Fw: Rate Mitigation - Draft CAB / TB Sub and Minute

From:	"Katona, Keley (ENERGY)" <keley.katona@ontario.ca>
To:	"Imbrogno, Serge (ENERGY)" <serge.imbrogno@ontario.ca>
Date:	Mon, 27 Feb 2017 12:32:25 -0500
Attachments:	2017-02-27 Draft Affordability Fund TB sub_forDMO v11 TRACK.docx (242.15 kB); 2017-02-27 Draft Affordability Fund TB sub_forDMO v11 CLEAN.docx (238.63 kB)

From: Sermat-Harding, Kaili (ENERGY) <Kaili.Sermat-Harding@ontario.ca>
Sent: Monday, February 27, 2017 11:59 AM
To: Katona, Keley (ENERGY)
Cc: Thompson, Erin (ENERGY)
Subject: Rate Mitigation - Draft CAB / TB Sub and Minute

Further to my email from earlier today, attached includes a few edits/corrections, including edits and associated comments in response to yesterday's feedback from CoS.

We note in the TB sub that admin costs will be in accordance with the principles outlined in the Transfer Payment Accountability Directive (TPAD) and the Cash management Directive. Given timelines, it is challenging to commit to an admin cost percentage prior to detailed TPA discussions with Hydro One. FYI, relevant principles in the TPAD include :

- ***TPAD, page 5- In providing transfer payments under shared cost agreements and grants, ministries and classified agencies must ensure that recipients receiving transfer payments have governance structures and accountability processes to properly administer and manage public funds and to provide the services for which transfer payments are made.***
- *TPAD, page 5-* ***Also, signed agreements between ministries or classified agencies and transfer payment recipients must be in place which set out expectations, terms and conditions of funding to support good governance, value for money, and transparency in the administration of transfer payment funds;***
- *The Cash Management Directive has many general principles (not specific to admin but overall spending)*

Also just to confirm the delivery model (in response to CoS question below)- the Trust will be responsible for administering the Affordability Fund province wide. We would sign a TPA with Hydro One and flow funds. Hydro One would then flow funds to the Trust. All LDCs (including Hydro One) would apply to the Trust for program funding. Rationale for this includes:

1. TPA feasibility - With approximately 70 LDCs in the province, entering into TPAs with each LDC is not feasible. The Trust structure establishes an independent entity with expertise from Hydro One and others in the LDC sector.
2. Independence - It is expected that the Board of Trustees will represent a geographical cross section of the Province (including LDCs) and thereby avoid any perception of favouritism.
3. Effective oversight - A Trust based centralized delivery model will ensure effective oversight of funds and will ensure funds get used in the most efficient manner.
4. Ensures Trust Model is Robust – If we were to sign TPAs with Alectra and Toronto hydro, it

would dilute the Trust model. The intent is that the Trust will decide on how funding will be distributed based on Principles set out by the Province.

CoS question

Finally, not an unwelcome evolution - but reading this is first I recall that we are only providing funds to H1 and that this trust will now be for the full province? All LDC's? So, for greater clarity - we are now anticipating the need to operationalize only one TPA (i.e. With Hydro One?) and no longer considering Alectra or Toronto Hydro?

Let me know if you have any questions. FYI, we are also circulating the attached clean version to Corporate and LSB for any final edits and sign-offs today.

Kaili

From: Katona, Keley (ENERGY)
Sent: February-26-17 11:02 AM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Reid, Michael (ENERGY); Nelms, Scott (ENERGY); Calwell, Carolyn (ENERGY/MEDEI/MRI)
Subject: Fw: Rate Mitigation - Draft CAB / TB Sub and Minute

Additional comments below.

From: Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>
Sent: Sunday, February 26, 2017 10:43 AM
To: Imbrogno, Serge (ENERGY)
Cc: Katona, Keley (ENERGY); Whittington, Matt (ENERGY); Tresise, Landon (ENERGY); Esdaile, Trevor (ENERGY); Coker, Meaghan (ENERGY); Ruttan, Craig (ENERGY); Martin, Eric (ENERGY); Pagel, Alexa (ENERGY); Chatterjee, Jeet (ENERGY); Armstrong, Hillary (ENERGY); Berg, Denna (ENERGY); Baker, Carys (ENERGY)
Subject: Re: Rate Mitigation - Draft CAB / TB Sub and Minute

Good Morning:

Regarding the Cabinet Minute - I have no additional edits at this time.

Regarding the TB/MBC Submission for the A-Fund:

Page 4: remove the line about fund "not being used to pay back arrears"

Page 6 & 8 : 10% feels like a lot for administration especially given that elsewhere in the product we are highlighting the fact that we are leveraging the expertise and structures (call centre, etc.) of H1 and the LDCs. I worry this could become a flash point. Any chance we could be more prescriptive, first of all - the text right now speaks to it being "About 10%" I want us to find a way to say "no more than X%". Also, want to be lower than 10% - without binding ourselves (and transfer payment partner) too much - would we be able to say "no more than 7%" or (better still) "no more than 5%" on administration. Thoughts?

Finally, not an unwelcome evolution - but reading this is first I recall that we are only providing funds to H1 and that this trust will now be for the full province? All LDC's? So, for greater clarity - we are now anticipating the need to operationalize only one TPA (i.e. With Hydro One?) and no longer considering Alectra or Toronto Hydro?

Regarding the Cabinet Submission and earlier edits sent along :

I think those CoS edits (especially referencing the RRRP slides 46-49) are going to be necessary to be turned around prior to us sharing up the line to CO/PO in advance of tomorrow's FPC / Major Projects. Sorry to be a pest about this, but those would ideally be completed before end of day today for sharing up the line, please?

Many thanks, in advance.

Atel/

Andrew Teliszewsky

Chief of Staff | Office of Hon. Glenn Thibeault
Ministry of Energy
andrew.teliszewsky@ontario.ca
416-327-3550 (o)
416-436-6370 (m)

On Feb 26, 2017, at 9:26 AM, Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca> wrote:

> Hi Andrew. There are a lot of moving pieces including changes to the cab sub, edits to the minute (we have a call with CO/MOF/TBS @2:00), comms material etc. I'm happy to share for concurrent review but I don't think we'll have a draft for today.
>
> Serge
>
> Sent from my iPad
>
> On Feb 26, 2017, at 9:12 AM, Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca> wrote:
>
>> Good Morning:
>>
>> Do we anticipate having a draft technical briefing deck for CoS review later today, by chance, please?
>>
>> Andrew Teliszewsky
>> 416-327-3550
>>
>> ---
>>
>> **From:** Imbrogno, Serge (ENERGY)
>> **Sent:** Sunday, February 26, 2017 8:38 AM
>> **To:** Teliszewsky, Andrew (ENERGY)
>> **Cc:** Katona, Keley (ENERGY); Whittington, Matt (ENERGY); Tresise, Landon (ENERGY); Esdaile, Trevor (ENERGY); Coker, Meaghan (ENERGY); Ruttan, Craig (ENERGY); Martin, Eric (ENERGY); Pagel, Alexa (ENERGY); Chatterjee, Jeet (ENERGY); Armstrong, Hillary (ENERGY); Berg, Denna (ENERGY); Baker, Carys (ENERGY)
>> **Subject:** Re: Rate Mitigation - Draft CAB / TB Sub and Minute
>>
>> Not sure how quickly we can turn things around but the comments look good to me.
>>
>> Sent from my iPad

On Feb 26, 2017, at 8:05 AM, Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca> wrote:

Good Morning:

Here are my edits to the Deck / Cab Sub. Review of other products ongoing, will share further comments later today.

Slide 5 - missing cost savings for #5 - December 2016 small FIT program rationalization

Slide 6 - remove the bottom two bullets

After Slide 9, before current slide 10 = we used to have a slide that showed the GA over time. $12 B this year, lowering to $6-billion in out years. Can we find that slide and insert here, please?

Slide 14 : remove first bullet

Slide 20 : in first bullet spell out SPV (Special Purpose Vehicle)

Slide 23 : confusing since this references DRC and options for Class B but we had pulled this as an option. Needs to redraft a few of these bullets to be more definitive about our Class B approach. Also remind them here of the cost savings from removal of social programs from their bottom line.

Slide 24 : confusing re: 50 kW vs 500 kW. Pick one and re-write this slide to be definitive about a recommended approach.

Slide 46 / 47 = Ugh. Cut this as an option.
Slide 49 = re-do the math / bottom line regarding removal of the IPA/RRRP approach from slides 46/47.

Slide 66 = need help making sure this slide / math is up to date based on all of the above, and previous slides.

Slide 68 = missing cost savings of small FIT rationalization. Same edit as Slide #5 above, please.

Slide 72 : rename as "Support for Tenants"

In that section, be more definitive about asking Housing, Energy and MAG to report back in Spring 2017 with options for renters, please. Might require a slight tweaking of the subsequent slides and an additional text to the minute.

Many thanks, in advance.

Andrew

Andrew Teliszewsky

Chief of Staff | Office of Hon. Glenn Thibeault
Ministry of Energy
andrew.teliszewsky@ontario.ca
416-327-3550 (o)
416-436-6370 (m)

On Feb 25, 2017, at 5:04 PM, Katona, Keley (ENERGY) <Keley.Katona@ontario.ca> wrote:

Hi Andrew,
Attached are clean and track changes versions of the Cab Sub and Minute. Also attached is the draft Affordability Fund TB sub. Let us know if you have any comments. We would like to share with CO / others as soon as possible.
Thanks,
Keley

<2017-02-25 Cabinet Submission - Electricity Price Mitigation_Feb 25_Clean_430.pptx>

<2017-02-25 Cabinet Submission - Electricity Price Mitigation_Feb 25_Tracked_430.pptx>

<Consolidated -price mitigation minute draft Feb 24_clean_730.docx>

<Consolidated -price mitigation minute draft Feb 24_tracked_730.docx>

<2017-02-24 Draft Affordability Fund TB sub_forDMO v8 CLEAN.docx>