

Follow-up Question

From: "Hume, Steen (ENERGY)" <steen.hume@ontario.ca>
To: "Imbrogno, Serge (ENERGY)" <serge.imbrogno@ontario.ca>
Cc: "Katona, Keley (ENERGY)" <keley.katona@ontario.ca>
Date: Tue, 21 Feb 2017 20:50:04 -0500

Hi. below is response to Cindy re the capital costs of electricity generators.

As an aside, I spoke to Cindy after the Binnie meeting about her question related to the GA slide. There seems to be some confusion with the reference on to "capital costs" on the slide, she was under the impression that this reference pertained to the Province's capital costs rather than those of electricity generators.

Cheers, Steen

Response:

- Electricity generators in Ontario are typically financed over the same term as their generation contract with the Independent Electricity System Operator (IESO). Recovery of these capital and financing costs occur primarily through the Global Adjustment (GA).
- The "capital costs" of electricity generators include the purchase of land and equipment as well as construction of the generation facility and any associated assets (i.e., gas pipelines and transmission stations/lines).
- For example, most of Ontario's recently built gas generators have had capital costs between \$500 million and \$1 billion, depending on technology, size and location.

From: Imbrogno, Serge (ENERGY)
Sent: February-21-17 11:38 AM
To: Veinot, Cindy (TBS)
Cc: Hume, Steen (ENERGY); Katona, Keley (ENERGY)
Subject: Re: Rate Mitigation Cab Sub

Hi Cindy. We'll get you more detail shortly. Serge

Sent from my iPad

On Feb 21, 2017, at 11:09 AM, Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca> wrote:

Hi Serge – Just following up re: the question I had on the reference to capital costs in the GA (slide 43) – is there additional detail you can provide.
Thanks,

From: Imbrogno, Serge (ENERGY)
Sent: February-14-17 5:27 AM
To: Veinot, Cindy (TBS)
Cc: Angus, Helen (TBS); Hughes, Karen (TBS); Orsini, Steve (CAB); Thompson, Scott (MOF);

Davidson, Steven (CAB); Bromm, William (CAB); Hosick, Sarah (TBS); Laughton, Patrick (TBS); MacIntyre, Kyle (TBS)

Subject: Re: Rate Mitigation Cab Sub

Hi Cindy. Thanks for the new slides. We'll get you more detail on the payments to generators through the GA. Serge

Sent from my iPad

On Feb 13, 2017, at 9:42 PM, Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca> wrote:

Please see attached for TBS edits – slides 28, 41 and 46 as well as a question on slide 40.

Cindy

From: Imbrogno, Serge (ENERGY)

Sent: February-13-17 7:00 PM

To: Angus, Helen (TBS); Veinot, Cindy (TBS)

Cc: Orsini, Steve (CAB); Thompson, Scott (MOF); Davidson, Steven (CAB); Bromm, William (CAB)

Subject: Rate Mitigation Cab Sub

Hi,

Here's a draft of the Cab Sub with placeholder slides for accounting structure and considerations. Hopefully, you can turn a draft tonight?

Serge

<Cabinet Submission - Electricity Price Mitigation_Feb13-17_940_TBS edits.pptx>