RE: Media request: Global News

From: "McPhail, Blane (OPO)" <blane.mcphail@ontario.ca>
To: "Nekolaichuk, Colin (ENERGY)" <colin.nekolaichuk@ontario.ca>
Cc: "@OPO-Media Relations and Issues Management" <opo-mediarelationsandissuesmgmt@msgov.gov.on.ca>, "Berry, James (ENERGY)" <james.berry5@ontario.ca>, "Den Heijer, Kevin (ENERGY)" <kevin.denheijer@ontario.ca>
Date: Fri, 17 Nov 2017 09:44:24 -0500

Looks good, thanks Colin

From: Nekolaichuk, Colin (ENERGY)
Sent: November-17-17 9:31 AM
To: McPhail, Blane (OPO)
Cc: @OPO-Media Relations and Issues Management; Berry, James (ENERGY); Den Heijer, Kevin (ENERGY)
Subject: Media request: Global News

Hi Blane,

Alan Carter is writing an online piece on how technological changes in the electricity sector might affect the ratebase over time. Here are some specific points he wants addressed:

- If technological change removes substantial numbers from the ratepayer base, how will the debt in OPG from the Fair Hydro Plan be re-paid?
- Will that mean an increase on remaining ratepayers or could more debt be moved to the general tax base?

We've worked up the following with our officials and policy shop:

Encouraging technological advancements is one of the main topics we heard from Ontarians through extensive public consultations for the Long-Term Energy Plan. Giving electricity consumers greater choice through net metering, storage, and other vehicles was a strong theme of the 2017 LTEP.

Rooftop solar and storage systems work best in conjunction with a grid connection. While we know that our electricity system will continue the trend towards smaller, more distributed energy resources, for the foreseeable future it remains impractical to fully disconnect from the grid. While it can be technically feasible to completely disconnect, this would typically require an investment of capital far beyond the benefits that would be realized. The Independent Electricity System Operator is also looking at the potential effects of transportation electrification, and the rise in consumer interest in EVs, both of which could be major factors in shaping future electricity demand.

In terms of the Fair Hydro Plan, long-term planning has included numerous variables, such as interest rates and electricity demand and electricity costs, which will vary over the thirty year life of the Global Adjustment refinancing program. Cost estimates and impacts on consumer bills will continue to be revised to reflect these changing conditions.

It should be noted that the total estimated cost of the Fair Hydro Plan has already been revised downwards substantially to reflect revised inputs. We will continue to identify and implement initiatives to take costs out of the electricity system, which would reduce the cost of the Global Adjustment refinancing program, regardless of any demand changes to the electricity system.

Our government has been working hard to reduce costs for Ontario electricity consumers. Delivering clean, reliable, affordable electricity will continue to be top priority for the government.

For more information on what future demand could look like, see Chapter 3 of the 2017 LTEP.

Let me know if you have any edits or concerns.

Thanks,
Colin

Colin Nekolaichuk | Press Secretary
Office of the Hon. Glenn Thibeault | Minister of Energy
T: 416-325-2690 C: 647-504-4928
colin.nekolaichuk@ontario.ca