# Navigant Update

**From:** "Schlaepfer, Martin (ENERGY)" <martin.schlaepfer@ontario.ca>
**To:** "Imbrogno, Serge (ENERGY)" <serge.imbrogno@ontario.ca>
**Date:** Mon, 08 May 2017 09:35:05 -0400

Hi Deputy,

Please find below a debrief from staff regarding their Friday call with Navigant. Staff have another call scheduled with Navigant this afternoon.

Let me know if you have any questions or concerns.

Thanks,
Martin

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**Navigant Call – Debrief**

- **On Friday, Ministry staff had an opportunity to review progress to date on Navigant's work, including a short walkthrough of an Excel model that, when complete, will provide Navigant's view on the financial implications of refinancing GA:**
  - **The model analyzes refinancing of gas, wind and solar contracts over a new, longer lifetime of about 30 years on average, producing contract savings relative to the status quo that can be assigned to ratepayers to get near term rate relief.**
  - **The model will allow a comparison of the present value (PV) of costs under the status quo to the PV under GA refinancing, factoring in interest charges that accompany the latter.**
  - **Navigant also has acquired data on conservation expenditures, coal contingency support payments and Bruce Power costs that they will amortize over a longer period, to get additional savings for ratepayers compared to the status quo.**
- **Navigant also advised that that they still need to track down some of the technical data required by the model, such as the capital cost for repowering. Navigant will aim to provide a nearly completed model to the Ministry by Tuesday morning, with only minor adjustments to the model anticipated after that point.**
- **A model input that Navigant has yet to finalize is interest rates, including the societal discount rate and the government borrowing cost. These interest rates are expected to be in the 4.5% range (nominal) and are significant because they influence the present value calculation that determines the savings related to GA refinancing. Navigant advised that it may instead simply use a spread between societal discount rates and interest rates and assume that the spread remains constant through the refinancing period, even as the underlying rates move.**
- **Finally, Navigant's preliminary research has found that, generally, IESO-contracted generation could be expected to operate for about five years past the end of its contract life "without" any capital investment.  After that point, a repowering investment would be needed that would be below the cost of new generation. This investment will be included in the analysis, and will bring the life beyond 30 years for many generators.**