FW: Delivery charges question

From:	"McEachern, Gillian (OPO)" <"/o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=mceachern, gillian (opo)501">
To:	"Rowe, Mary (OPO)" <mary.rowe@ontario.ca>, "Bevan, Andrew (OPO)" <andrew.bevan@ontario.ca>
Date:	Fri, 03 Feb 2017 22:43:45 -0500
Attachments:	Delivery charge one pager.docx (18.41 kB)

Hi Andrew and Mary,

There are a couple of different options being proposed on delivery charges so wanted to pull together some pieces and perhaps we should discuss tomorrow.

Steve's proposal is for a $55 delivery cap for all customers. The cost estimate is $790M on the tax base. I don't believe ENE has kicked the tires on that number yet.

The proposal presented by ENE on Wednesday was to expand RRRP enhancement to R1 customers and provide extra money to help the high volume H1 customers reach the new, flat delivery rate, much sooner than planned.

Once all LDCs move to the flat delivery charge, it will range from $26.34 - $64.13 across all LDCs minus H1. This means that under the current plan, no one in Ontario outside of H1 will pay more than $64.13 in delivery charge by 2019 (OEB says they can speed that up by a year). So, no outliers for high volume or rural customers in the LDCs.

I realize that there's still a spread, but this is not based on northern vs southern but the history of investment and efficiency of the LDC. For example, Thunder Bay Hydro will have the lowest delivery charge in the province. Hawkesbury, Renfrew and Branford are also on the low end. Toronto is $20 higher than Thunder Bay.

The recent ENE proposal is that on top of RRRP, the higher volume users receive additional money so their delivery charge drops to $55.70. Right now, that rate would only be reached in 2023.

I've attached the excel sheet showing where each LDC will land with its delivery charge. I've also asked ENE to get the information about how much low volume users will increase. Rose showed us this and it was a few dollars. Those customers already have low bills because their consumption is low.

I do think that based on the numbers, the proposal from ENE this week addresses the Premier's concerns that I've heard about high volume users and disparity between urban and other, while the rest of the package with GA reduction allows everyone's bill to go down (to address the broader concern).

Please let me know if you need any further information.

Thanks,
Gillian

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From: Orsini, Steve (CAB)
Sent: Friday, February 03, 2017 6:21 PM
To: McEachern, Gillian (OPO)
Cc: Bevan, Andrew (OPO); Rowe, Mary (OPO); Bromm, William (CAB); Kwamena, Boafoa (CAB)
Subject: RE: Delivery charges question

Gillian,

Good questions. The option I raised with the Premier is a $55 cap for delivery charges (which includes distribution charges) for households.

Here is a preliminary note. Energy is including it in their package of options, which they will share with us on Monday. There are still kicking the tires.

In addition, Energy is also looking at other GA options such as OEB oversight and creating a regulatory asset held by the IESO. The idea is to create a regulatory asset (debt is not book until the higher rates kick many years later) similar to OPG rate smoothing. This has a lot of accounting issues, but addresses some of the other concerns we had. They will need more time to think this through.

Steve

From: McEachern, Gillian (OPO)
Sent: February-03-17 5:22 PM
To: Orsini, Steve (CAB)
Cc: Bevan, Andrew (OPO); Rowe, Mary (OPO)
Subject: Delivery charges question

Hi Steve,

The Premier mentioned today that you'd presented an option to cap delivery charges that would cost $790 million, but there's some confusion about what that cap would be. Was the for delivery or distribution charge, and for all customers at $50? Would it mean halting the work OEB doing on fixed rates?

Does it build on what we were presented with by Energy on Wednesday?

Trying to respond to some questions on it but wasn't sure what it included.

Thanks,
Gillian