Re_ OFHP Update for Minister 20170825 Consolida....pdf

From: Cox, Hilary (ENERGY)
To: Martin, Eric (ENERGY)
Cc: Schlaepfer, Martin (ENERGY)
Subject: Re: OFHP Update for Minister 20170825 Consolidated.pptx
Date: August 25, 2017 10:04:23 PM

Thanks Eric -
Since this is a squarely MOF/IGS lead, I will declare it approved and not ask Steen to review again.

That said, might be worth it to let MOF/IGS know about the preferred language direction so they aren't puzzled.

HC

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Martin, Eric (ENERGY)
Sent: Friday, August 25, 2017 9:47 PM
To: Cox, Hilary (ENERGY)
Cc: Schlaepfer, Martin (ENERGY)
Subject: RE: OFHP Update for Minister 20170825 Consolidated.pptx

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Hi Hilary,

Can ESP please confirm comfort with the changes we made on Slide 3? (despite the file name, we haven't sent to MO yet):

- We changed "guarantee" to "Provincial Support Agreement" (as DM requested) per MoF's supplementary deck, also attached for reference; and
- We direct the reader to the supplementary deck.

I've highlighted the lines below (not highlighted in the deck).

We'd like to send this to MO tonight.

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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, 2017.
- 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:
  - **Provincial Support Agreement:** Province to provide contingent supports to enable structure. Work is underway to scope the support agreement (see the complementary deck titled *Provincial Support Agreement*);
  - **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;
  - **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.
- The OFHP impact has been incorporated into the 2017 Long-Term Energy Plan (2017 LTEP) modeling for the residential price curve.

Status / Next Steps

- Next Steps:
  - Summer/Fall 2017:
    - Provincial Support Agreement;
    - Fair Allocation Amount;
    - Fee regulation; and
    - Equity injection agreements in place.
  - Fall/Winter 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.

Eric Martin
–
Deputy Minister's Office | Ministry of Energy

From: Cox, Hilary (ENERGY)
Sent: August-25-17 1:20 PM
To: Martin, Eric (ENERGY)
Cc: Schlaepfer, Martin (ENERGY); Feather, Adam (ENERGY); Edwards, Matthew (ENERGY)
Subject: FW: OFHP Update for Minister 20170825 Consolidated.pptx

Hi Eric and Martin –

Attached is OFHP implementation update for Minister's briefing Tuesday. Triple ADM approved.

HC