated activities.
- In the absence of a clear position on an issue, standard accounting practice dictates that an entity should consult other accounting standards.
- The professional staff has appropriately applied this guidance in assessing the accounting for the Ontario Fair Hydro Plan.

For QAs related to:	See:
Decision to accept OFHP accounting	Treasury Board Secretariat

Q. Why did the government introduce the Ontario Fair Hydro Plan?

The government has been making important investments in a cleaner and more reliable electricity system, but these investments have led to higher bills. Since 2003, nearly $70 billion[1] has been invested in the electricity system, including more than $37[2] billion in electricity generation to ensure the system is clean and reliable.

Ontario's Fair Hydro Plan (OFHP) is delivering the single-largest reduction in electricity rates in the province's history. OFHP lowered electricity bills by 25 per cent on average

[1] Ministry of Energy, *2017 Long-Term Energy Plan*
[2] Ministry of Energy, *2017 Long-Term Energy Plan*

for residential consumers 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 a reduction.

In developing the policy to refinance the Global Adjustment (GA), the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure due diligence was completed.

GA refinancing is designed so that deferred costs are borne by the rate-base, as the beneficiaries of the electricity system, and not the tax-base.

OFHP operates under a financial and accounting framework that is appropriate for the intended purpose and in accordance with Public Sector Accounting Standards (PSAS) and ensures that the fairness goals underlying the program are achieved in a cost-effective manner.

Q. What is Global Adjustment (GA)?

Global Adjustment (GA) is a mechanism that recovers certain electricity system costs, such as capital costs incurred by generators. GA is calculated by the Independent Electricity System Operator (IESO) based on the difference between the market price for electricity, which represents the marginal cost of electricity production, and rates paid to regulated and contracted generators to ensure they can recover their fixed costs. It also recovers costs associated with running conservation programs in the province.

GA has been an important factor in providing stable prices while ensuring that sufficient generating capacity is in place to deliver a reliable supply of electricity.

GA pays for the bulk of the recent investments in the electricity system. The majority of the province's electricity generators operate under 20-year contracts. Third-party experts have confirmed that many of these generators will be able to continue to operate beyond the end of their contract. This means that generating assets are expected to have ongoing useful life and benefit future ratepayers by reducing the need to finance the development of new generating assets.

Refinancing the GA is providing significant and immediate rate relief by spreading the cost of electricity investments over the expected lifecycle of the infrastructure that has been built. This more fairly shares the cost of our investments across the generations of electricity ratepayers who will benefit from them.

Q. Who was involved in the policy and implementation process to meet the mandate?

Senior officials and staff from several departments and agencies, led by the Ministry of Energy, collaborated to plan a structure, identify risks, make decisions and take other actions to meet the mandate.

The senior officials and staff were from:
- Ministry of Energy;
- Ministry of Finance;
- Treasury Board Secretariat;
- Office of the Provincial Controller;
- Cabinet Office;
- Ontario Financing Authority (OFA);
- Independent Electricity System Operator (IESO); and
- Ontario Power Generation Inc. (OPG).

In development and implementation of Global Adjustment (GA) refinancing, the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure due diligence was completed.

Q. Has the Ministry of Energy's estimate for "peak debt" related to Ontario's Fair Hydro Plan (OFHP) changed? How much is the program expected to cost?

Ontario Power Generation (OPG) has begun the process of raising funds to finance the deferred costs, and while total borrowing costs will not be known until the program is complete, accumulated interest is projected to be considerably less than original estimates.

Current government estimates forecast that the peak debt over the thirty year life of OFHP will be approximately $20 billion[3]. The preliminary estimate from March 2017 was about $28 billion[4].

A number of variables, including interest rates, electricity demand and electricity costs, will vary over the thirty-year life of OFHP and cost estimates will continue to be revised to reflect these changing conditions.

If pressed on the details of the revised peak debt number:

Peak debt for OFHP has been revised down substantially from March 2017, from about $28 billion[5] to approximately $20 billion[6]. These estimates are consistent with 2017

[3] Ministry of Energy
[4] Ministry of Energy, submission to Financial Accountability Officer

Long-Term Energy Plan (LTEP) projections, include fees charged by OPG in its role as financial service manager (FSM) and assume a 5 per cent interest rate.

Q. Why is the government using Ontario Power Generation (OPG) as a borrowing agent for Ontario's Fair Hydro Plan? Would it be easier to use a traditional government borrowing agent like the Ontario Financing Authority (OFA)?

Ontario Power Generation (OPG) has the necessary financing and commercial expertise to assist with refinancing the Global Adjustment (GA).

OPG currently manages approximately $20 billion[7] in segregated nuclear funds to manage nuclear liabilities, and, is an electricity sector entity regulated by the Ontario Energy Board (OEB) with extensive experience with regulatory deferral and variance accounts.

OPG also has the breadth and demonstrated track record in the financial markets with its Corporate Debt platform, private placement of insurance linked bonds, participation in securitization programs and highly successful project debt issuances tied to new hydroelectric developments. These financing initiatives have been well received by investors at a reasonable cost to OPG. The innovative, cost saving and precedent setting aspects of these structures have resulted in international recognition.

OPG has developed solid investor relationships and has a large investor base in the structured finance space that would be the target market for financing Ontario's Fair Hydro Plan initiative. For example, Lower Mattagami project financing attracted a broad investor base of ~80 institutional investors[8], including major investors in the Canadian power and utility bonds market.

In terms of administration, OPG is currently managing its own Corporate public debt program and three project financing programs totalling more than $2 billion[9] and two commercial paper programs.

Finally, OPG's Treasury functions are well positioned given their management of existing multiple debt programs.

Q. The Auditor General and the Financial Accountability Office both suggest that the cost of borrowing will be more expensive than traditional government borrowing? Is this true?

[5] Ministry of Energy
[6] Ministry of Energy
[7] Ontario Financing Authority
[8] Ontario Power Generation
[9] Ontario Power Generation

In the development of Ontario's Fair Hydro Plan (OFHP), the government made the policy decision that deferred electricity system costs should be borne by the rate-base and not the tax-base.

Based on this policy decision, it was decided that the debt obligation would be recognized as a regulatory asset that would be sold and securitized. This design appropriately aligns the costs and benefits within the group of eligible consumers.

Ontario Power Generation (OPG) was identified as the Financial Services Manager responsible for the financing plans and the financing entity (i.e., Fair Hydro Plan Trust) that will manage the debt obligations. OPG has the necessary financing and commercial expertise to assist with refinancing the Global Adjustment (GA) and will ensure that it is done in an efficient and cost-effective manner.

OPG has a demonstrated track record in the financial markets with its Corporate Debt platform, private placement of insurance linked bonds, participation in securitization programs and highly successful project debt issuances tied to new hydroelectric developments. The innovative, cost saving and precedent setting aspects of these structures have resulted in international recognition.

With respect to the $4 billion[10] figure referenced by the Financial Accountability Office (FAO) in its May 2017 report, it should be noted that the FAO's report was based on initial Ministry of Energy estimates from March 2017. Subsequent analysis conducted by the Ministry of Energy refined a number of variables, including the cost of borrowing and electricity system cost forecasts.

Total borrowing estimates over the thirty year life of OFHP have been revised down substantially by the government since the FAO released its report in May 2017, and borrowing costs are now forecast to be substantially lower than original estimates. Current government estimates forecast that the peak debt over the thirty year life of OFHP will be approximately $20 billion[11]. The preliminary estimate from March 2017 was about $28 billion[12].

A number of variables, including interest rates, electricity demand and electricity costs, will vary over the thirty year life of OFHP and cost estimates will continue to be revised to reflect these changing conditions.

The government will continue to identify and implement initiatives to take costs out of the electricity system, which would reduce the cost of the GA refinancing program.

If pressed on the details of the revised peak debt number:

[10] Financial Accountability Officer, *An Assessment of the Fiscal Impact of the Province's Fair Hydro Plan*
[11] Ministry of Energy
[12] Ministry of Energy, submission to Financial Accountability Officer

Peak debt for OFHP has been revised down substantially from March 2017, from about $ 28 billion[13] to approximately $20 billion[14]. The higher March 2017 estimate was used by the FAO in its May 2017 report.

Updated estimates are consistent with 2017 Long-Term Energy Plan (LTEP) projections, include fees charged by OPG in its role as financial service manage (FSM) and assume a 5 per cent interest rate.

If pressed on interest costs:

The government estimates of total interest cost also decreased from $25 billion[15] to less than $19 billion[16].

Q. Some say you are unfairly placing the burden of debt on future generations through things like Ontario's Fair Hydro Plan, how do you respond?

Future generations will be paying their fair share for a system they will be benefiting from in their lifetime. Not only will they benefit from a reliable electricity system, but also from cleaner air resulting from the elimination of coal-fired generation.

Ontario's Fair Hydro Plan (OFHP) acts much like taking out a new mortgage – providing much-needed relief now by spreading costs across the life of our assets. Current ratepayers are paying less now, and future ratepayers will in turn help to pay for their fair share of the significant investments that we've made to build a clean and reliable electricity system. This more fairly shares the cost of our investments across the generations of electricity ratepayers who will benefit from them.

Moving forward, Ontario's 2017 Long-Term Energy Plan (2017 LTEP) focuses on continuing to put downward pressure on electricity bills over the long term. Our robust electricity supply puts us in a good position to improve efficiency, increase transparency and enhance opportunities for innovation and competition to further reduce system costs. That is why Ontario's Fair Hydro Plan includes a commitment to improving sector efficiency and modernizing Ontario's electricity market, building on the collaboration of the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB).

For example, IESO's Market Renewal initiative will result in a more efficient marketplace with competitive and transparent mechanisms that meet future system needs at the lowest cost. The initiative is expected to save up to $5.2 billion[17] over a 10-year period

[13] Ministry of Energy
[14] Ministry of Energy
[15] Ministry of Energy
[16] Ministry of Energy
[17] Independent Electricity System Operator, *Assessment of the Benefits of Market Renewal (Brattle Group)*

and forms a key component of Ontario's plan to ensure the affordability of electricity in the longer term.

Q. In the development of Ontario's Fair Hydro Plan, did the government set up the financing structure intentionally to keep it off government books?

No. GA refinancing is designed so that deferred costs are borne by the rate-base, as the beneficiaries of the electricity system, and not the tax-base.

GA refinancing operates under a financial and accounting framework that is appropriate for the intended purpose and in accordance with Public Sector Accounting Standards (PSAS) and ensures that the fairness goals underlying the program are achieved in a cost-effective manner.

AG Recommendation #6: "Legislated Accounting"

- The *Ontario Fair Hydro Plan Act, 2017* and its related regulations do not create accounting rules or legislate the accounting.
- It is important to distinguish legislating the accounting from legislating the right of the government to recover amounts from specified ratepayers in the future, which in the absence of legislation, would have been collected from specified ratepayers as the costs were incurred.

- The province, as always, will prepare its consolidated financial statements in accordance with PSAS, including the transactions resulting from Ontario's Fair Hydro Plan.

For QAs related to:	See:
Issue of OFHP "legislated" accounting	Treasury Board Secretariat

AG Recommendation #9: Arm's Length Trusts

Commented [HS(3]: CRED to provide Q&As with respect to the Affordability Fund

- A Trust structure was selected to implement the Affordability Fund in order to provide an effective solution to distributing funds to electricity distributors. With approximately 70 distributors across Ontario, it was not feasible for the Province to enter into agreements with each distributor.
- The Trust structure establishes an independent entity with expertise from the electricity distributor and community sectors.
- There are report-back requirements on the use of funds transferred as well as the ability for the government to conduct an audit to gain assurance that the funds have been used for the purposes intended.

- The government will continue to assess the most appropriate vehicle for meeting its policy objectives, which include appropriate oversight of how transfer payments are spent.

For QAs related to:	**See:**
Accounting for Trust	Treasury Board Secretariat

Records Disclosure/Process

Commented [HS(4]: LSB should review and fact check

- The Ministry conducted a search consistent with the 40 plus search terms provided by the Auditor General.
- The Ministry of Energy has selected McCarthys/Wortzmans to assist with processing and analysis of approximately 2.2 million records that resulted from the search of 81 custodians.
- The Ministry has been regularly providing the Auditor General batches of responsive documents.

For QAs related to:	**See:**
Records - TBS	Treasury Board Secretariat
Records - MOF	

Q. Why has the Ministry of Energy not provided all e-mails requested by the Auditor General?

As of October 13, 2017, the Ministry has provided 13,212 emails and attachments to the OAG's office.

Q. How much money did the Ministry spend on lawyers?

The Ministry does not intend to spend more than $60,000 on this request. Although the retainer agreement includes a cap of up to $500,000, as of September 21, 2017, only $41,775.75 has actually been spent.

Q. What was the Ministry of Energy's process for providing the emails requested by the Auditor General?

The Ministry conducted a search consistent with the 40 plus search terms provided to the AG. In order to manage the approximately 2.2 million records resulted from the search of 81 custodians, the Ministry of Energy has selected McCarthys/Wortzmans to assist with processing and analysis of the documents.

No legal advice on relevancy of documents was provided by Wortzmans. The Ministry has been regularly providing AG batches of responsive documents.

Commented [HA(5]: May be updated in tech briefing QA

Re-Design of Hydro Bills

Commented [HS(6]: SNAP to provide Q&As with respect to this section

- The objective of the bill redesign initiative is to make bills easier for customers to understand and ensure that they get the most useful information out of their bills.
- Comparisons of costs from previous billing periods ~~between redesigned and previous bills~~ will continue to be possible.
- Electricity bills are a customer's main window into the electricity system. Through the LTEP consultation process, the government heard that customers found their bills confusing and inaccessible.
- Hydro One has been a leader in consumer research on ways to improve the appearance and comprehension of its bill. Hydro One enlisted the services of a behavioural research firm and engaged with thousands of customers to develop a new bill design which has been observed to increase customer satisfaction and comprehension.
- Building on this research, the Ministry launched the Bill Redesign Action Plan with the aim of revising the regulatory framework on invoicing to improve the value of electricity bills for consumers. The Ministry has engaged with industry and consumers to better understand consumer concerns and preferences with respect to the bill to ensure that any proposed changes to the bill's design will meet consumer's needs.

Q. Isn't the problem the amount on people's bills, not the design?

The government recognizes that the much-needed investments in our electricity system have led to higher electricity prices. That's why the government developed Ontario's Fair Hydro Plan – to relieve the cost pressures caused by these system improvements.

Through the 2017 Long Term Energy Plan (LTEP) consultation process, the government heard that consumers find their current bills confusing and inaccessible, as part of LTEP 2017, the Ministry committed to work with the OEB, industry and consumers to explore opportunities to redesign electricity bills to make them easier for customers to understand.

Q. How can Ontarian's know redesigning bills isn't just a way to hide increases?

The objective of the bill redesign initiative is to make bills easier for customers to understand and ensure that they get the most useful information out of their bills. Comparisons of costs from previous billing periods will continue to be possible.

Q. What Is the overall cost of the bill redesign?

Each LDC will have different costs to implement a re-designed bill depending on current billing and customer information systems. Changes to billing systems are a part of an LDC's cost of doing business.

Q. Are all customers in Ontario getting redesigned bills, or just in some areas?

All LDCs will be required to comply with any new requirements implemented as part of a bill-redesign initiative. By March 31, 2018, all LDCs will come into compliance with the new requirement to provide customer-specific OFHP savings on invoices.

Q How do the new regulatory amendments to require that LDCs provide customer-specific savings associated with the Ontario Fair Hydro Plan on invoices fit in to the broader redesign action plan?

The requirement for dynamic messaging or customer-specific Fair Hydro savings on invoices is the first step in the broader bill re-design project. Providing customer specific savings promotes greater understanding of the associated bill impacts of Ontario's Fair Hydro Plan for consumers.

The new regulatory amendments were discussed with industry stakeholders as part of the bill redesign working group. Feedback from the working group was considered in the development of the regulation.

The Ministry of Energy is continuing to work with stakeholders to examine opportunities to redesign electricity bills to make them more understandable and to give consumers the information that they want on the bill.

PRE-ELECTION REPORT

AG Recommendation #10: Pre-Election Report on Ontario's Finances

For QAs related to:	See:
Pre-Election Report on Ontario's Finances	Treasury Board Secretariat Ministry of Finance

PROVINCE'S FISCAL SITUATION

Recommendation #7: Province's Debt Burden

For QAs related to:	See:
Ontario's Debt Burden	Ministry of Finance

Financial Accountability Office Reports

For QAs related to:	See:
FAO Reports	Ministry of Finance

Credit Ratings

For QAs related to:	See:
Credit Ratings	Ministry of Finance

PREPARATION OF PUBLIC ACCOUNTS

AG Recommendation # 4: External Advisors

For QAs related to:	See:
External Advisors	Treasury Board Secretariat

Q. Who was involved in the policy and implementation process to meet the mandate?

Senior officials and staff from several departments and agencies, led by the Ministry of Energy, collaborated to plan a structure, identify risks, make decisions and take other actions to meet the mandate.

The senior officials and staff were from:

- Ministry of Energy;
- Ministry of Finance;
- Treasury Board Secretariat;
- Office of the Provincial Controller;
- Cabinet Office;
- Ontario Financing Authority (OFA);
- Independent Electricity System Operator (IESO); and
- Ontario Power Generation Inc. (OPG).

In development and implementation of Global Adjustment (GA) refinancing, the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure due diligence was completed.

AG Recommendation #8: Timeline of Finalization of Financial Statements

For QAs related to:	See:
Finalization of Financial Statements	Treasury Board Secretariat Ministry of Finance

Audit Opinion

For QAs related to:	See:
Audit Opinions	Treasury Board Secretariat

RE_ SCOPA QAs_MOE_20180124 v1_SH(8).pdf

From:	Smith, Mike (ENERGY)
To:	Ridd, Carl (ENERGY)
Cc:	Yordi, Samer (ENERGY)
Subject:	RE: SCOPA QAs_MOE_20180124 v1_SH
Date:	January 29, 2018 11:24:04 AM
Attachments:	SCOPA QAs_MOE_20180124 v1_SH_MSL.DOCX

Here you go

From: Ridd, Carl (ENERGY)
Sent: January-29-18 9:36 AM
To: Smith, Mike (ENERGY)
Cc: Yordi, Samer (ENERGY)
Subject: RE: SCOPA QAs_MOE_20180124 v1_SH
Importance: High

Hi Mike,

Any chance we could expedite these for this morning? DMO is now calling them in ASAP today.

Thanks,

Carl

From: Ridd, Carl (ENERGY)
Sent: January-26-18 2:54 PM
To: Smith, Mike (ENERGY)
Cc: Yordi, Samer (ENERGY)
Subject: FW: SCOPA QAs_MOE_20180124 v1_SH

Hi Mike,

ESP have flagged the attached Standing Committee on Public Accounts (SCOPA) QA's for our input on bill redesign. I have attached the last QA's that I have on bill redesign from late November for your consideration on this request if they're still relevant.

Can we get this back by **3:00pm on Monday, Jan 29th?**

Thanks,

Carl

From: Cox, Hilary (ENERGY)
Sent: January-26-18 1:34 PM
To: Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc: Hendy, Adam (ENERGY)
Subject: Fw: SCOPA QAs_MOE_20180124 v1_SH

Hi All -
Further to Adam's email yesterday on Public Accounts, attached is a revised package of QAS. CRED, we'll need you to beef up the section on A-Fund. SNAP, we'll need some Qs and As on bill redesign.

Adam, we need additional QA on OPG's role. Can you take a stab at blocking these out?

These are needed back to Comms for Monday please.

HC

SCOPA QAs_MOE_20180124 v1_SH_MSL_1.pdf

QUESTIONS & ANSWERS

Contents

PENSION ASSET ACCOUNTING

AG Recommendation #1: Pension Asset Accounting

For QAs related to:	See:
Pension Asset Accounting	Treasury Board Secretariat

Advisory Panel Compensation

For QAs related to:	See:
Pension Asset Accounting	Treasury Board Secretariat

IESO ACCOUNTING

Commented [HS(1]: IESO to review and fact check

Add additional Q/As as IESO thinks is necessary

AG Recommendation #2: IESO Market Accounts

- IESO's accounting changes are supported by the IESO's audit committee, board of directors, its independent external auditor, and by the Office of the Provincial Controller.
- The IESO prepares its financial statements in accordance with PSAS, and received an unqualified, or clean, audit opinion on its 2016 financial statements.
- The change to include market account assets and liabilities in the financial statements provides increased transparency with respect to the value of transactions that flow through Ontario's electricity market.
- The government supports the enhanced reporting and greater transparency for the economic activities of IESO resulting from the recognition of the market accounts.

For QAs related to:	See:
Government decision to accept IESO market accounts	Treasury Board Secretariat

Q. Why did the IESO choose to recognize market accounts?

The Independent Electricity System Operator (IESO) began recognizing its market accounts' assets (amounts due from power distributors) and liabilities (amounts due to power producers) in their financial results. The IESO has chosen to recognize these markets accounts on its books for transparency reasons, as it better reflects its net financial position on behalf of IESO-administered markets at year-end.

This accounting change was accepted by IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in the IESO's annual report which was published online in March 2017.

Further, this accounting is consistent with the presentation used previously by the Ontario Power Authority (which was merged with IESO on January 1, 2015) in its financial statements, which was not subject to qualification from the Office of the Auditor General at that time.

This change has no impact to the province's annual deficit, net debt or accumulated deficit.

This accounting change has been supported by the professional accounting staff of the Office of the Provincial Controller.

We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

AG Recommendation #5: IESO Market Accounts & Rate-Regulated Accounting

- The IESO management, IESO's Audit Committee, IESO's Board of Directors, IESO's external auditor and the Office of the Provincial Controller all support the use of rate-regulated accounting by IESO.
- In the development of OFHP, the government consulted with several third party advisors in the application of accounting standards. This is normal course of business governments take for complex transactions.

For QAs related to:	See:
Government decision to accept IESO market accounts & rate-regulated accounting	Treasury Board Secretariat

Q. Why did the IESO choose to adopt rate-regulated accounting?

The IESO made the decision to adopt rate-regulated accounting because it better reflects the economic substance of certain types of expenses that may not be directly recovered through the normal revenue requirement model.

The IESO, like Hydro One and Ontario Power Generation (OPG), is regulated by the Ontario Energy Board. The IESO adopted rate-regulated accounting for its year ended December 31, 2016. The impact on the financial statements of the Province is a decrease of $82 million in the 2016-17 opening accumulated deficit and an increase in the 2016-17 annual deficit by $24 million.

This accounting change was accepted by IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in IESO's annual report which was published online in March 2017.

AG Audit of 2017 Statements

- We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.
- The Ministry of Energy, the Ministry of Finance, and the Treasury Board Secretariat remain committed to assisting the Office of the Auditor General so that it can provide its independent views to the Legislative Assembly.

- With regards to the Auditor General's report on Ontario's Fair Hydro Plan (OFHP) – while the government does not agree with the assertions and conclusions expressed in the report, the government thanks the Office of the Auditor General for its report.
- While we expect professional accountants to agree on the vast majority of issues, we acknowledge that they may not agree on everything and when that occurs, and the difference is material to the financial statements, the Office of the Auditor General can choose to issue a qualified audit opinion.
- The Province will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

For QAs related to:	See:
Relationship with Auditor General	Treasury Board Secretariat

Q. How will IESO respond to the Auditor General's decision to audit the 2017 consolidated financial statements?

We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

The Ministry of Energy, the Ministry of Finance, and the Treasury Board Secretariat remain committed to assisting the Office of the Auditor General so that it can provide its independent views to the Legislative Assembly.

Q. The Auditor General says that the Independent Electricity System Operator's decision to adopt rate-regulated accounting was a deviation from Public Sector Accounting Standards, and cautioned against its use in her Independent Auditor's Report. Why this change was made and was it appropriate?

Canadian Public Sector Accounting Standards (PSAS) are effectively silent on this issue – they neither explicitly permit, nor prohibit, the recognition, measurement, presentation, or disclosure of rate-regulated activities.

In the absence of a clear position on an issue, standard accounting practice dictates that an entity should consult other accounting standards.

Paragraph 11 of the *Introduction to Public Sector Accounting Standards* ("Introduction") states: "When applying the CPA Canadian Public Sector Accounting (PSA) Handbook, where the standards are silent on an issue, public sector entities should apply Generally Accepted Accounting Principles (GAAP), Section PS 1150."

In this case, the Independent Electricity System Operator (IESO) consulted U.S. Generally Accepted Accounting Principles (GAAP), the appropriate accounting framework in North America that provides guidance on rate-regulated operations.

The IESO made the decision to adopt rate-regulated accounting because it better reflects the economic substance of certain types of expenses that may not be directly recovered through the normal revenue requirement model.

The IESO, like Hydro One and Ontario Power Generation (OPG), is regulated by the Ontario Energy Board (OEB). The IESO adopted rate-regulated accounting for its year ended December 31, 2016.
This accounting change was accepted by IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in IESO's annual report which was published online in March 2017.

It is worth noting that currently 8 out of 9 electricity system operators in North American markets employ accounting for rate-regulated assets, including IESO.

Q. The Auditor General says that the use of rate-regulated accounting is inappropriate for the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB) according to U.S. Generally Accepted Accounting Principles. How do you respond?

In commenting on the use of rate-regulated accounting and the role of the Ontario Energy Board (OEB), the Auditor General's report makes reference to a requirement under U.S. accounting standards in connection with the use of rate-regulated accounting that "there must an independent regulator." This reference is misleading as it does not provide the criteria in its entirety, which is as follows:

"The entity's rates for regulated services or products provided to its customers are established by or are subject to approval by an independent, third-party regulator ***or by its own governing board empowered by statute or contract to establish rates that bind customers"*** *[ASC 980-10-15-2].*

The U.S. accounting standard was developed specifically to not preclude the application of rate-regulated accounting by government utilities where the rate regulator would not necessarily be viewed as independent (FAS 71, par. 64).

In addition, the position that rate-regulated accounting is precluded because the OEB is not considered independent of the government of Ontario is contradictory to accepting the use of rate-regulated accounting by Ontario Power Generation (OPG) and Hydro One – both of which are regulated by the OEB and whose results, using rate-regulated accounting, are and have been included in the consolidated financial statements of the Province.

IESO Response:

Canadian Public Sector Accounting Standards (PSAS) are effectively silent on this issue – they neither explicitly permit, nor prohibit, the recognition, measurement, presentation, or disclosure of rate-regulated activities.

In the absence of a clear position on an issue, standard accounting practice dictates that an entity should consult other accounting standards.

In this case, the Independent Electricity System Operator (IESO) consulted U.S. Generally Accepted Accounting Principles (GAAP), the appropriate accounting framework in North America that provides guidance on rate-regulated operations.

ONTARIO'S FAIR HYDRO PLAN

Commented [HS(2]: Ministry of Energy to provide Q&As related to the policy rationale for OFHP

AG Recommendation #3: OFHP Accounting

- The province will continue to prepare its consolidated financial statements in accordance with Public Sector Accounting Standards (PSAS).
- The proposed accounting for the Ontario Fair Hydro Plan (OFHP) reflects the economic substance of the transaction by differentiating costs borne by taxpayers versus those borne by ratepayers.
- PSAS is silent on a key accounting issue regarding the OFHP – the standards neither explicitly permit, nor prohibit, the recognition, measurement, presentation, or disclosure of rate-regulated activities.
- In the absence of a clear position on an issue, standard accounting practice dictates that an entity should consult other accounting standards.
- The professional staff has appropriately applied this guidance in assessing the accounting for the Ontario Fair Hydro Plan.

For QAs related to:	**See:**
Decision to accept OFHP accounting	Treasury Board Secretariat

Q. Why did the government introduce the Ontario Fair Hydro Plan?

The government has been making important investments in a cleaner and more reliable electricity system, but these investments have led to higher bills. Since 2003, nearly $70 billion[1] has been invested in the electricity system, including more than $37[2] billion in electricity generation to ensure the system is clean and reliable.

Ontario's Fair Hydro Plan (OFHP) is delivering the single-largest reduction in electricity rates in the province's history. OFHP lowered electricity bills by 25 per cent on average

[1] Ministry of Energy, *2017 Long-Term Energy Plan*
[2] Ministry of Energy, *2017 Long-Term Energy Plan*

for residential consumers 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 a reduction.

In developing the policy to refinance the Global Adjustment (GA), the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure due diligence was completed.

GA refinancing is designed so that deferred costs are borne by the rate-base, as the beneficiaries of the electricity system, and not the tax-base.

OFHP operates under a financial and accounting framework that is appropriate for the intended purpose and in accordance with Public Sector Accounting Standards (PSAS) and ensures that the fairness goals underlying the program are achieved in a cost-effective manner.

Q. What is Global Adjustment (GA)?

Global Adjustment (GA) is a mechanism that recovers certain electricity system costs, such as capital costs incurred by generators. GA is calculated by the Independent Electricity System Operator (IESO) based on the difference between the market price for electricity, which represents the marginal cost of electricity production, and rates paid to regulated and contracted generators to ensure they can recover their fixed costs. It also recovers costs associated with running conservation programs in the province.

GA has been an important factor in providing stable prices while ensuring that sufficient generating capacity is in place to deliver a reliable supply of electricity.

GA pays for the bulk of the recent investments in the electricity system. The majority of the province's electricity generators operate under 20-year contracts. Third-party experts have confirmed that many of these generators will be able to continue to operate beyond the end of their contract. This means that generating assets are expected to have ongoing useful life and benefit future ratepayers by reducing the need to finance the development of new generating assets.

Refinancing the GA is providing significant and immediate rate relief by spreading the cost of electricity investments over the expected lifecycle of the infrastructure that has been built. This more fairly shares the cost of our investments across the generations of electricity ratepayers who will benefit from them.

Q. Who was involved in the policy and implementation process to meet the mandate?

Senior officials and staff from several departments and agencies, led by the Ministry of Energy, collaborated to plan a structure, identify risks, make decisions and take other actions to meet the mandate.

The senior officials and staff were from:
- Ministry of Energy;
- Ministry of Finance;
- Treasury Board Secretariat;
- Office of the Provincial Controller;
- Cabinet Office;
- Ontario Financing Authority (OFA);
- Independent Electricity System Operator (IESO); and
- Ontario Power Generation Inc. (OPG).

In development and implementation of Global Adjustment (GA) refinancing, the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure due diligence was completed.

Q. Has the Ministry of Energy's estimate for "peak debt" related to Ontario's Fair Hydro Plan (OFHP) changed? How much is the program expected to cost?

Ontario Power Generation (OPG) has begun the process of raising funds to finance the deferred costs, and while total borrowing costs will not be known until the program is complete, accumulated interest is projected to be considerably less than original estimates.

Current government estimates forecast that the peak debt over the thirty year life of OFHP will be approximately $20 billion[3]. The preliminary estimate from March 2017 was about $28 billion[4].

A number of variables, including interest rates, electricity demand and electricity costs, will vary over the thirty-year life of OFHP and cost estimates will continue to be revised to reflect these changing conditions.

If pressed on the details of the revised peak debt number:

Peak debt for OFHP has been revised down substantially from March 2017, from about $28 billion[5] to approximately $20 billion[6]. These estimates are consistent with 2017

[3] Ministry of Energy
[4] Ministry of Energy, submission to Financial Accountability Officer

Long-Term Energy Plan (LTEP) projections, include fees charged by OPG in its role as financial service manager (FSM) and assume a 5 per cent interest rate.

Q. Why is the government using Ontario Power Generation (OPG) as a borrowing agent for Ontario's Fair Hydro Plan? Would it be easier to use a traditional government borrowing agent like the Ontario Financing Authority (OFA)?

Ontario Power Generation (OPG) has the necessary financing and commercial expertise to assist with refinancing the Global Adjustment (GA).

OPG currently manages approximately $20 billion[7] in segregated nuclear funds to manage nuclear liabilities, and, is an electricity sector entity regulated by the Ontario Energy Board (OEB) with extensive experience with regulatory deferral and variance accounts.

OPG also has the breadth and demonstrated track record in the financial markets with its Corporate Debt platform, private placement of insurance linked bonds, participation in securitization programs and highly successful project debt issuances tied to new hydroelectric developments. These financing initiatives have been well received by investors at a reasonable cost to OPG. The innovative, cost saving and precedent setting aspects of these structures have resulted in international recognition.

OPG has developed solid investor relationships and has a large investor base in the structured finance space that would be the target market for financing Ontario's Fair Hydro Plan initiative. For example, Lower Mattagami project financing attracted a broad investor base of ~80 institutional investors[8], including major investors in the Canadian power and utility bonds market.

In terms of administration, OPG is currently managing its own Corporate public debt program and three project financing programs totalling more than $2 billion[9] and two commercial paper programs.

Finally, OPG's Treasury functions are well positioned given their management of existing multiple debt programs.

Q. The Auditor General and the Financial Accountability Office both suggest that the cost of borrowing will be more expensive than traditional government borrowing? Is this true?

[5] Ministry of Energy
[6] Ministry of Energy
[7] Ontario Financing Authority
[8] Ontario Power Generation
[9] Ontario Power Generation

In the development of Ontario's Fair Hydro Plan (OFHP), the government made the policy decision that deferred electricity system costs should be borne by the rate-base and not the tax-base.

Based on this policy decision, it was decided that the debt obligation would be recognized as a regulatory asset that would be sold and securitized. This design appropriately aligns the costs and benefits within the group of eligible consumers.

Ontario Power Generation (OPG) was identified as the Financial Services Manager responsible for the financing plans and the financing entity (i.e., Fair Hydro Plan Trust) that will manage the debt obligations. OPG has the necessary financing and commercial expertise to assist with refinancing the Global Adjustment (GA) and will ensure that it is done in an efficient and cost-effective manner.

OPG has a demonstrated track record in the financial markets with its Corporate Debt platform, private placement of insurance linked bonds, participation in securitization programs and highly successful project debt issuances tied to new hydroelectric developments. The innovative, cost saving and precedent setting aspects of these structures have resulted in international recognition.

With respect to the $4 billion[10] figure referenced by the Financial Accountability Office (FAO) in its May 2017 report, it should be noted that the FAO's report was based on initial Ministry of Energy estimates from March 2017. Subsequent analysis conducted by the Ministry of Energy refined a number of variables, including the cost of borrowing and electricity system cost forecasts.

Total borrowing estimates over the thirty year life of OFHP have been revised down substantially by the government since the FAO released its report in May 2017, and borrowing costs are now forecast to be substantially lower than original estimates. Current government estimates forecast that the peak debt over the thirty year life of OFHP will be approximately $20 billion[11]. The preliminary estimate from March 2017 was about $28 billion[12].

A number of variables, including interest rates, electricity demand and electricity costs, will vary over the thirty year life of OFHP and cost estimates will continue to be revised to reflect these changing conditions.

The government will continue to identify and implement initiatives to take costs out of the electricity system, which would reduce the cost of the GA refinancing program.

If pressed on the details of the revised peak debt number:

[10] Financial Accountability Officer, *An Assessment of the Fiscal Impact of the Province's Fair Hydro Plan*
[11] Ministry of Energy
[12] Ministry of Energy, submission to Financial Accountability Officer

Peak debt for OFHP has been revised down substantially from March 2017, from about $ 28 billion[13] to approximately $20 billion[14]. The higher March 2017 estimate was used by the FAO in its May 2017 report.

Updated estimates are consistent with 2017 Long-Term Energy Plan (LTEP) projections, include fees charged by OPG in its role as financial service manage (FSM) and assume a 5 per cent interest rate.

If pressed on interest costs:

The government estimates of total interest cost also decreased from $25 billion[15] to less than $19 billion[16].

Q. Some say you are unfairly placing the burden of debt on future generations through things like Ontario's Fair Hydro Plan, how do you respond?

Future generations will be paying their fair share for a system they will be benefiting from in their lifetime. Not only will they benefit from a reliable electricity system, but also from cleaner air resulting from the elimination of coal-fired generation.

Ontario's Fair Hydro Plan (OFHP) acts much like taking out a new mortgage – providing much-needed relief now by spreading costs across the life of our assets. Current ratepayers are paying less now, and future ratepayers will in turn help to pay for their fair share of the significant investments that we've made to build a clean and reliable electricity system. This more fairly shares the cost of our investments across the generations of electricity ratepayers who will benefit from them.

Moving forward, Ontario's 2017 Long-Term Energy Plan (2017 LTEP) focuses on continuing to put downward pressure on electricity bills over the long term. Our robust electricity supply puts us in a good position to improve efficiency, increase transparency and enhance opportunities for innovation and competition to further reduce system costs. That is why Ontario's Fair Hydro Plan includes a commitment to improving sector efficiency and modernizing Ontario's electricity market, building on the collaboration of the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB).

For example, IESO's Market Renewal initiative will result in a more efficient marketplace with competitive and transparent mechanisms that meet future system needs at the lowest cost. The initiative is expected to save up to $5.2 billion[17] over a 10-year period

[13] Ministry of Energy
[14] Ministry of Energy
[15] Ministry of Energy
[16] Ministry of Energy
[17] Independent Electricity System Operator, *Assessment of the Benefits of Market Renewal (Brattle Group)*

and forms a key component of Ontario's plan to ensure the affordability of electricity in the longer term.

Q. In the development of Ontario's Fair Hydro Plan, did the government set up the financing structure intentionally to keep it off government books?

No. GA refinancing is designed so that deferred costs are borne by the rate-base, as the beneficiaries of the electricity system, and not the tax-base.

GA refinancing operates under a financial and accounting framework that is appropriate for the intended purpose and in accordance with Public Sector Accounting Standards (PSAS) and ensures that the fairness goals underlying the program are achieved in a cost-effective manner.

AG Recommendation #6: "Legislated Accounting"

- The *Ontario Fair Hydro Plan Act, 2017* and its related regulations do not create accounting rules or legislate the accounting.
- It is important to distinguish legislating the accounting from legislating the right of the government to recover amounts from specified ratepayers in the future, which in the absence of legislation, would have been collected from specified ratepayers as the costs were incurred.
- The province, as always, will prepare its consolidated financial statements in accordance with PSAS, including the transactions resulting from Ontario's Fair Hydro Plan.

For QAs related to:	See:
Issue of OFHP "legislated" accounting	Treasury Board Secretariat

AG Recommendation #9: Arm's Length Trusts

Commented [HS(3]: CRED to provide Q&As with respect to the Affordability Fund

- A Trust structure was selected to implement the Affordability Fund in order to provide an effective solution to distributing funds to electricity distributors. With approximately 70 distributors across Ontario, it was not feasible for the Province to enter into agreements with each distributor.
- The Trust structure establishes an independent entity with expertise from the electricity distributor and community sectors.
- There are report-back requirements on the use of funds transferred as well as the ability for the government to conduct an audit to gain assurance that the funds have been used for the purposes intended.

- The government will continue to assess the most appropriate vehicle for meeting its policy objectives, which include appropriate oversight of how transfer payments are spent.

For QAs related to:	**See:**
Accounting for Trust	Treasury Board Secretariat

Records Disclosure/Process

Commented [HS(4]: LSB should review and fact check

- The Ministry conducted a search consistent with the 40 plus search terms provided by the Auditor General.
- The Ministry of Energy has selected McCarthys/Wortzmans to assist with processing and analysis of approximately 2.2 million records that resulted from the search of 81 custodians.
- The Ministry has been regularly providing the Auditor General batches of responsive documents.

For QAs related to:	**See:**
Records - TBS	Treasury Board Secretariat
Records - MOF	

Q. Why has the Ministry of Energy not provided all e-mails requested by the Auditor General?

As of October 13, 2017, the Ministry has provided 13,212 emails and attachments to the OAG's office.

Q. How much money did the Ministry spend on lawyers?

The Ministry does not intend to spend more than $60,000 on this request. Although the retainer agreement includes a cap of up to $500,000, as of September 21, 2017, only $41,775.75 has actually been spent.

Q. What was the Ministry of Energy's process for providing the emails requested by the Auditor General?

The Ministry conducted a search consistent with the 40 plus search terms provided to the AG. In order to manage the approximately 2.2 million records resulted from the search of 81 custodians, the Ministry of Energy has selected McCarthys/Wortzmans to assist with processing and analysis of the documents.

No legal advice on relevancy of documents was provided by Wortzmans. The Ministry has been regularly providing AG batches of responsive documents.

Commented [HA(5]: May be updated in tech briefing QA

Re-Design of Hydro Bills

Commented [HS(6]: SNAP to provide Q&As with respect to this section

- The objective of the bill redesign initiative is to make bills easier for customers to understand and ensure that they get the most useful information out of their bills.
- Comparisons of costs from previous billing periods ~~between redesigned and previous bills~~ will continue to be possible.
- Electricity bills are a customer's main window into the electricity system. Through the LTEP consultation process, the government heard that customers found their bills confusing and inaccessible.
- Hydro One has been a leader in consumer research on ways to improve the appearance and comprehension of its bill. Hydro One enlisted the services of a behavioural research firm and engaged with thousands of customers to develop a new bill design which has been observed to increase customer satisfaction and comprehension.
- Building on this research, the Ministry launched the Bill Redesign Action Plan with the aim of revising the regulatory framework on invoicing to improve the value of electricity bills for consumers. The Ministry has engaged with industry and consumers to better understand consumer concerns and preferences with respect to the bill to ensure that any proposed changes to the bill's design will meet consumer's needs.

Q. Isn't the problem the amount on people's bills, not the design?

The government recognizes that the much-needed investments in our electricity system have led to higher electricity prices. That's why the government developed Ontario's Fair Hydro Plan – to relieve the cost pressures caused by these system improvements.

Through the 2017 Long Term Energy Plan (LTEP) consultation process, the government heard that consumers find their current bills confusing and inaccessible, as part of LTEP 2017, the Ministry committed to work with the OEB, industry and consumers to explore opportunities to redesign electricity bills to make them easier for customers to understand.

Q. How can Ontarian's know redesigning bills isn't just a way to hide increases?

The objective of the bill redesign initiative is to make bills easier for customers to understand and ensure that they get the most useful information out of their bills. Comparisons of costs from previous billing periods will continue to be possible.

Q. What Is the overall cost of the bill redesign?

Each LDC will have different costs to implement a re-designed bill depending on current billing and customer information systems. Changes to billing systems are a part of an LDC's cost of doing business.

Q. Are all customers in Ontario getting redesigned bills, or just in some areas?

All LDCs will be required to comply with any new requirements implemented as part of a bill-redesign initiative. By March 31, 2018, all LDCs will come into compliance with the new requirement to provide customer-specific OFHP savings on invoices.

Q How do the new regulatory amendments to require that LDCs provide customer-specific savings associated with the Ontario Fair Hydro Plan on invoices fit in to the broader redesign action plan?

The requirement for dynamic messaging or customer-specific Fair Hydro savings on invoices is the first step in the broader bill re-design project. Providing customer specific savings promotes greater understanding of the associated bill impacts of Ontario's Fair Hydro Plan for consumers.

The new regulatory amendments were discussed with industry stakeholders as part of the bill redesign working group. Feedback from the working group was considered in the development of the regulation.

The Ministry of Energy is continuing to work with stakeholders to examine opportunities to redesign electricity bills to make them more understandable and to give consumers the information that they want on the bill.

PRE-ELECTION REPORT

AG Recommendation #10: Pre-Election Report on Ontario's Finances

For QAs related to:	**See:**
Pre-Election Report on Ontario's Finances	Treasury Board Secretariat Ministry of Finance

PROVINCE'S FISCAL SITUATION

Recommendation #7: Province's Debt Burden

For QAs related to:	See:
Ontario's Debt Burden	Ministry of Finance

Financial Accountability Office Reports

For QAs related to:	See:
FAO Reports	Ministry of Finance

Credit Ratings

For QAs related to:	See:
Credit Ratings	Ministry of Finance

PREPARATION OF PUBLIC ACCOUNTS

AG Recommendation # 4: External Advisors

For QAs related to:	See:
External Advisors	Treasury Board Secretariat

Q. Who was involved in the policy and implementation process to meet the mandate?

Senior officials and staff from several departments and agencies, led by the Ministry of Energy, collaborated to plan a structure, identify risks, make decisions and take other actions to meet the mandate.

The senior officials and staff were from:

- Ministry of Energy;
- Ministry of Finance;
- Treasury Board Secretariat;
- Office of the Provincial Controller;
- Cabinet Office;
- Ontario Financing Authority (OFA);
- Independent Electricity System Operator (IESO); and
- Ontario Power Generation Inc. (OPG).

In development and implementation of Global Adjustment (GA) refinancing, the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure due diligence was completed.

AG Recommendation #8: Timeline of Finalization of Financial Statements

For QAs related to:	See:
Finalization of Financial Statements	Treasury Board Secretariat Ministry of Finance

Audit Opinion

For QAs related to:	See:
Audit Opinions	Treasury Board Secretariat

RE_ SCOPA QAs_MOE_20180124 v1_SH(9).pdf

From:	Smith, Mike (ENERGY)
To:	Ridd, Carl (ENERGY)
Cc:	Yordi, Samer (ENERGY)
Subject:	RE: SCOPA QAs_MOE_20180124 v1_SH
Date:	January 29, 2018 9:39:51 AM

We will look this morning

From: Ridd, Carl (ENERGY)
Sent: January-29-18 9:36 AM
To: Smith, Mike (ENERGY)
Cc: Yordi, Samer (ENERGY)
Subject: RE: SCOPA QAs_MOE_20180124 v1_SH
Importance: High

Hi Mike,

Any chance we could expedite these for this morning? DMO is now calling them in ASAP today.

Thanks,

Carl

From: Ridd, Carl (ENERGY)
Sent: January-26-18 2:54 PM
To: Smith, Mike (ENERGY)
Cc: Yordi, Samer (ENERGY)
Subject: FW: SCOPA QAs_MOE_20180124 v1_SH

Hi Mike,

ESP have flagged the attached Standing Committee on Public Accounts (SCOPA) QA's for our input on bill redesign. I have attached the last QA's that I have on bill redesign from late November for your consideration on this request if they're still relevant.

Can we get this back by **3:00pm on Monday, Jan 29th?**

Thanks,

Carl

From: Cox, Hilary (ENERGY)
Sent: January-26-18 1:34 PM
To: Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc: Hendy, Adam (ENERGY)
Subject: Fw: SCOPA QAs_MOE_20180124 v1_SH

Hi All -

Further to Adam's email yesterday on Public Accounts, attached is a revised package of QAS. CRED, we'll need you to beef up the section on A-Fund. SNAP, we'll need some Qs and As on bill redesign.

Adam, we need additional QA on OPG's role. Can you take a stab at blocking these out?

These are needed back to Comms for Monday please.

HC

RE_ SCOPA QAs_MOE_20180124 v1_SH.pdf

From:	Kitchen, Matthew (ENERGY)
To:	Ridd, Carl (ENERGY); Hendy, Adam (ENERGY); Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Yordi, Samer (ENERGY)
Cc:	@ENERGY-COMM-Issues_and_MediaRelations; Perkins, Michael (ENERGY); Whytock, John (ENERGY); Lyon, Sam (ENERGY)
Subject:	RE: SCOPA QAs_MOE_20180124 v1_SH
Date:	January 29, 2018 3:21:24 PM
Attachments:	2018-01-29 SCOPA QAs_MOE_20180124 v2_CEEB_v2.docx

CRED's ADM approved tracked edits – pp 13-15. Please also note comment CRED4 on p 15.

Matt

Matthew Kitchen
416-325-7065

From: Ridd, Carl (ENERGY)
Sent: January-29-18 3:16 PM
To: Hendy, Adam (ENERGY); Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY)
Cc: @ENERGY-COMM-Issues_and_MediaRelations; Perkins, Michael (ENERGY); Whytock, John (ENERGY); Lyon, Sam (ENERGY)
Subject: RE: SCOPA QAs_MOE_20180124 v1_SH

SNAP ADM approved input/edits to the QA's as requested.

Thanks,

Carl

From: Hendy, Adam (ENERGY)
Sent: January-29-18 2:04 PM
To: Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc: @ENERGY-COMM-Issues_and_MediaRelations; Perkins, Michael (ENERGY); Whytock, John (ENERGY); Lyon, Sam (ENERGY)
Subject: RE: SCOPA QAs_MOE_20180124 v1_SH

Hi Again Everyone,

Just following up on these status of these. Still hoping we can get these fully approved and over to TBS today.

Thanks,
Adam

From: Hendy, Adam (ENERGY)
Sent: January-29-18 9:15 AM
To: Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc: @ENERGY-COMM-Issues_and_MediaRelations; Perkins, Michael (ENERGY); Whytock, John

(ENERGY); Lyon, Sam (ENERGY)
Subject: RE: SCOPA QAs_MOE_20180124 v1_SH
Importance: High

Hi Folks,

Just a friendly reminder that we will need these back as soon as possible today. We need to have these DMO/MO approved and in TBS' hands today in preparation for their coming meeting with the SoC.

Thanks,
Adam

From: Cox, Hilary (ENERGY)
Sent: January-26-18 1:34 PM
To: Edwards, Matthew (ENERGY); Kitchen, Matthew (ENERGY); Yordi, Samer (ENERGY); Ridd, Carl (ENERGY)
Cc: Hendy, Adam (ENERGY)
Subject: Fw: SCOPA QAs_MOE_20180124 v1_SH

Hi All -
Further to Adam's email yesterday on Public Accounts, attached is a revised package of QAS. CRED, we'll need you to beef up the section on A-Fund. SNAP, we'll need some Qs and As on bill redesign.

Adam, we need additional QA on OPG's role. Can you take a stab at blocking these out?

These are needed back to Comms for Monday please.

HC

2018-01-29 SCOPA QAs_MOE_20180124 v2_CEEB_v2.pdf

QUESTIONS & ANSWERS

Contents

PENSION ASSET ACCOUNTING

AG Recommendation #1: Pension Asset Accounting

For QAs related to:	See:
Pension Asset Accounting	Treasury Board Secretariat

Advisory Panel Compensation

For QAs related to:	See:
Pension Asset Accounting	Treasury Board Secretariat

IESO ACCOUNTING

Commented [HS(1]: IESO to review and fact check

Add additional Q/As as IESO thinks is necessary

AG Recommendation #2: IESO Market Accounts

- IESO's accounting changes are supported by the IESO's audit committee, board of directors, its independent external auditor, and by the Office of the Provincial Controller.
- The IESO prepares its financial statements in accordance with PSAS, and received an unqualified, or clean, audit opinion on its 2016 financial statements.
- The change to include market account assets and liabilities in the financial statements provides increased transparency with respect to the value of transactions that flow through Ontario's electricity market.
- The government supports the enhanced reporting and greater transparency for the economic activities of IESO resulting from the recognition of the market accounts.

For QAs related to:	See:
Government decision to accept IESO market accounts	Treasury Board Secretariat

Q. Why did the IESO choose to recognize market accounts?

The Independent Electricity System Operator (IESO) began recognizing its market accounts' assets (amounts due from power distributors) and liabilities (amounts due to power producers) in their financial results. The IESO has chosen to recognize these markets accounts on its books for transparency reasons, as it better reflects its net financial position on behalf of IESO-administered markets at year-end.

This accounting change was accepted by IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in the IESO's annual report which was published online in March 2017.

Further, this accounting is consistent with the presentation used previously by the Ontario Power Authority (which was merged with IESO on January 1, 2015) in its financial statements, which was not subject to qualification from the Office of the Auditor General at that time.

This change has no impact to the province's annual deficit, net debt or accumulated deficit.

This accounting change has been supported by the professional accounting staff of the Office of the Provincial Controller.

We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

AG Recommendation #5: IESO Market Accounts & Rate-Regulated Accounting

- The IESO management, IESO's Audit Committee, IESO's Board of Directors, IESO's external auditor and the Office of the Provincial Controller all support the use of rate-regulated accounting by IESO.
- In the development of OFHP, the government consulted with several third party advisors in the application of accounting standards. This is normal course of business governments take for complex transactions.

For QAs related to:	**See:**
Government decision to accept IESO market accounts & rate-regulated accounting	Treasury Board Secretariat

Q. Why did the IESO choose to adopt rate-regulated accounting?

The IESO made the decision to adopt rate-regulated accounting because it better reflects the economic substance of certain types of expenses that may not be directly recovered through the normal revenue requirement model.

The IESO, like Hydro One and Ontario Power Generation (OPG), is regulated by the Ontario Energy Board. The IESO adopted rate-regulated accounting for its year ended December 31, 2016. The impact on the financial statements of the Province is a decrease of $82 million in the 2016-17 opening accumulated deficit and an increase in the 2016-17 annual deficit by $24 million.

This accounting change was accepted by IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in IESO's annual report which was published online in March 2017.

AG Audit of 2017 Statements

- We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.
- The Ministry of Energy, the Ministry of Finance, and the Treasury Board Secretariat remain committed to assisting the Office of the Auditor General so that it can provide its independent views to the Legislative Assembly.

- With regards to the Auditor General's report on Ontario's Fair Hydro Plan (OFHP) – while the government does not agree with the assertions and conclusions expressed in the report, the government thanks the Office of the Auditor General for its report.
- While we expect professional accountants to agree on the vast majority of issues, we acknowledge that they may not agree on everything and when that occurs, and the difference is material to the financial statements, the Office of the Auditor General can choose to issue a qualified audit opinion.
- The Province will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

For QAs related to:	**See:**
Relationship with Auditor General	Treasury Board Secretariat

Q. How will IESO respond to the Auditor General's decision to audit the 2017 consolidated financial statements?

We will continue to work with the Auditor General to build on the government's track record of responsible fiscal management and high quality financial reporting.

The Ministry of Energy, the Ministry of Finance, and the Treasury Board Secretariat remain committed to assisting the Office of the Auditor General so that it can provide its independent views to the Legislative Assembly.

Q. The Auditor General says that the Independent Electricity System Operator's decision to adopt rate-regulated accounting was a deviation from Public Sector Accounting Standards, and cautioned against its use in her Independent Auditor's Report. Why this change was made and was it appropriate?

Canadian Public Sector Accounting Standards (PSAS) are effectively silent on this issue – they neither explicitly permit, nor prohibit, the recognition, measurement, presentation, or disclosure of rate-regulated activities.

In the absence of a clear position on an issue, standard accounting practice dictates that an entity should consult other accounting standards.

Paragraph 11 of the *Introduction to Public Sector Accounting Standards* ("Introduction") states: "When applying the CPA Canadian Public Sector Accounting (PSA) Handbook, where the standards are silent on an issue, public sector entities should apply Generally Accepted Accounting Principles (GAAP), Section PS 1150."

In this case, the Independent Electricity System Operator (IESO) consulted U.S. Generally Accepted Accounting Principles (GAAP), the appropriate accounting framework in North America that provides guidance on rate-regulated operations.

The IESO made the decision to adopt rate-regulated accounting because it better reflects the economic substance of certain types of expenses that may not be directly recovered through the normal revenue requirement model.

The IESO, like Hydro One and Ontario Power Generation (OPG), is regulated by the Ontario Energy Board (OEB). The IESO adopted rate-regulated accounting for its year ended December 31, 2016.
This accounting change was accepted by IESO's independent external auditor, which issued an unqualified, or "clean," audit opinion. These accounting changes were highlighted in IESO's annual report which was published online in March 2017.

It is worth noting that currently 8 out of 9 electricity system operators in North American markets employ accounting for rate-regulated assets, including IESO.

Q. The Auditor General says that the use of rate-regulated accounting is inappropriate for the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB) according to U.S. Generally Accepted Accounting Principles. How do you respond?

In commenting on the use of rate-regulated accounting and the role of the Ontario Energy Board (OEB), the Auditor General's report makes reference to a requirement under U.S. accounting standards in connection with the use of rate-regulated accounting that "there must an independent regulator." This reference is misleading as it does not provide the criteria in its entirety, which is as follows:

"The entity's rates for regulated services or products provided to its customers are established by or are subject to approval by an independent, third-party regulator ***or by its own governing board empowered by statute or contract to establish rates that bind customers"*** *[ASC 980-10-15-2].*

The U.S. accounting standard was developed specifically to not preclude the application of rate-regulated accounting by government utilities where the rate regulator would not necessarily be viewed as independent (FAS 71, par. 64).

In addition, the position that rate-regulated accounting is precluded because the OEB is not considered independent of the government of Ontario is contradictory to accepting the use of rate-regulated accounting by Ontario Power Generation (OPG) and Hydro One – both of which are regulated by the OEB and whose results, using rate-regulated accounting, are and have been included in the consolidated financial statements of the Province.

IESO Response:

Canadian Public Sector Accounting Standards (PSAS) are effectively silent on this issue – they neither explicitly permit, nor prohibit, the recognition, measurement, presentation, or disclosure of rate-regulated activities.

In the absence of a clear position on an issue, standard accounting practice dictates that an entity should consult other accounting standards.

In this case, the Independent Electricity System Operator (IESO) consulted U.S. Generally Accepted Accounting Principles (GAAP), the appropriate accounting framework in North America that provides guidance on rate-regulated operations.

ONTARIO'S FAIR HYDRO PLAN

Commented [HS(2]: Ministry of Energy to provide Q&As related to the policy rationale for OFHP

AG Recommendation #3: OFHP Accounting

- The province will continue to prepare its consolidated financial statements in accordance with Public Sector Accounting Standards (PSAS).
- The proposed accounting for the Ontario Fair Hydro Plan (OFHP) reflects the economic substance of the transaction by differentiating costs borne by taxpayers versus those borne by ratepayers.
- PSAS is silent on a key accounting issue regarding the OFHP – the standards neither explicitly permit, nor prohibit, the recognition, measurement, presentation, or disclosure of rate-regulated activities.
- In the absence of a clear position on an issue, standard accounting practice dictates that an entity should consult other accounting standards.
- The professional staff has appropriately applied this guidance in assessing the accounting for the Ontario Fair Hydro Plan.

For QAs related to:	See:
Decision to accept OFHP accounting	Treasury Board Secretariat

Q. Why did the government introduce the Ontario Fair Hydro Plan?

The government has been making important investments in a cleaner and more reliable electricity system, but these investments have led to higher bills. Since 2003, nearly $70 billion[1] has been invested in the electricity system, including more than $37[2] billion in electricity generation to ensure the system is clean and reliable.

Ontario's Fair Hydro Plan (OFHP) is delivering the single-largest reduction in electricity rates in the province's history. OFHP lowered electricity bills by 25 per cent on average

[1] Ministry of Energy, *2017 Long-Term Energy Plan*
[2] Ministry of Energy, *2017 Long-Term Energy Plan*

for residential consumers 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 a reduction.

In developing the policy to refinance the Global Adjustment (GA), the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure due diligence was completed.

GA refinancing is designed so that deferred costs are borne by the rate-base, as the beneficiaries of the electricity system, and not the tax-base.

OFHP operates under a financial and accounting framework that is appropriate for the intended purpose and in accordance with Public Sector Accounting Standards (PSAS) and ensures that the fairness goals underlying the program are achieved in a cost-effective manner.

Q. What is Global Adjustment (GA)?

Global Adjustment (GA) is a mechanism that recovers certain electricity system costs, such as capital costs incurred by generators. GA is calculated by the Independent Electricity System Operator (IESO) based on the difference between the market price for electricity, which represents the marginal cost of electricity production, and rates paid to regulated and contracted generators to ensure they can recover their fixed costs. It also recovers costs associated with running conservation programs in the province.

GA has been an important factor in providing stable prices while ensuring that sufficient generating capacity is in place to deliver a reliable supply of electricity.

GA pays for the bulk of the recent investments in the electricity system. The majority of the province's electricity generators operate under 20-year contracts. Third-party experts have confirmed that many of these generators will be able to continue to operate beyond the end of their contract. This means that generating assets are expected to have ongoing useful life and benefit future ratepayers by reducing the need to finance the development of new generating assets.

Refinancing the GA is providing significant and immediate rate relief by spreading the cost of electricity investments over the expected lifecycle of the infrastructure that has been built. This more fairly shares the cost of our investments across the generations of electricity ratepayers who will benefit from them.

Q. Who was involved in the policy and implementation process to meet the mandate?

Senior officials and staff from several departments and agencies, led by the Ministry of Energy, collaborated to plan a structure, identify risks, make decisions and take other actions to meet the mandate.

The senior officials and staff were from:
- Ministry of Energy;
- Ministry of Finance;
- Treasury Board Secretariat;
- Office of the Provincial Controller;
- Cabinet Office;
- Ontario Financing Authority (OFA);
- Independent Electricity System Operator (IESO); and
- Ontario Power Generation Inc. (OPG).

In development and implementation of Global Adjustment (GA) refinancing, the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure due diligence was completed.

Q. Has the Ministry of Energy's estimate for "peak debt" related to Ontario's Fair Hydro Plan (OFHP) changed? How much is the program expected to cost?

Ontario Power Generation (OPG) has begun the process of raising funds to finance the deferred costs, and while total borrowing costs will not be known until the program is complete, accumulated interest is projected to be considerably less than original estimates.

Current government estimates forecast that the peak debt over the thirty year life of OFHP will be approximately $20 billion[3]. The preliminary estimate from March 2017 was about $28 billion[4].

A number of variables, including interest rates, electricity demand and electricity costs, will vary over the thirty-year life of OFHP and cost estimates will continue to be revised to reflect these changing conditions.

If pressed on the details of the revised peak debt number:

Peak debt for OFHP has been revised down substantially from March 2017, from about $28 billion[5] to approximately $20 billion[6]. These estimates are consistent with 2017

[3] Ministry of Energy
[4] Ministry of Energy, submission to Financial Accountability Officer

Long-Term Energy Plan (LTEP) projections, include fees charged by OPG in its role as financial service manager (FSM) and assume a 5 per cent interest rate.

Q. Why is the government using Ontario Power Generation (OPG) as a borrowing agent for Ontario's Fair Hydro Plan? Would it be easier to use a traditional government borrowing agent like the Ontario Financing Authority (OFA)?

Ontario Power Generation (OPG) has the necessary financing and commercial expertise to assist with refinancing the Global Adjustment (GA).

OPG currently manages approximately $20 billion[7] in segregated nuclear funds to manage nuclear liabilities, and, is an electricity sector entity regulated by the Ontario Energy Board (OEB) with extensive experience with regulatory deferral and variance accounts.

OPG also has the breadth and demonstrated track record in the financial markets with its Corporate Debt platform, private placement of insurance linked bonds, participation in securitization programs and highly successful project debt issuances tied to new hydroelectric developments. These financing initiatives have been well received by investors at a reasonable cost to OPG. The innovative, cost saving and precedent setting aspects of these structures have resulted in international recognition.

OPG has developed solid investor relationships and has a large investor base in the structured finance space that would be the target market for financing Ontario's Fair Hydro Plan initiative. For example, Lower Mattagami project financing attracted a broad investor base of ~80 institutional investors[8], including major investors in the Canadian power and utility bonds market.

In terms of administration, OPG is currently managing its own Corporate public debt program and three project financing programs totalling more than $2 billion[9] and two commercial paper programs.

Finally, OPG's Treasury functions are well positioned given their management of existing multiple debt programs.

Q. The Auditor General and the Financial Accountability Office both suggest that the cost of borrowing will be more expensive than traditional government borrowing? Is this true?

[5] Ministry of Energy
[6] Ministry of Energy
[7] Ontario Financing Authority
[8] Ontario Power Generation
[9] Ontario Power Generation

In the development of Ontario's Fair Hydro Plan (OFHP), the government made the policy decision that deferred electricity system costs should be borne by the rate-base and not the tax-base.

Based on this policy decision, it was decided that the debt obligation would be recognized as a regulatory asset that would be sold and securitized. This design appropriately aligns the costs and benefits within the group of eligible consumers.

Ontario Power Generation (OPG) was identified as the Financial Services Manager responsible for the financing plans and the financing entity (i.e., Fair Hydro Plan Trust) that will manage the debt obligations. OPG has the necessary financing and commercial expertise to assist with refinancing the Global Adjustment (GA) and will ensure that it is done in an efficient and cost-effective manner.

OPG has a demonstrated track record in the financial markets with its Corporate Debt platform, private placement of insurance linked bonds, participation in securitization programs and highly successful project debt issuances tied to new hydroelectric developments. The innovative, cost saving and precedent setting aspects of these structures have resulted in international recognition.

With respect to the $4 billion[10] figure referenced by the Financial Accountability Office (FAO) in its May 2017 report, it should be noted that the FAO's report was based on initial Ministry of Energy estimates from March 2017. Subsequent analysis conducted by the Ministry of Energy refined a number of variables, including the cost of borrowing and electricity system cost forecasts.

Total borrowing estimates over the thirty year life of OFHP have been revised down substantially by the government since the FAO released its report in May 2017, and borrowing costs are now forecast to be substantially lower than original estimates. Current government estimates forecast that the peak debt over the thirty year life of OFHP will be approximately $20 billion[11]. The preliminary estimate from March 2017 was about $28 billion[12].

A number of variables, including interest rates, electricity demand and electricity costs, will vary over the thirty year life of OFHP and cost estimates will continue to be revised to reflect these changing conditions.

The government will continue to identify and implement initiatives to take costs out of the electricity system, which would reduce the cost of the GA refinancing program.

If pressed on the details of the revised peak debt number:

[10] Financial Accountability Officer, *An Assessment of the Fiscal Impact of the Province's Fair Hydro Plan*
[11] Ministry of Energy
[12] Ministry of Energy, submission to Financial Accountability Officer

Peak debt for OFHP has been revised down substantially from March 2017, from about $ 28 billion[13] to approximately $20 billion[14]. The higher March 2017 estimate was used by the FAO in its May 2017 report.

Updated estimates are consistent with 2017 Long-Term Energy Plan (LTEP) projections, include fees charged by OPG in its role as financial service manage (FSM) and assume a 5 per cent interest rate.

If pressed on interest costs:

The government estimates of total interest cost also decreased from $25 billion[15] to less than $19 billion[16].

Q. Some say you are unfairly placing the burden of debt on future generations through things like Ontario's Fair Hydro Plan, how do you respond?

Future generations will be paying their fair share for a system they will be benefiting from in their lifetime. Not only will they benefit from a reliable electricity system, but also from cleaner air resulting from the elimination of coal-fired generation.

Ontario's Fair Hydro Plan (OFHP) acts much like taking out a new mortgage – providing much-needed relief now by spreading costs across the life of our assets. Current ratepayers are paying less now, and future ratepayers will in turn help to pay for their fair share of the significant investments that we've made to build a clean and reliable electricity system. This more fairly shares the cost of our investments across the generations of electricity ratepayers who will benefit from them.

Moving forward, Ontario's 2017 Long-Term Energy Plan (2017 LTEP) focuses on continuing to put downward pressure on electricity bills over the long term. Our robust electricity supply puts us in a good position to improve efficiency, increase transparency and enhance opportunities for innovation and competition to further reduce system costs. That is why Ontario's Fair Hydro Plan includes a commitment to improving sector efficiency and modernizing Ontario's electricity market, building on the collaboration of the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB).

For example, IESO's Market Renewal initiative will result in a more efficient marketplace with competitive and transparent mechanisms that meet future system needs at the lowest cost. The initiative is expected to save up to $5.2 billion[17] over a 10-year period

[13] Ministry of Energy
[14] Ministry of Energy
[15] Ministry of Energy
[16] Ministry of Energy
[17] Independent Electricity System Operator, *Assessment of the Benefits of Market Renewal (Brattle Group)*

and forms a key component of Ontario's plan to ensure the affordability of electricity in the longer term.

Q. In the development of Ontario's Fair Hydro Plan, did the government set up the financing structure intentionally to keep it off government books?

No. GA refinancing is designed so that deferred costs are borne by the rate-base, as the beneficiaries of the electricity system, and not the tax-base.

GA refinancing operates under a financial and accounting framework that is appropriate for the intended purpose and in accordance with Public Sector Accounting Standards (PSAS) and ensures that the fairness goals underlying the program are achieved in a cost-effective manner.

AG Recommendation #6: "Legislated Accounting"

- The *Ontario Fair Hydro Plan Act, 2017* and its related regulations do not create accounting rules or legislate the accounting.
- It is important to distinguish legislating the accounting from legislating the right of the government to recover amounts from specified ratepayers in the future, which in the absence of legislation, would have been collected from specified ratepayers as the costs were incurred.
- The province, as always, will prepare its consolidated financial statements in accordance with PSAS, including the transactions resulting from Ontario's Fair Hydro Plan.

For QAs related to:	**See:**
Issue of OFHP "legislated" accounting	Treasury Board Secretariat

AG Recommendation #9: Arm's Length Trusts

Commented [HS(3]: CRED to provide Q&As with respect to the Affordability Fund

- A Trust structure was selected to implement the Affordability Fund in order to provide an effective solution to distributing funds to electricity distributors. With approximately ~~70~~ 65 distributors across Ontario, it was not feasible for the Province to enter into agreements with each distributor.
- The Trust structure establishes an independent entity with expertise from the electricity distributor and community sectors.
- There are report-back requirements on the use of funds transferred as well as the ability for the government to conduct an audit to gain assurance that the funds have been used for the purposes intended.

- The government will continue to assess the most appropriate vehicle for meeting its policy objectives, which include appropriate oversight of how transfer payments are spent.

For QAs related to:	See:
Accounting for Trust	Treasury Board Secretariat

Q. Why is there a need for an Affordability Fund?

From 2015 to early 2017, electricity distributors and other stakeholders indicated to the government that there was an immediate need to help customers struggling with their electricity bills, such as those in bill arrears and facing service disconnection.

Electricity distributors reported to the Ontario Energy Board that around 56,500 customers were disconnected in 2015 and over 58,000 customers were disconnected in 2016. Electricity distributors also reported about 400,000 residential electricity accounts in arrears in 2016.

In January 2017, Hydro One submitted to the Ministry a report, "Addressing Affordability" which outlined a number of recommendations on electricity rate mitigation, including a recommendation to establish an Affordability Fund to assist struggling customers who do not qualify for low-income conservation programs.

Q. Who is eligible to benefit through the Affordability Fund and what measures will the average household receive?

The Affordability Fund was established to provide energy efficiency measures to help those Ontarians not eligible for the Save on Energy Home Assistance Program, and who need support to improve the energy efficiency of their homes.

There are three levels of support available. The level each home qualifies for depends on net household income and average electricity bill. Measures offered may vary by participating electricity distributors.

- Level 1: households receive a Home Energy Kit with energy-saving products they can install themselves (e.g. LEDs, power bars, hot water pipe insulation).
- Level 2: Households may receive an in-home visit from a professional Home Energy Advisor, a Home Energy Plan and upgrades that may include ENERGY STAR appliances (e.g. efficient air conditioners, refrigerators, and dehumidifiers).
- Level 3: For electrically-heated homes only, households that qualify for this level may receive an in-home visit from a professional Home Energy Advisor, a Home Energy Plan and upgrades that may include insulation and/or an ENERGYSTAR heat pump.

Q. How many households are expected to benefit from the Affordability Fund?

The number of households that the $100 million investment in the Affordability Fund will support will depend on the types of measures installed per household. Customers may be eligible to receive varying levels of support based on their total household income and average electricity bill.

As of January 12, 2018, 2,522 applications had been received by the Affordability Fund Trust, of which 1,794 have been delivered to 47 active LDCs. Eligible customers are expected to start receiving benefits through the Affordability Fund in early 2018.

Commented [CRED4]: Numbers are not static and should be updated (closer to Public Accounts) as they become available.

Records Disclosure/Process

Commented [HS(5]: LSB should review and fact check

- The Ministry conducted a search consistent with the 40 plus search terms provided by the Auditor General.
- The Ministry of Energy has selected McCarthys/Wortzmans to assist with processing and analysis of approximately 2.2 million records that resulted from the search of 81 custodians.
- The Ministry has been regularly providing the Auditor General batches of responsive documents.

For QAs related to:	See:
Records - TBS	Treasury Board Secretariat
Records - MOF	

Q. Why has the Ministry of Energy not provided all e-mails requested by the Auditor General?

As of October 13, 2017, the Ministry has provided 13,212 emails and attachments to the OAG's office.

Q. How much money did the Ministry spend on lawyers?

The Ministry does not intend to spend more than $60,000 on this request. Although the retainer agreement includes a cap of up to $500,000, as of September 21, 2017, only $41,775.75 has actually been spent.

Q. What was the Ministry of Energy's process for providing the emails requested by the Auditor General?

The Ministry conducted a search consistent with the 40 plus search terms provided to the AG. In order to manage the approximately 2.2 million records resulted from the search of 81 custodians, the Ministry of Energy has selected McCarthys/Wortzmans to assist with processing and analysis of the documents.

No legal advice on relevancy of documents was provided by Wortzmans. The Ministry has been regularly providing AG batches of responsive documents.

Commented [HA(6]: May be updated in tech briefing QA

Re-Design of Hydro Bills

Commented [HS(7]: SNAP to provide Q&As with respect to this section

- The objective of the bill redesign initiative is to make bills easier for customers to understand and ensure that they get the most useful information out of their bills.
- Comparisons between redesigned and previous bills will continue to be possible.
- Electricity bills are a customer's main window into the electricity system. Through the LTEP consultation process, the government heard that customers found their bills confusing and inaccessible.
- Hydro One has been a leader in consumer research on ways to improve the appearance and comprehension of its bill. Hydro One enlisted the services of a behavioural research firm and engaged with thousands of customers to develop a new bill design which has been observed to increase customer satisfaction and comprehension.
- Building on this research, the Ministry launched the Bill Redesign Action Plan with the aim of revising the regulatory framework on invoicing to improve the value of electricity bills for consumers. The Ministry has engaged with industry and consumers to better understand consumer concerns and preferences with respect to the bill to ensure that any proposed changes to the bill's design will meet consumer's needs.

PRE-ELECTION REPORT

AG Recommendation #10: Pre-Election Report on Ontario's Finances

For QAs related to:	See:
Pre-Election Report on Ontario's Finances	Treasury Board Secretariat Ministry of Finance

PROVINCE'S FISCAL SITUATION

Recommendation #7: Province's Debt Burden

For QAs related to:	**See:**
Ontario's Debt Burden	Ministry of Finance

Financial Accountability Office Reports

For QAs related to:	**See:**
FAO Reports	Ministry of Finance

Credit Ratings

For QAs related to:	**See:**
Credit Ratings	Ministry of Finance

PREPARATION OF PUBLIC ACCOUNTS

AG Recommendation # 4: External Advisors

For QAs related to:	See:
External Advisors	Treasury Board Secretariat

Q. Who was involved in the policy and implementation process to meet the mandate?

Senior officials and staff from several departments and agencies, led by the Ministry of Energy, collaborated to plan a structure, identify risks, make decisions and take other actions to meet the mandate.

The senior officials and staff were from:
- Ministry of Energy;
- Ministry of Finance;
- Treasury Board Secretariat;
- Office of the Provincial Controller;
- Cabinet Office;
- Ontario Financing Authority (OFA);
- Independent Electricity System Operator (IESO); and
- Ontario Power Generation Inc. (OPG).

In development and implementation of Global Adjustment (GA) refinancing, the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure due diligence was completed.

AG Recommendation #8: Timeline of Finalization of Financial Statements

For QAs related to:	See:
Finalization of Financial Statements	Treasury Board Secretariat Ministry of Finance

Audit Opinion

For QAs related to:	See:
Audit Opinions	Treasury Board Secretariat

RE_ debrief(1).pdf

From:	Mallen, Jane (MAG)
To:	Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject:	RE: debrief
Date:	April 27, 2017 10:46:16 AM

Thanks for the update.

Is there a sense of whether the Auditor General might say/do something at this pre-introduction stage?

Jane

From: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Sent: April-27-17 9:52 AM
To: Mallen, Jane (MAG)
Subject: debrief

Hi Jane – a quick report back from yesterday's meeting. There was extensive discussion of the guarantee that the Province will be required to provide to back stop any change law, a determination that the legislation is ultra vires and any "market disruption" (any inability to refinance short term debt with longer term debt because of, for example, a global financial crisis). There was also a discussion about feedback from the Auditor General – generally confirming what everyone expected. Finally, we walked through the legislation at a fairly high level. Blakes did most of the talking. The SoC is concerned about the Eurig risk and wondered how anyone could challenge the legislation. We talked about the flexibility built into the legislation and how that assists with the Eurig risk in the short term, and also how funding from the tax base could be used to top up discounts to rate payers when we get to the point that debt can't be pushed out in time to future rate payers. Generally, I think it went ok. It was a frank discussion. Eyes are wide open.

Carolyn Calwell
Legal Director
MAG Civil Law Division
Ministries of Energy / Economic Development & Growth /
Research, Innovation & Science / Infrastructure / Accessibility
416-212-8392

RE_ debrief.pdf

From: Calwell, Carolyn (ENERGY/MEDEI/MRI)
To: Mallen, Jane (MAG)
Subject: RE: debrief
Date: April 27, 2017 11:22:00 AM

I didn't get the sense that anything would happen pre-introduction.

From: Mallen, Jane (MAG)
Sent: April-27-17 10:46 AM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: RE: debrief

Thanks for the update.

Is there a sense of whether the Auditor General might say/do something at this pre-introduction stage?

Jane

From: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Sent: April-27-17 9:52 AM
To: Mallen, Jane (MAG)
Subject: debrief

Hi Jane – a quick report back from yesterday's meeting. There was extensive discussion of the guarantee that the Province will be required to provide to back stop any change law, a determination that the legislation is ultra vires and any "market disruption" (any inability to refinance short term debt with longer term debt because of, for example, a global financial crisis). There was also a discussion about feedback from the Auditor General – generally confirming what everyone expected. Finally, we walked through the legislation at a fairly high level. Blakes did most of the talking. The SoC is concerned about the Eurig risk and wondered how anyone could challenge the legislation. We talked about the flexibility built into the legislation and how that assists with the Eurig risk in the short term, and also how funding from the tax base could be used to top up discounts to rate payers when we get to the point that debt can't be pushed out in time to future rate payers. Generally, I think it went ok. It was a frank discussion. Eyes are wide open.

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416-212-8392

the message and all attachments. Thank you.

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__7.pdf

WEEKLY RATE MITIGATION IMPLEMENTATION GROUP
December 7, 2017

<u>Agenda</u>

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

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

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

Notes:

2017 OFHP Matrix and Outstanding Business Iss_20.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): o December – OPG initial purchase of IESO regulatory asset utilizing warehouse facility o 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 *Electricity Act, 1998* (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	Recent Action Items • 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	Recent Action Items • 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 and 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	Recent Action Items • 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)	Recent Action Items • 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	Recent Action Items • Ongoing Ministry work re bill presentment	• 2017-2018 – Bill redesign
6) Expanding ICI (ESP/COMs)		
• ENERGY, LSB, IESO and LDCs	Recent Action Items • 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	Recent Actions Items • 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__8.pdf

WEEKLY RATE MITIGATION IMPLEMENTATION GROUP
December 7, 2017

<u>Agenda</u>

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

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

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

Notes:

2017 OFHP Matrix and Outstanding Business Iss_21.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): o December – OPG initial purchase of IESO regulatory asset utilizing warehouse facility o 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 *Electricity Act, 1998* (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	Recent Action Items • 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	Recent Action Items • 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 and 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	Recent Action Items • 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)	Recent Action Items • 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	Recent Action Items • Ongoing Ministry work re bill presentment	• 2017-2018 – Bill redesign
6) Expanding ICI (ESP/COMs)		
• ENERGY, LSB, IESO and LDCs	Recent Action Items • 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	Recent Actions Items • Work with agencies ongoing	• Continue this work as part of 2017 LTEP implementation

Rate Mitigation Implementation Meeting - Novemb...(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: 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 Implmentation Group_ Nov 22.docx
Technical Briefing Fair Hydro Plan OPG Financing Plan Nov 22.pptx

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Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

2017 OFHP Matrix and Outstanding Business Iss_22.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 *Electricity Act, 1998* (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	Recent Action Items • 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)	Recent Action Items • 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	Recent Action Items • Ongoing Ministry work re bill presentment	• 2017-2018 – Bill redesign
6) Expanding ICI (ESP/COMs)		
• ENERGY, LSB, IESO and LDCs	Recent Action Items • 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) Considerations • 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) Considerations • IESO's stakeholder engagement re Market Renewal is ongoing	• Continue this work as part of 2017 LTEP implementation

Agenda_Weekly Rate Mitig Implmentation Group__9.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]

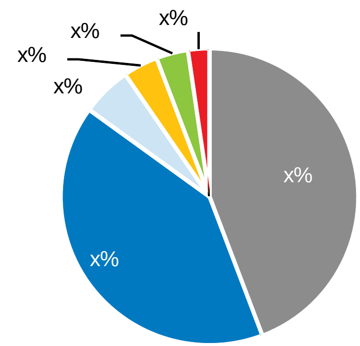
Debt Offering Summary

TERMS SUMMARY

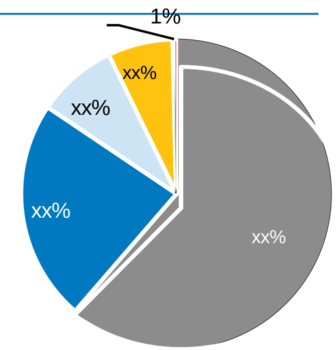
Issuer	Fair Hydro Trust .
Pricing Date	xx-Dec 17
Settlement Date	xx-Dec-17
Ratings (DBRS/Moodys)	xxx
Amount	$xxx million
Coupon	x.xx%
Coupon Dates	xxx and xxx
Maturity Date	x-xxx-xx
Spread vs. Benchmark	+xx bps (credit: +xx bps, curve: +xx bps)
GoC Curve	GoC x.xx% due xx, xxxx GoC x.xx% due xx, xxxx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

1. Co-Lead Agent & Bookrunner.

INVESTOR LOCATION



INVESTOR TYPE



Fund Manager

Pension Fund

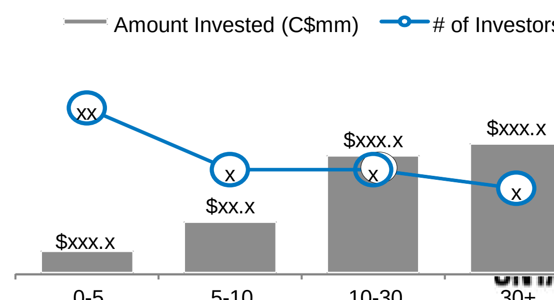
Hedge Fund

Insurance Co.

Bank

Retail

ALLOCATION HISTOGRAM[1]



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 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 Implmentation 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_23.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 *Electricity Act, 1998* (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	Recent Action Items • 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	Recent Action Items • 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	Recent Action Items • 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)	Recent Action Items • 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	Recent Action Items • Ongoing Ministry work re bill presentment	• 2017-2018 – Bill redesign
6) Expanding ICI (ESP/COMs)		
• ENERGY, LSB, IESO and LDCs	Recent Action Items • 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) Considerations • 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) Considerations • IESO's stakeholder engagement re Market Renewal is ongoing	• Continue this work as part of 2017 LTEP implementation

Agenda_Weekly Rate Mitig Implmentation Group__10.pdf

WEEKLY RATE MITIGATION IMPLEMENTATION GROUP
November 23, 2017

Agenda

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

2) Technical Briefing (All)

3) Other OFHP Initiatives
    - RRRP, OESP and FN (SNAP)
    - 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]

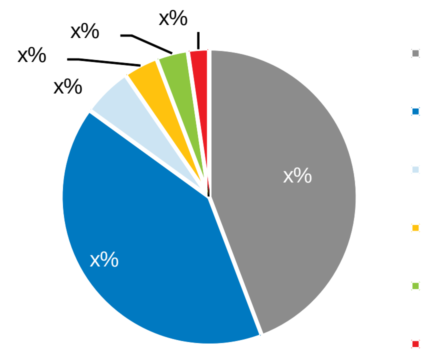
Debt Offering Summary

TERMS SUMMARY

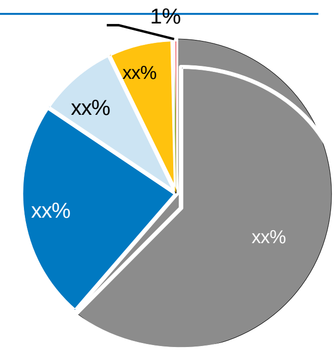
Issuer	Fair Hydro Trust .
Pricing Date	xx-Dec 17
Settlement Date	xx-Dec-17
Ratings (DBRS/Moodys)	xxx
Amount	$xxx million
Coupon	x.xx%
Coupon Dates	xxx and xxx
Maturity Date	x-xxx-xx
Spread vs. Benchmark	+xx bps (credit: +xx bps, curve: +xx bps)
GoC Curve	GoC x.xx% due xx, xxxx GoC x.xx% due xx, xxxx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

1. Co-Lead Agent & Bookrunner.

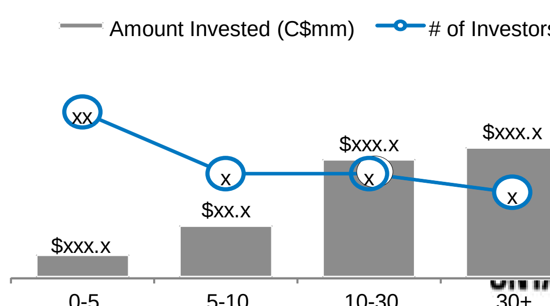
INVESTOR LOCATION



INVESTOR TYPE



ALLOCATION HISTOGRAM[1]



ONTARIO POWER GENERATION

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_ For Approval_ OFHP Matrix_business issues l...(1).pdf

From:	Calwell, Carolyn (ENERGY)
To:	Yordi, Samer (ENERGY)
Subject:	Re: For Approval: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting
Date:	January 10, 2018 5:36:43 PM

Thanks Samer. This is good to go.

From: Samer.Yordi@ontario.ca
Sent: January 10, 2018 4:07 PM
To: Carolyn.Calwell@ontario.ca
Subject: For Approval: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Hi Carolyn,

Please find attached the OFHP/Matrix for your approval.

Thanks,
Sam

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Re_ Guarantee briefing(1)_1.pdf

From:	Calwell, Carolyn (ENERGY/MEDEI/MRI)
To:	McKinlay, Tom (ENERGY)
Subject:	Re: Guarantee briefing
Date:	June 15, 2017 10:44:13 PM

Thanks, Tom. I want you to have the experience so I have made a pitch to keep you in the room. Let's see what I hear back. I think they are trying to cover a lot of ground in half an hour so they are trying to stay focused. You won't take them off track.

Have a good night.

From: McKinlay, Tom (ENERGY)
Sent: Thursday, June 15, 2017 10:41 PM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: Re: Guarantee briefing

FYI - I won't be offended if you need to cut me as well.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Sent: Thursday, June 15, 2017 10:37 PM
To: ASHBOURNE, STEPHEN
Cc: McKinlay, Tom (ENERGY)
Subject: Guarantee briefing

Steve - I think because of time constraints, there is a desire to limit attendance at the briefing tomorrow. You are off the hook. I will give you a full report back about the discussion. Apologies for this change of plans.

Carolyn

Re_ Guarantee briefing(2)_1.pdf

From:	McKinlay, Tom (ENERGY)
To:	Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject:	Re: Guarantee briefing
Date:	June 15, 2017 10:41:24 PM

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Re_ Guarantee briefing_1.pdf

From: McKinlay, Tom (ENERGY)
To: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: Re: Guarantee briefing
Date: June 15, 2017 10:47:59 PM

Thanks!

Sent from my BlackBerry 10 smartphone on the Rogers network.

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From: Yordi, Samer (ENERGY)
To: Cox, Hilary (ENERGY)
Subject: Re: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting
Date: January 10, 2018 6:00:15 PM

Nothing yet, please send up

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Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Winner for first completed!!!!

From: Edwards, Matthew (ENERGY)
Sent: January 9, 2018 5:28 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
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CRED updates to the Matrix attached.

Thanks,

Matt

From: Cox, Hilary (ENERGY)
Sent: January 9, 2018 9:14 AM
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Also attached is action items list from December 7 meeting. Please incorporate to the extent that these items are still relevant.

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Subject:	Re: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting
Date:	January 10, 2018 6:15:03 PM

Approved by Carolyn with no changes

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From: Edwards, Matthew (ENERGY)
Sent: January 9, 2018 5:28 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: RE: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

CRED updates to the Matrix attached.

Thanks,

Matt

From: Cox, Hilary (ENERGY)
Sent: January 9, 2018 9:14 AM
To: Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>
Subject: FW: OFHP Matrix/business issues list for Thursday morning Rate Mitigation Implementation Meeting

Hi All –
Please use the latest (from first week of December) OFHP/Matrix to update for this Thursday's rate mitigation implementation group meeting on Thursday. SNAP, CRED, please send ADM approved input by Wednesday at 2 for ESPD to consolidate.

Also attached is action items list from December 7 meeting. Please incorporate to the extent that these items are still relevant.

HC

Re_ Rate Mitigation Implementation Meeting - Au...(1)_1.pdf

From:	Schlaepfer, Martin (ENERGY)
To:	Katona, Keley (MOF)
Cc:	Nelms, Scott (MOF); Armstrong, Hillary (ENERGY)
Subject:	Re: Rate Mitigation Implementation Meeting - August 10, 2017
Date:	August 15, 2017 11:10:21 PM

Hi Keley,

This one pager references a "term sheet" from OPG to OFA that we are recommending acceptance. The MO would like to see that document if possible.

Thanks,
Martin

Original Message
From: Katona, Keley (MOF)
Sent: Tuesday, August 15, 2017 3:30 PM
To: Schlaepfer, Martin (ENERGY)
Cc: Nelms, Scott (MOF); Armstrong, Hillary (ENERGY)
Subject: FW: Rate Mitigation Implementation Meeting - August 10, 2017

Hi Martin,
Attached is the note prepared by the OFA for tomorrow's meeting.
Thanks,
Keley

Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Sent: Monday, August 14, 2017 5:59 PM
To: Teliszewsky, Andrew (ENERGY); Hume, Steen (ENERGY); Nelms, Scott (MOF); Imbrogno, Serge (ENERGY)
Cc: Schlaepfer, Martin (ENERGY); Strathy, Anna (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Veinot, Cindy (TBS)
Subject: Re: Rate Mitigation Implementation Meeting - August 10, 2017

We're still waiting for OPG to provide us with their notes following our meeting with them last week, where we agreed to everything, subject to a few accounting checks that need to be done, so that we can ensure that what we're preparing for you and PO/CO accurately reflects what was agreed to with them. OPG is aware of the timing of the meeting on the 16th, and how critical it is to ensuring we keep with the timelines, so they'd promised their material to us by the end of the day today, and we're expecting to see it shortly. There's also a meeting scheduled with the IESO tomorrow morning, as we have to ensure that the form of guarantee on how any LDC defaults would be managed, and a couple of other IESO items, don't affect the IESO's accounting treatment.

Once we have that, barring surprises, we should be able to prepare the one-pager that we were planning to present pretty quickly, and we'll get it to you right away.

Regards,
Gadi

Original Message
From: Teliszewsky, Andrew (ENERGY)
Sent: Monday, August 14, 2017 5:32 PM
To: Gadi Mayman; Steen Hume (CAB); Scott Nelms (ENERGY); Serge Imbrogno (ENERGY)

Cc: Martin Schlaepfer (MOF)
Subject: Fw: Rate Mitigation Implementation Meeting - August 10, 2017

Good Afternoon:

Wondering - for this Wednesday - we've got our two energy products tracking. But for the "provincial guarantee" dialogue with PO/CO - I recall an OFA "note" being offered? Is that tracking?

Any chance our team could get eyes on it tomorrow, in advance of it being shared with the FPC distribution list, if it hasn't already?

Many thanks, in advance.

Andrew

From: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Sent: Thursday, August 10, 2017 7:49 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (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); 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

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)
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Subject: Rate Mitigation Implementation Meeting - August 10, 2017

Hi everyone,

Please find attached the material for discussion tomorrow morning.

Thanks,

Martin

Re_ Rate Mitigation Implementation Meeting - Au...(2)_1.pdf

From: Schlaepfer, Martin (ENERGY)
To: Katona, Keley (MOF)
Cc: Nelms, Scott (MOF); Armstrong, Hillary (ENERGY)
Subject: Re: Rate Mitigation Implementation Meeting - August 10, 2017
Date: August 15, 2017 3:39:44 PM

Thanks, Keley.

Martin

Original Message
From: Katona, Keley (MOF)
Sent: Tuesday, August 15, 2017 4:30 PM
To: Schlaepfer, Martin (ENERGY)
Cc: Nelms, Scott (MOF); Armstrong, Hillary (ENERGY)
Subject: FW: Rate Mitigation Implementation Meeting - August 10, 2017

Hi Martin,
Attached is the note prepared by the OFA for tomorrow's meeting.
Thanks,
Keley

Sent from my BlackBerry 10 smartphone on the Rogers network.
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To: Teliszewsky, Andrew (ENERGY); Hume, Steen (ENERGY); Nelms, Scott (MOF); Imbrogno, Serge (ENERGY)
Cc: Schlaepfer, Martin (ENERGY); Strathy, Anna (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Veinot, Cindy (TBS)
Subject: Re: Rate Mitigation Implementation Meeting - August 10, 2017

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To: Gadi Mayman; Steen Hume (CAB); Scott Nelms (ENERGY); Serge Imbrogno (ENERGY)
Cc: Martin Schlaepfer (MOF)
Subject: Fw: Rate Mitigation Implementation Meeting - August 10, 2017

Good Afternoon:

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Many thanks, in advance.

Andrew

From: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Sent: Thursday, August 10, 2017 7:49 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (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); 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)
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Thanks,
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Subject: Rate Mitigation Implementation Meeting - August 10, 2017

Hi everyone,

Please find attached the material for discussion tomorrow morning.

Thanks,
Martin

Re_ Rate Mitigation Implementation Meeting - Au..._1.pdf

From:	Schlaepfer, Martin (ENERGY)
To:	Katona, Keley (MOF)
Cc:	Nelms, Scott (MOF); Armstrong, Hillary (ENERGY)
Subject:	Re: Rate Mitigation Implementation Meeting - August 10, 2017
Date:	August 16, 2017 7:25:47 AM

Thanks.

From: Katona, Keley (MOF)
Sent: Wednesday, August 16, 2017 7:23 AM
To: Schlaepfer, Martin (ENERGY)
Cc: Nelms, Scott (MOF); Armstrong, Hillary (ENERGY)
Subject: RE: Rate Mitigation Implementation Meeting - August 10, 2017

Attached is the draft term sheet.

From: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Date: Tuesday, Aug 15, 2017, 11:10 PM
To: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Cc: Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>, Armstrong, Hillary (ENERGY) <Hillary.Armstrong@ontario.ca>
Subject: Re: Rate Mitigation Implementation Meeting - August 10, 2017

Hi Keley,

This one pager references a "term sheet" from OPG to OFA that we are recommending acceptance. The MO would like to see that document if possible.

Thanks,
Martin

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Sent: Tuesday, August 15, 2017 3:30 PM
To: Schlaepfer, Martin (ENERGY)
Cc: Nelms, Scott (MOF); Armstrong, Hillary (ENERGY)
Subject: FW: Rate Mitigation Implementation Meeting - August 10, 2017

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Thanks,
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Cc: Schlaepfer, Martin (ENERGY); Strathy, Anna (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Veinot, Cindy (TBS)
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Cc: Martin Schlaepfer (MOF)
Subject: Fw: Rate Mitigation Implementation Meeting - August 10, 2017

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Many thanks, in advance.

Andrew

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Sent: Thursday, August 10, 2017 7:49 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (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); 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

Hi everyone,

Attached are the action items from today’s meeting.

Thanks,
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Subject: Rate Mitigation Implementation Meeting - August 10, 2017

Hi everyone,

Please find attached the material for discussion tomorrow morning.

Thanks,
Martin

Re_ Rate Mitigation Implementation Meeting - Ju...(1)_1.pdf

From:	Calwell, Carolyn (ENERGY/MEDEI/MRI)
To:	Schlaepfer, Martin (ENERGY)
Subject:	Re: Rate Mitigation Implementation Meeting - June 22, 2017
Date:	June 27, 2017 1:34:04 PM

Yes, we must wait for s. 28 before semdi.g the indemnities to the agencies.

We haven't drafted transmittal memos. These are not legal letters. It might help to formally assign these Atel requests - I thought all correspondence was going to comms?

In the interest of time, I can do this after TB.

From: Schlaepfer, Martin (ENERGY)
Sent: Tuesday, June 27, 2017 1:20 PM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: FW: Rate Mitigation Implementation Meeting - June 22, 2017

Hi Carolyn,

I am assuming we would wait to share the indemnities with IESO and OPG until after we have Sec. 28 approval?

Also, are you planning to craft transmittal memos?

Thanks,
Martin

From: Teliszewsky, Andrew (ENERGY)
Sent: June 27, 2017 12:54 PM
To: Schlaepfer, Martin (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: Re: Rate Mitigation Implementation Meeting - June 22, 2017

Good Afternoon:

Just wondering - did we get these documents? The Indemnity as well as draft "cover letters" to both IESO and OPG Board Chair, please?

Andrew

From: Teliszewsky, Andrew (ENERGY)
Sent: Sunday, June 25, 2017 3:26 PM
To: Schlaepfer, Martin (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: FW: Rate Mitigation Implementation Meeting - June 22, 2017

Good Afternoon:

Several updates from my end:

A. Spoke with Finance MO and underscored the need to have the issue of S.28 / Indemnity resolved within the next few days. They agreed and promised that things are tracking well on their end for their Minister's review / approval on Wednesday. To that end, wondering if we could please have all appropriate documents for Minister Thibeault to execute on Tuesday (after Cabinet is fine); given that 27 June is his only day in Toronto this week.
B. Would also like to craft a cover letter in plain language to both Chairs (IESO and OPG) as part of the official transmission of these indemnities. To that end, would it please be possible to get correspondence drafted for CoS review for early Tuesday (morning) please?
C. Had a call with OPG Chair and CEO regarding the outstanding business issues on the fair allocation / regulation / provincial guarantees / what they actually need versus what they think they would like to have. Let's make sure we discuss tomorrow during OFHP update meeting.

Many thanks, in advance.

Andrew Teliszewsky

Chief of Staff | Office of Hon. Glenn Thibeault
Ministry of Energy
andrew.teliszewsky@ontario.ca
416-327-3550 (o)
416-436-6370 (m)

From: Schlaepfer, Martin (ENERGY)
Sent: June-23-17 10:34 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.aldred@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

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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.aldred@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)
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Thanks,
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Re_ Rate Mitigation Implementation Meeting - Ju...(2)_1.pdf

From:	Teliszewsky, Andrew (ENERGY)
To:	Schlaepfer, Martin (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject:	Re: Rate Mitigation Implementation Meeting - June 22, 2017
Date:	June 27, 2017 12:53:37 PM

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Sent: June-23-17 10:34 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.aldred@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

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.aldred@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)
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Subject: Rate Mitigation Implementation Meeting - June 22, 2017

Good evening,

Please find attached the material for discussion tomorrow morning.

Thanks,
Martin

Re_ Rate Mitigation Implementation Meeting - Ju..._1.pdf

From: Calwell, Carolyn (ENERGY/MEDEI/MRI)
To: Schlaepfer, Martin (ENERGY)
Subject: Re: Rate Mitigation Implementation Meeting - June 22, 2017
Date: June 27, 2017 1:39:02 PM

On further thought, I recommend sending the forms of indemnities legal to legal and asking for the agencies to sign. We will say that we are holding the minister's signature in escrow. I don't want the Minister sending anything until the chairs sign and then he can send fully executed copies. I don't want any games on this. We will then work the letters up for that stage in the process. Does that work?

From: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Sent: Tuesday, June 27, 2017 1:34 PM
To: Schlaepfer, Martin (ENERGY)
Subject: Re: Rate Mitigation Implementation Meeting - June 22, 2017

Yes, we must wait for s. 28 before semdi.g the indemnities to the agencies.

We haven't drafted transmittal memos. These are not legal letters. It might help to formally assign these Atel requests - I thought all correspondence was going to comms?

In the interest of time, I can do this after TB.

From: Schlaepfer, Martin (ENERGY)
Sent: Tuesday, June 27, 2017 1:20 PM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: FW: Rate Mitigation Implementation Meeting - June 22, 2017

Hi Carolyn,

I am assuming we would wait to share the indemnities with IESO and OPG until after we have Sec. 28 approval?

Also, are you planning to craft transmittal memos?

Thanks,
Martin

From: Teliszewsky, Andrew (ENERGY)
Sent: June 27, 2017 12:54 PM
To: Schlaepfer, Martin (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: Re: Rate Mitigation Implementation Meeting - June 22, 2017

Good Afternoon:

Just wondering - did we get these documents? The Indemnity as well as draft "cover letters" to both IESO and OPG Board Chair, please?

Andrew

From: Teliszewsky, Andrew (ENERGY)
Sent: Sunday, June 25, 2017 3:26 PM
To: Schlaepfer, Martin (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: FW: Rate Mitigation Implementation Meeting - June 22, 2017

Good Afternoon:

Several updates from my end:

A. Spoke with Finance MO and underscored the need to have the issue of S.28 / Indemnity resolved within the next few days. They agreed and promised that things are tracking well on their end for their Minister's review / approval on Wednesday. To that end, wondering if we could please have all appropriate documents for Minister Thibeault to execute on Tuesday (after Cabinet is fine); given that 27 June is his only day in Toronto this week.
B. Would also like to craft a cover letter in plain language to both Chairs (IESO and OPG) as part of the official transmission of these indemnities. To that end, would it please be possible to get correspondence drafted for CoS review for early Tuesday (morning) please?
C. Had a call with OPG Chair and CEO regarding the outstanding business issues on the fair allocation / regulation / provincial guarantees / what they actually need versus what they think they would like to have. Let's make sure we discuss tomorrow during OFHP update meeting.

Many thanks, in advance.

Andrew Teliszewsky

Chief of Staff | Office of Hon. Glenn Thibeault
Ministry of Energy
andrew.teliszewsky@ontario.ca
416-327-3550 (o)
416-436-6370 (m)

From: Schlaepfer, Martin (ENERGY)
Sent: June-23-17 10:34 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.aldred@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)

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Subject: Rate Mitigation Implementation Meeting - June 22, 2017

Good evening,

Please find attached the material for discussion tomorrow morning.

Thanks,
Martin

debrief.pdf

From: Calwell, Carolyn (ENERGY/MEDEI/MRI)
To: Mallen, Jane (MAG)
Subject: debrief
Date: April 27, 2017 9:52:00 AM

Hi Jane – a quick report back from yesterday's meeting. There was extensive discussion of the guarantee that the Province will be required to provide to back stop any change law, a determination that the legislation is ultra vires and any "market disruption" (any inability to refinance short term debt with longer term debt because of, for example, a global financial crisis). There was also a discussion about feedback from the Auditor General – generally confirming what everyone expected. Finally, we walked through the legislation at a fairly high level. Blakes did most of the talking. The SoC is concerned about the Eurig risk and wondered how anyone could challenge the legislation. We talked about the flexibility built into the legislation and how that assists with the Eurig risk in the short term, and also how funding from the tax base could be used to top up discounts to rate payers when we get to the point that debt can't be pushed out in time to future rate payers. Generally, I think it went ok. It was a frank discussion. Eyes are wide open.

Carolyn Calwell
Legal Director
MAG Civil Law Division
Ministries of Energy / Economic Development & Growth /
Research, Innovation & Science / Infrastructure / Accessibility
416-212-8392