Bungaro-Yemec, Francesca (ENERGY)

From: Schlaepfer, Martin (ENERGY)
Sent: May 4, 2017 4:29 PM
To: Bungaro-Yemec, Francesca (ENERGY)
Subject: FW: OFHPA

(chge to subsect 2!

Please print two copies.

Thanks!

From: Calwell, Carolyn (ENERGY/MEDEI/MRI)
Sent: May-04-17 4:26 PM
To: Schlaepfer, Martin (ENERGY)
Cc: Hume, Steen (ENERGY); Cox, Hilary (ENERGY)
Subject: OFHPA

Martin – in bolstering our con law position with a change to the legislation, I'm worried we may create an issue for the government, so I want to check in on this change before it is locked in. We allow the LGIC to prescribe a methodology to deal with changes to rates after April 30, 2018:

Subsequent adjustments

11. (1) Despite clause 79.16 (1) (b) of the *Ontario Energy Board Act, 1998 and s*ubject to subsection (2), the Lieutenant Governor in Council may prescribe the methodology to be applied by the Board after April 30, 2018 for the purpose of determining,

(a) electricity rates for regulated rate consumers; or

(b) adjustments to be applied by electricity vendors to the adjustments made by the IESO under section 25.33 of the *Electricity Act, 1998 in respect of prescribed classes of specified consumers who are not regulated rate consumers.*

We then had criteria that had to be considered in the period after June 30, 2021:

Limitation

(2) Any prescribed methodology to be applied in respect of a period after June 30, 2021 shall have regard to the following:

1. The fair allocation amount in respect of the period.

2. Any clean energy adjustments payable in respect of the period.

3. Such other matters as may be prescribed.

This approach allowed the government to point to 11(1) and (2) and identify the period between April 30, 2018 and June 30, 2021 as the period in which the government's commitment to hold rates to CPI would apply.

We have now amended (2) to ensure that rates are connected to our fairness principles, but in doing that, we have removed reference to June 30, 2021. In other words, the principles would apply starting April 30, 2018. This doesn't change the government's ability to keep its CPI commitment, but there isn't a clear period in the legislation (other than a start date of April 30, 2018) to anchor that commitment. This is the proposed wording:

Limitation

(2) Any prescribed methodology shall have regard to the following:

1. The purposes of this Act as set out in section 3.
2. The clean energy costs borne by specified consumers over time.
3. Such other matters as may be prescribed.

Please let me know if this causes concerns.

Carolyn

Carolyn Calwell
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