

Ministry of Energy

Ministère de l'Énergie

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MAR 15 2018

Dear Mr. Wake:

Thank you for your request for updated information regarding Global Adjustment (GA) refinancing under Ontario's Fair Hydro Plan (OFHP). The Ministry is pleased to support the Financial Accountability Office in its analysis.

The Ministry is providing a projection of the annual cost of the GA refinancing program to 2048, updated as of September 2017. The data includes forecasted:

- Total annual GA, as forecast by the Independent Electricity System Operator (IESO) for the 2017 Long-Term Energy Plan (2017 LTEP), absent the impact of GA refinancing; and
- Total annual GA deferral and recovery of principal, interest and fees under the refinancing program.

Please note that data being provided underpins the Fair Allocation Amount (FAA) that was provided to Ontario Power Generation (OPG) by the Minister of Energy on September 28, 2017. OPG uses the FAA to determine its debt recovery schedule and therefore no separate OPG forecasts are being provided.

On February 9, 2018, the first issuance of long term debt closed. The offering totalled \$980 million and received a weighted average interest rate of 3.526 per cent. The outcome of this offering is not reflected in current Ministry modelling. The Ministry will update the FAA and the associated cost projections from time to time, in accordance with the *Ontario Fair Hydro Plan Act, 2017*.

I hope you will find this information helpful. Ministry staff will be pleased to provide any clarification or additional information you may require.

Sincerely,

A handwritten signature in black ink, appearing to read "Serge Imbrogno".

Serge Imbrogno
Deputy Minister, Ministry of Energy

c. Steen Hume, Assistant Deputy Minister, Energy Supply Policy, Ministry of Energy