

LTEP Process Update

Multi-Corners Meeting
May 31, 2017

Context

- The Ministry of Energy continues to develop the next Long-Term Energy Plan (LTEP).
- The development of the Ontario Fair Hydro Plan (OFHP) has implications for timelines for the development of the LTEP.
- The LTEP requires a certain amount of lead time for engaging other ministries and production. In addition, the following considerations are putting additional pressure on timing:
 - Exploring further opportunities to reduce costs
 - Modelling by the Independent Electricity System Operator (IESO)
 - Production timelines.
- A number of Cabinet Office / Premier's Office briefings need to take place for ENERGY to receive direction on LTEP topics.
- ENERGY anticipates July 26 will be the earliest Cabinet date possible given the outstanding work on LTEP development.

Items that Impact LTEP Timing

Further Measures to Reduce Costs

- Measures announced in the OFHP would lead to immediate cost reductions, but also result in long-term cost pressures.
- There is a need to identify measures to reduce system costs in the long term in the LTEP.
 - Identifying cost-cutting measures in the LTEP leads to further policy decisions that ENERGY will need direction on.
- One potential measure could be to shift costs for conservation programs from ratepayers to the Greenhouse Gas Reduction Account (GGRA).
 - ENERGY would need to work with MOECC on this approach prior to LTEP's release.-
- In an assessment of the IESO's Market Renewal Project prepared by the Brattle Group, estimated benefits range from \$2.2 to \$5.2 billion (10-year NPV).
- ENERGY will require more time to consider additional measures to reduce system costs prior to the release of LTEP.
- Any measures identified would need to be incorporated into the final modelling being undertaken by the IESO to produce the cost curves that would be included in the final public document.

LTEP Modelling

- The LTEP will include 20-year outlooks for electricity demand, supply, costs and emissions, to be modelled by IESO.
- There have been a number of policy changes since the IESO did its modelling for the Ontario Planning Outlook (OPO) which need to be reflected in the updated modelling, including the suspension of the Large Renewable Procurement (LRP II) and the introduction of the OFHP.
- There are also a number of policy decisions that still need to be made that will impact modelling. As a result, modelling is an iterative – and as yet incomplete – process.
- The IESO's model can take weeks to run scenarios, in order to provide the complex modelling needed for the LTEP.
- ENERGY will also need to work with other impacted ministries to review the modelling, and brief Cabinet Office / Premier's Office on the findings.
 - This briefing is being proposed for the week of June 26.

LTEP Production Schedule and Communications Strategy

- ENERGY has procured a writer and graphic design firm to produce the LTEP. ENERGY will work these firms to ensure a rigorous and efficient production timeline.
- ENERGY and the LTEP writer are developing the content of the LTEP. Content and policy development is expected to continue through July 2017.
 - ENERGY will continue to engage relevant ministries as content is developed.
- The minimum amount of time the graphic design firm would need to produce a fully accessible, translated, formatted and printed document is about 15 working days. This schedule includes:
 - Layout by graphic design firm
 - Ministry review and approval
 - Final edits by graphic design firm
 - Final approval
 - French layout by graphic design firm
 - Ministry review and approval of French layout
 - Digital production of document and printing
- The production is also constrained by the need to ensure complete accessibility of products, and to work within Cabinet Office timelines for developing content and formatting materials for Ontario.ca.
- The Ministry is planning a multi-channel communications strategy tailored to the various key audience segments expected for the LTEP (e.g., residential consumers, stakeholders, media).
 - The amount of different products the Ministry is able to produce will depend on the timing of determining final copy of the LTEP prior to launch date.

LTEP Process

Approach for Cabinet Approval

Legislated Process, Electricity Act, 1998

The Minister shall, subject to Cabinet approval, issue a long-term energy plan setting out and balancing the Government of Ontario's goals and objectives respecting energy for the period specified by the plan.

The LTEP and implementation directives require Cabinet approval. To fulfill the legislated requirement, ENERGY proposes the following approach:

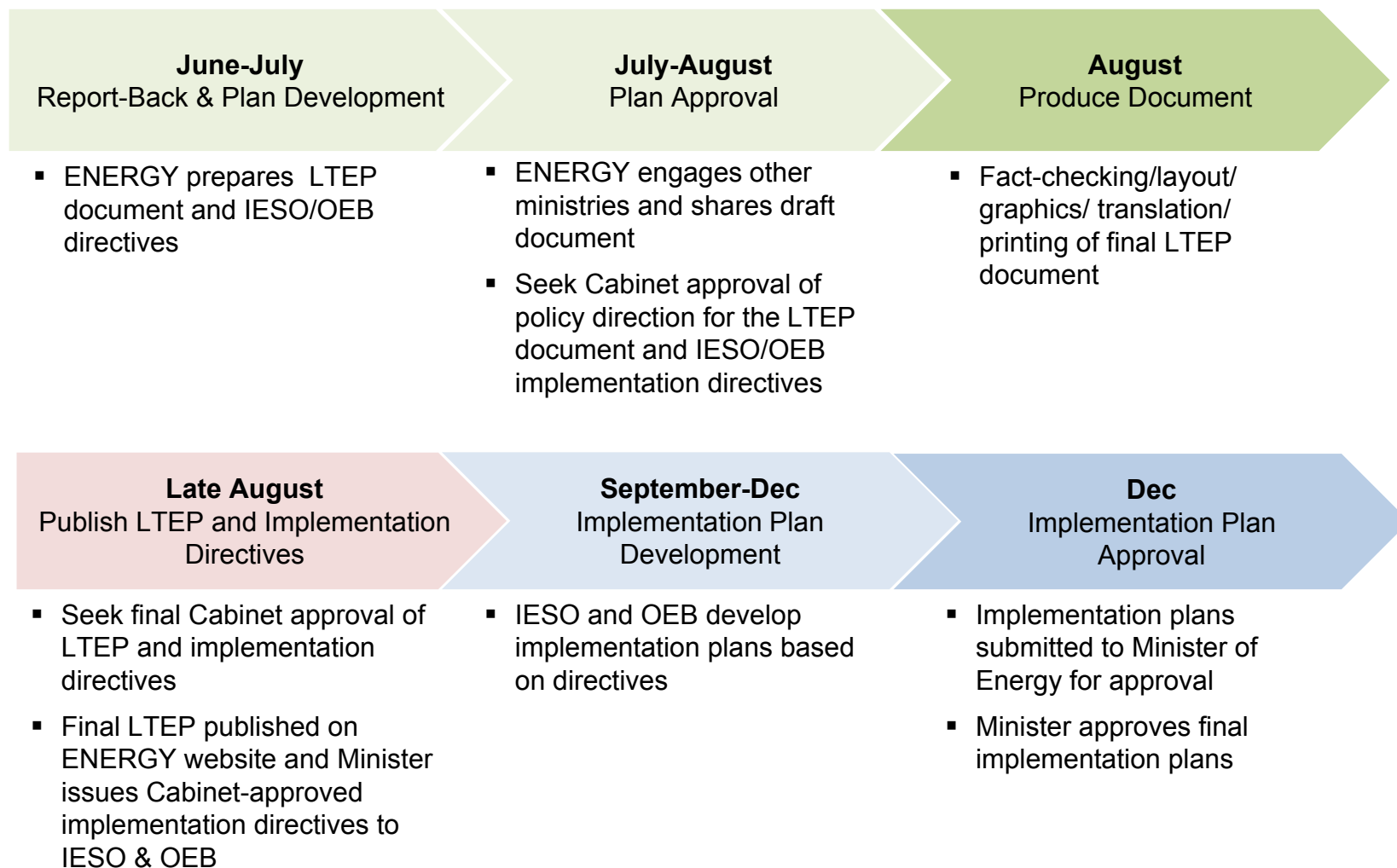
July 26 Cabinet Date

- ENERGY to provide a deck seeking policy approval of the LTEP initiatives, modelling outlooks, and directive language to the IESO and OEB.
- ENERGY to seek a Cabinet minute noting approval of LTEP initiatives and implementation directives.
- If required, ENERGY may need to make changes to the LTEP and implementation directives based on Cabinet feedback
- ENERGY would return to Cabinet with the final LTEP and implementation directions in August.
 - Key components of the approved policy content of the LTEP could be communicated via a press release prior to final approval of the LTEP document and Implementation Directives.

Proposed LTEP Timing

Timelines

- Below is a timeline based on receiving Cabinet approval on July 26 and tabling the LTEP and the directives to the IESO and OEB later.



Next Steps

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- ENERGY will continue to brief Premier's Office bi-weekly on specific LTEP initiatives and policy decision points:
 - Conservation – May 31, 4:00-5:00pm
 - Innovation and Customer Choice – Week of June 12
 - Supply and Demand (modelling) – Week of June 26
 - Draft Cabinet Submission – Week of July 10
 - Final Cabinet Submission – Week of July 24
- ENERGY will host a multi-ministry meeting June 19th to highlight LTEP content and modelling.
 - The ADMs forum will continue to meet with other ministries to discuss LTEP content and modelling in more detail.
- ENERGY will target the July 26th Cabinet meeting for LTEP approval.