Re: Rate Mitigation - LRC - CO questions

From: "Imbrogno, Serge (ENERGY)" <"/o=govon/ou=ontario public sector - iserv ems/cn=recipients/cn=imbrognose">
To: "Chatterjee, Jeet (ENERGY)" <jeet.chatterjee@ontario.ca>
Cc: "Katona, Keley (ENERGY)" <keley.katona@ontario.ca>
Date: Tue, 08 Nov 2016 17:13:48 -0500

For 3, major difference is that this is permanent. OCEB was set to sunset after 5 years.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Chatterjee, Jeet (ENERGY)
Sent: Tuesday, November 8, 2016 5:03 PM
To: Imbrogno, Serge (ENERGY)
Cc: Katona, Keley (ENERGY)
Subject: Rate Mitigation - LRC - CO questions

Deputy,

In case you have time to review, below are staff responses to 4 questions raised by CO on the LRC note on rate mitigation. I can also bring this to you when you return to the office. Ministry responses are in red.

Thanks,

Jeet

1) When did the RRRP last change? The amount of support available to Hydro One R2 customers has been fixed by regulation since 2001. Prior to that, rural rate assistance operated under a different framework administered by the old Ontario Hydro.

2) Although this proposal is not expected to affect the majority of OCEB customers (as audits conducted by the Ministry of Finance identified minimal errors in the application of the program), the potential size of the liability related to retroactive payments is highly uncertain due to data limitations. ENERGY's rough estimate for this liability is $10 million. Since January 2011, OCEB expenditures have been approximately $5.3B; expenditures are reflected in Volume 1 of Public Accounts each fiscal year.

3) The 8% rebate would be structured and delivered in a similar fashion to the former OCEB. There is a risk that the government could be criticized for replacing the OCEB with a smaller rate relief package, just one year after the OCEB ended.
    a. The new rebate would have a wider base, and would be uncapped, compared to the OCEB, which was capped at 3,000 kWh per month (and per residential unit in a bulk-metered, multi-residential building). (Comments from ENERGY?) None

4) The rebate was earlier estimated as part of the fiscal plan to cost $1 billion on an annualized fiscal basis, and this estimate has since increased to $1.2 billion. The rationale for the increase is that ENERGY was able to refine its analysis . ENERGY has also indicated that the rebate is expected to cost approximately $4.5 billion from 2017-2020. It was indicated that revised estimates would be part of Energy's PRRT submission.