

FW: Mitigation 5 point plan

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Attachments: Mitigation-discussion.pptx (292.74 kB)

Further to my note below...I've attached the deck that OEB staff shared with MOE staff, a little earlier.

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From: Rosemarie Leclair
Sent: January-24-17 4:02 PM
To: Imbrogno, Serge (ENERGY); Andrew.Teliszewsky@ontario.ca
Cc: Ceiran Bishop; Lynne Anderson; Mary Anne Aldred
Subject: Mitigation 5 point plan

Serge, thanks for letting Ceiran, Jane and OEB staff work with the MOE on solutions to address electricity rates and the delivery charge.

We think we have come up with a plan that addresses the government's objectives, supports the direction the OEB has been pursuing with respect to distribution rates, largely maintains the recovery of costs of the electricity system in the system, and is sustainable for the longer term.

Ceiran is finalizing a slide that he will be discussing with MOE staff...but I wanted to share my thoughts with you as I am not sure how much flexibility MOE staff has been given to consider alternatives. So here is our 5 point plan.

- Expedite implementation of fixed distribution rates to ensure greater equity among rate payers and consistency in monthly bills
- Remove some costs from delivery line to better align and ensure that no one pays more than they do currently
 - o regulatory to tax base
 - o Line loss and variance accts to electricity line
- Use RRRP to reduce costs for HONI R2 and R1 to level of urban class reducing one of the greatest inequities in delivery charges across the Province
- Amortize GA beyond 20 years to better reflect useful life of assets and reduce electricity line
- Increase OESP credits within existing funding to provide greater relief to low income, and introduce a separate and higher level of OESP credit for electrically heated.

As I said Ceiran and Jane are at your offices and will be walking your staff through this. We are also doing some costing to assess implications.

I think this solution deals with the desire to set a max threshold for delivery rates, moves us to decoupling without the need to bridge, addresses the most significant rural class, as well as the impacts of rising rates on those less able to pay, and that are subject to higher usage given no fuel choice.

Obviously, there are likely implementation considerations (i.e. legislation needed??), but given that this builds largely on existing programs and approaches , we think the bulk could be achieved fairly quickly.

Happy to discuss further as needed.

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