

Q&A Response

Q. What are the key drivers behind the estimated 8% rebate cost exceeding \$1 billion annually?

The initial cost analysis of the 8% rebate program was a high-level estimate (i.e., see ENERGY Initial Estimate (August 26, 2016) in the table below). It was calculated based on the Independent Electricity System Operator's Ontario Planning Outlook – Outlook B data and internal Ministry assumptions. This analysis involved estimating the total cost of serving Class A and non-Regulated Price Plan (RPP) Class B electricity consumers and applying an 8% rebate to all other electricity system costs.

Following the initial estimate, the calculator which had been used to estimate the cost of the Ontario Clean Energy Benefit (OCEB) program was updated iteratively over a number of days. The updated OCEB calculator uses assumed volumes and costs for various electricity consumer categories that are eligible for RPP to calculate an estimate of the cost of the rebate and is more sophisticated than the methodology used to calculate the August 26, 2016 estimate noted above.

Following refinements to the calculator input data related to additional data available from the Ontario Energy Board (OEB) and the OCEB program the final estimate was calculated (i.e., see ENERGY Revised Estimate (September 8, 2016) in the table below).

It should also be noted that there will be ongoing variances in the required funding for the 8% rebate program due to changes in natural gas prices and consumption (i.e., primarily related to weather). These uncertainties also impact the variance account for the RPP.

Forecast Cost of Rebate (\$M):

Fiscal Year	2016-2017	2017-2018	2018-2019	2019-2020
ENERGY Initial Estimate (August 26, 2016)	261	1,006	1,004	994
ENERGY Revised Estimate (September 8, 2016)	271	1,119	1,086	1,171
TB / MBC Approved (September 12, 2016)	300	1,006	1,004	1,004

Note: The ENERGY Revised Estimate (i.e., September 8, 2016) included in the table above was provided to TBS / MBC on September 11, 2016; a decision was made by TBS / MBC to use the Initial Estimate (i.e., August 26, 2016) for the out years. In the September 2016 TB/MBC minute, the Ministry of Energy was directed report back through the 2017-18 Program Review, Renewal and Transformation (PRRT) process on updated future year impacts.