RE: Rate Mitigation

From:	"Strang, James (TBS)" <james.strang@ontario.ca>
To:	"Liu, Sophie (TBS)" <sophie.liu@ontario.ca>
Cc:	"Proulx, Didem (TBS)" <didem.proulx@ontario.ca>, "Shannon, Ben (TBS)" <ben.shannon@ontario.ca>
Date:	Wed, 08 Feb 2017 09:58:57 -0500
Attachments:	FW_ Rate Mitigation.msg (2.57 MB)

More recent deck.

From: Liu, Sophie (TBS)
Sent: February 7, 2017 6:02 PM
To: Fung, Felix (TBS); Strang, James (TBS); Morgenstern, Madeleine (TBS)
Cc: Proulx, Didem (TBS); Shannon, Ben (TBS)
Subject: RE: Rate Mitigation

Felix:

Given Ben and I are new to this initiative, we might have more questions than you do. We have separated our questions into parts including the overarching questions about the big blind spot; namely a lack of specificity in problem definition. We realize that some of these questions venture away from testing the robustness of the fiscal models, but they really jumped out for us and we believe they could inform decision making. Feel free to add your questions or edit ours if you have the answer.

Thanks,

Sophie

Overarching questions:

1. What, as specifically and possible (clearly defined and quantified wherever possible), are the desired outcomes that these options seek to achieve?
2. How do the models demonstrate the levels to which these options are expected to achieve them? For example, if one objective is to reduce the incidence of residential monthly bills in excess of $X, what proportion would be sufficiently reduced under each combination of options/scenarios?
3. The different components of energy price and how they work.

GA Smoothing Model Questions:

4. How does this option work in general? This will help to understand the accumulated debt calculation as well.
5. The GA smoothing tables are based on a 750 kWh Toronto Hydro customer; how representative is such a customer?
    a. What would this table look like for customers throughout 1) the spectrum of consumption (e.g. 10^{th} and 90^{th} percentiles) and 2) various other LDCs, and how can looking at the full distribution inform how well the desired outcomes will be met?

6. Why is a 30 year financing period used, and how sensitive are fiscal impacts and outcomes to changes in the financing period?
7. What is the source of the 5.12% interest rate assumption, and how sensitive are fiscal impacts and outcomes to rate changes? In addition to the interest rate, the payment will go up by inflation. Is this reasonable? The cost seems high.
8. Are the residential bill impact figures discounted, and if so at what rate? Either way, what does the other version look like? What does the average bill look like over time, in discounted terms?
9. What are the key assumptions of the model in addition to the financing rate and period mentioned above? Have we done any sensitivity analysis on those key factors?
10. How was the Total Billing forecasted (before the model applied)?
11. How are the impacts on tax basing social programs calculated?
12. Why does the impact (% change from forecast) vary each year?
13. How is the fiscal impact (bottom of page) calculated?
14. How is 25% or 33% determined? Any evidence to say this is a critical point to achieve the objectives?
15. How is the incremental rebate calculated?

Delivery Cap Questions

16. What do the models show us in terms of the levels to which the desired outcomes will be achieved?
17. How do these models account for increased consumption resulting from such a program's disincentive to conserve?

OESP Expansion Questions

18. What do the models show us in terms of the levels to which the desired outcomes will be achieved?
19. What are the fiscal impacts if OESP uptake is more aggressive than projected? What is the maximum fiscal exposure?
20. How much additional fiscal exposure may result from an influx of eligible Ontarians (e.g. a as result from an economic downturn)?
21. Why 50% expansion? Have we considered other scenarios?
22. Need to understand the key assumptions, sensitivity analysis, and risk factors

Low Income Conservation Benefit Program Questions:

23. How is the proposed new budget calculated? What will change the forecast?

From: Fung, Felix (TBS)
Sent: February 7, 2017 11:12 AM
To: Liu, Sophie (TBS); Shannon, Ben (TBS)
Cc: Strang, James (TBS); Morgenstern, Madeleine (TBS)
Subject: FW: Rate Mitigation

Hi Sophie and Ben – please find attached the slightly updated materials on electricity rate mitigation. I understand this is going to FPC tomorrow.

Sophie, at today's pre-meeting for TBS weekly, Karen asked if we have been working with the OFA on the forecasting of the cost estimates on these options. I mentioned that the COE has been part of the working group (which Karen said Energy isn't really using) and that you have the latest materials as of yesterday.

Karen wants us to work with the OFA to ensure we have a good understanding of the numbers and the assumptions behind them, and that we also understand the uncertainty behind the forecasting. I told Karen that I will follow up with you to see what the next steps would be.

Let us know how you would like us to proceed – happy to join you for any meeting or working group you want to set up with the OFA. Also note that this will be going to TB/MBC + Cabinet on Feb 15.

Thanks,
Felix

From: Chochla, Megan (CAB)
Sent: February-07-17 10:24 AM
To: Fung, Felix (TBS); Morgenstern, Madeleine (TBS); Strang, James (TBS)
Subject: FW: Rate Mitigation

Hi TBS,

I understand the materials that energy walked in yesterday were slightly updated, but sharing these out of date materials anyway.

On tracking, we're hearing from the PO that they'd like to keep TB and cab approvals all together on Feb 15th (so no need to track it in to TB on the 14th).

I'll have to reschedule our weekly time tomorrow – I'll look at wedn morning.

Megan

From: Katona, Keley (ENERGY) <Keley.Katona@ontario.ca>
Sent: Saturday, February 4, 2017 6:58 PM
To: Bromm, William (CAB); Kwamena, Boafoa (CAB)
Cc: Foster, Robert (CAB); McLean, David (MOF); MacIntyre, Kyle (TBS)
Subject: Rate Mitigation

Hi,
Attached are materials for Monday's meeting on rate mitigation. We can bring copies.
Enjoy the weekend!
Keley