Re: P briefing

From: "Imbrogno, Serge (ENERGY)" <"/o=govon/ou=ontario public sector - iserv ems/cn=recipients/cn=imbrognose">
To: "Katona, Keley (ENERGY)" <keley.katona@ontario.ca>
Date: Sun, 11 Sep 2016 21:53:17 -0400

Great. Thanks

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Katona, Keley (ENERGY)
Sent: Sunday, September 11, 2016 9:48 PM
To: Imbrogno, Serge (ENERGY)
Subject: Fw: P briefing

Revised below. OK to share?

Q/ Will Hydro One be seeking OEB approval for rate increases to cover the cost of ICI expansion?

No, the cost of ICI expansion will not be recovered through distribution rates. The cost of ICI expansion would be recovered through the electricity line (for residential consumers, small businesses and farms) or Global Adjustment line (for business consumers) beginning in 2018.

Note: Most residential consumers, small businesses and farms pay Time-of-Use (TOU) prices. These prices are adjusted every six months (in May and November) by the Ontario Energy Board (OEB) based on projected supply cost over the next 12 months and true-up to actual costs incurred to date.

These OEB-approved rates comprise the "Electricity" line for residential consumers, small businesses and farms. The Electricity line shows the blended commodity cost that includes both the wholesale price of electricity as well as Global Adjustment charges. The cost of ICI expansion will flow to other consumers through increased Global Adjustment charges, which will increase the Electricity line for residential consumers.

Q/ What types of consumers fall between 0.05 MW and 1 MW and therefore will not be eligible for the 8% rebate or ICI expansion?

Consumers under 0.05 MW will be eligible for the 8% rebate. Consumers 1 MW and above will be eligible for ICI expansion.

Examples of types of consumers that could fall into the 0.05 -1 MW category and will therefore not be eligible for the 8% rebate or ICI expansion are:
• Grocery stores

• Shopping malls
• Office buildings
• Government offices
• Restaurants
• Big box stores
• Hospitals
• Colleges
• Small manufacturing facilities

Note: There are likely also many consumers of the above types that are either over 1 MW (e.g., large shopping malls, office buildings) or under 0.05 MW (e.g., small restaurants, small government offices). For clarity, the 1 MW and above consumers will be eligible for ICI expansion and the consumers below 0.05 MW will be eligible for the 8% rebate.

From: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>
Sent: Sunday, September 11, 2016 8:47 PM
To: Katona, Keley (ENERGY)
Subject: Re: P briefing

On 1, we need to add some language to clarify that residential customers pay TOU rates, which are set by the OEB, and include the commodity cost of electricity (GA and HOEP). If you look on our mock bill, there is no GA line.

Sent from my iPad

On Sep 11, 2016, at 8:43 PM, Katona, Keley (ENERGY) <Keley.Katona@ontario.ca> wrote:

> QAs below. Should I share with MO?
>
> **Q. Will Hydro One be seeking OEB approval for rate increases to cover the cost of ICI expansion?**
>
> A. No, the cost of ICI expansion will not be recovered through distribution rates. The cost of ICI expansion would be recovered through the commodity line or Global Adjustment line on bills, depending on consumer type, beginning in 2018.
>
> **Q. What types of consumers fall between 0.05 MW and 1 MW and therefore will not be eligible for the 8% rebate or ICI expansion?**

A. Consumers under 0.05 MW will be eligible for the 8% rebate. Consumers 1 MW and above will be eligible for ICI expansion.

Examples of types of consumers that could fall into the 0.05 -1 MW category and will therefore not be eligible for the 8% rebate or ICI expansion are:

- Grocery stores
- Shopping malls
- Office buildings
- Government offices
- Restaurants
- Big box stores
- Hospitals
- Colleges
- Small manufacturing facilities

Note: there are likely also many consumers of the above types that are either over 1 MW (e.g., large shopping malls, office buildings) or under 0.05 MW (e.g., small restaurants, small government offices). For clarity, the 1 MW and above consumers will be eligible for ICI expansion and the consumers below 0.05 MW will be eligible for the 8% rebate.

Begin forwarded message:

From: "Imbrogno, Serge (ENERGY)" <Serge.Imbrogno@ontario.ca>
Date: September 11, 2016 at 11:51:03 AM EDT
To: "Whytock, John (ENERGY)" <John.Whytock@ontario.ca>, "Hume, Steen (ENERGY)" <Steen.Hume@ontario.ca>
Cc: "Katona, Keley (ENERGY)" <Keley.Katona@ontario.ca>
Subject: Fw: P briefing

Hi. I'm hoping we can pull these products together per CO request. Thanks

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Davidson, Steven (CAB) <Steven.Davidson@ontario.ca>
Sent: Sunday, September 11, 2016 11:18 AM
To: Imbrogno, Serge (ENERGY); Greenberg, Martha (CAB); Katona, Keley (ENERGY); Moore, Karen (CAB); Betzner, Lynn (CAB); Orencsak, Greg (TBS); Hughes, Karen (TBS)
Cc: Foster, Robert (CAB); Bromm, William (CAB); Kwamena, Boafoa (CAB)
Subject: P briefing

Hi. Just briefed the P on rate mitigation proposal. A few follow ups:

Finalized decision on the reg authority. Please go with original draft, ie retain the reg making authority from OCEB, but do not include a new authority for a conservation measure. If we need to, we could add that later through an amendment in the Budget bill.

On HST rebate, SoC has asked me to make sure we have a clear one pager for everyone to use that speaks plainly to what it is, what is included in the cost that is being rebated, etc.

Related to that, P asked if H1 would be seeking rate increase approval from OEB to cover cost increases from RRRP and ICI. Answer yes, so need to have messaging for that.

This may all be in the comms materials or backgrounders. I haven't checked.

I told Steve I'd ask folks to circulate the HST explanatory doc to us today, so whoever is on that could you please do that. Assume it's a Comms product.

Other outstanding issues are finalizing the TB minute language re use of proceeds to support GHG reduction objectives per CCAP and 2016 Budget, and direction of proceeds savings to GHG reduction measures within the fiscal plan AND within the CCAP. Gillian is brokering with MOs. Agreed it would be desirable for TB to minute confirmation of Minister Murray's statutory responsibility to provide formal recommendation on the initiative to allay any concern this pre-empts that.

PO is looking for more specific examples of who is in the 0.05 to 1 MW category who do not benefit from rebate or ICI and only get proceeds. Serge, I think you guys are already on that. I think PO will be assembling a variety of specific impact and billing examples for back pocket.

That's it for take aways. A pretty in depth 50 min discussion. Noted pressure on the fiscal plan and foreshadowed need for significant effort to accommodate and continue path to balance.

Sent from my BlackBerry 10 smartphone on the Rogers network.