FW: APPrO meeting with SoC for August 10

From:	"Schlaepfer, Martin (ENERGY)" <martin.schlaepfer@ontario.ca>
To:	"Imbrogno, Serge (ENERGY)" <serge.imbrogno@ontario.ca>
Cc:	"Martin, Eric (ENERGY)" <eric.martin@ontario.ca>
Date:	Fri, 04 Aug 2017 10:11:49 -0400
Attachments:	APPrO Letter to OEB re December 2016 Quebec Electricity Agreement - 2017-07-28.pdf (1.15 MB)

Hi Deputy,

David Butters has contacted Secretary Orsini with his concerns about Hydro-Quebec's most recent offer to the IESO (for reference, David's email is included below).

The secretary has accepted a meeting with David on Thursday, August 10 at 8:30, which fully overlaps with our weekly Rate Mitigation Implementation meeting.

Would you prefer Steen to attend Rate Mitigation while you attend the APPrO meeting, or should we try and make some other arrangement, like rescheduling rate mitigation so that Steen can attend this with you?

Related: Also note that APPrO sent a second letter (attached) to the Market Surveillance Panel re-iterating its request for an investigation into the December 2016 agreement.

Thanks,
Martin

REFERENCE: Email from David Butters of APPrO to Secretary Orsini

-----Original Message-----
From: Orsini, Steve (CAB)
Sent: July-28-17 9:09 PM
To: David Butters
Cc: Imbrogno, Serge (ENERGY); Bromm, William (CAB); Kwamena, Boafoa (CAB); Bosco, Pina (CAB)
Subject: RE: HQ agreements

David,

Thank you for your email. Sorry for not getting back to you sooner.

I would welcome an opportunity to meet with you to get you views first hand.

Pina will reach to your office to find a time that works.

Thanks again.

Steve

From: David Butters [david.butters@appro.org]
Sent: Thursday, July 20, 2017 10:46 AM
To: Orsini, Steve (CAB)
Subject: HQ agreements

Steve, I understand that further electricity arrangements with Hydro Quebec may be under discussion.

APPrO has already asked the Market Surveillance Panel of the Ontario Energy Board to investigate the last deal, with we believe unfairly and inappropriately targets a class of IESO market participants, among other deficiencies.

We are aware that HQ has put forward another offer for 8 TWh of energy within a take or pay, 20-year agreement at a price that frankly makes no sense given Ontario's current energy surplus nor provides value to Ontario ratepayers, and which would be damaging to the economic interest of existing Ontario energy suppliers of all descriptions. Given that a major rationale for the Ontario Fair Hydro Plan is that existing energy facilities will have value beyond their contract terms, further out of market arrangements with HQ would seem to run counter to the underlying premise of the OFHP.

APPrO is fundamentally opposed to these kinds of arrangements which are not open or transparent either with respect to process, or price, implementation detail or even cost benefit analysis. Further, these discussions decrease confidence in, and in fact undercut the significant efforts of the IESO and market participants to undertake a market renewal project in Ontario which includes enhanced competitive processes.

APPrO has always championed open, transparent and competitive procurement processes. It is likely that other companies can provide similar products and services as compared to HQEM. If the province wants to derive low-cost clean energy, market-based mechanisms such as competitive procurement processes can achieve similar outcomes along what is being offered by HQEM, but at a lower price that competitive tension would help to produce.

I wanted you to clearly understand our position (which I can assure you is widely shared among all Ontario energy providers, major customers and other sector participants).

Please let me know if I can provide any further insights.

David Butters