

Fw: Confidential Advice : Renewable Procurements

From: "Donelson, Philip (OPO)" <philip.donelson@ontario.ca>
To: "McEachern, Gillian (OPO)" <gillian.mceachern@ontario.ca>
Date: Fri, 23 Sep 2016 12:11:26 -0400
Attachments: Impact Compared to 2013 LTEP_September 22 FINAL.PDF (349.04 kB)

Your suspicions were correct. Nice catch.
ATel not copying me on emails is not great though.

--

Phil Donelson
647-530-6642

From: Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>
Sent: Friday, September 23, 2016 11:45 AM
To: Donelson, Philip (OPO)
Subject: Fw: Confidential Advice : Renewable Procurements

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>
Sent: Friday, September 23, 2016 7:38 AM
To: Moulton, Dan (ENERGY); Bevan, Andrew (OPO); McEachern, Gillian (OPO); MacKenzie, Rebecca (OPO); Killorn, Bill (OPO); Bardeesy, Karim (OPO)
Cc: Whittington, Matt (ENERGY)
Subject: RE: Confidential Advice : Renewable Procurements

Good Morning:

After much internal discussion and number crunching, we are revising our projected savings number (last time, I swear...). Briefing note enclosed.

\$3,6 billion becomes \$3,8-billion => **remains.**

\$2,10 per month updated to ~~\$4.80 per month.~~ **to \$2.45 /month relative to 2013 LTEP**

Core issues here are the modeling assumptions and remaining consistent with how we have been reporting ratepayer savings since the 2013 LTEP forecast.

If you consider the backgrounder document and lists we all frequently cite of decisions made by Government to bend the cost curve - defer new nuclear; competitive renewables; Samsung renegotiation; nuclear decisions, etc; - we feel that we need to maintain the same modeling assumptions and compare against the 2013 LTEP regardless of cumulative effects of system changes.

To that end, we maintaining the overall savings number of \$3,8-billion; but individual ratepayer monthly impact is more accurate to say \$2.45 / month (residential) - as compared to 2013 LTEP.

At issue is that if we use different model assumptions for one, then we may be called out for inconsistency. And further if we start to update historical figures, then the numbers that we have been using (as recently as SFT) will be revised downward. Example: the \$1,9-Billion in FIT / rooftop solar price digression savings would then be updated to \$800-million. For greater clarity, the \$1,9-billion (as well as all other figures) remain 100% correct **AS Compared to previous forecasts. Keeping the frame of reference constant - IE: original assumptions from 2013 rather than having multiple moving variables is the key.

To that end, rather than re calculate the arithmetic that is already well known in public domain (Backgrounder) we are conforming to those modeling assumptions out of an abundance of caution. Also, as you know, Ministry of Energy is due at Estimates in a few weeks, and this consistency factor is an important point to maintain comfort level of all anticipated deputants.

Anyways, as you can well expect, we are going through some rather fascinating conversations over here about the important concepts of "accuracy" "precision" and "consistency".

Finally, if you have further and specific questions about this briefing note - probably best to chat over the phone, so please don't hesitate to call me.

Andrew Teliszewsky

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From: Teliszewsky, Andrew (ENERGY)
Sent: September-21-16 10:03 PM
To: Moulton, Dan (ENERGY); Bevan, Andrew (OPO); McEachern, Gillian (OPO); MacKenzie, Rebecca (OPO); Killorn, Bill (OPO); Bardeesy, Karim (OPO)
Cc: Whittington, Matt (ENERGY)
Subject: RE: Confidential Advice : Renewable Procurements

Good Evening:

So, a bit of an update on the "ratepayer savings" numbers that were discussed today. Something that we didn't get a chance to mention this morning was that the \$3,6-billion (system savings) and \$2,10 per month were initial estimates. It takes about a week for the numbers to churn out of the full model, and what we had provided was a conservative estimate.

IESO will be updating their briefing note and we will circulate in the morning, but top-line :

\$3,6 billion becomes \$3,8-billion

\$2,10 per month updated to \$4.80 per month.

That 2nd update will make you scratch your head.

Apparently the initial model round doesn't take into account the fact that Global Adjustment is allocated differently for separate classes of customers – that's what was required for the full model to run, and the \$2.10 was a conservative, average estimate. Basically, the way that we calculate residential customer base means that generation / procurement decisions are proportionately weighted higher to RPP and Class B customers, so the benefit to residential customers for the suspension of procurement is that much higher.

So, obviously, when we got these numbers this evening, our tem asked them to go back and run them again as we would like full final assurance on accuracy. That memo will come in the morning and we will share, but for right now, Ministry of Energy is already updating the communications products accordingly.

Sorry for this confusion. I appreciate that the second piece revision (\$4.80/month) does have impact of shaking confidence, but again, conservative estimate at first and then full model.

Finally, be assured that my own reaction with staff and agency this evening more than covers it in terms of ensuring precision and accuracy at all points.

Andrew

From: Moulton, Dan (ENERGY)
Sent: September-20-16 9:34 AM
To: Bevan, Andrew (OPO); McEachern, Gillian (OPO); MacKenzie, Rebecca (OPO); Killorn, Bill (OPO); Bardeesy, Karim (OPO)
Cc: Whittington, Matt (ENERGY); Teliszewsky, Andrew (ENERGY)
Subject: RE: Confidential Advice : Renewable Procurements

Hello all,

Please find attached the Communications and Stakeholder Plan we've put together for this announcement. Let me know if you have any thoughts or questions,

Dan

From: Teliszewsky, Andrew (ENERGY)
Sent: September-16-16 4:00 PM
To: Bevan, Andrew (OPO); McEachern, Gillian (OPO); Whittington, Matt (ENERGY); Moulton, Dan (ENERGY)
Cc: MacKenzie, Rebecca (OPO); Killorn, Bill (OPO)
Subject: Confidential Advice : Renewable Procurements

Good Afternoon:

Please find enclosed some products for your early review regarding the proposed suspension of the 2nd phase of the IESO's Large Renewable Procurement.

Communications & Stakeholder plan being updated here and will track for Monday.

At this point, we understand the preference is to not include this in Premier's communications next week, but the draft speaking points enclosed still reference that possibility as they were tracking overnight. However, from a tone and message perspective, your review of this product will help us set out the right message should this move forward.

ENE communications are contemplating alternative communications scenarios and venues over and will propose something shortly.

Finally, quick reminder about the legal considerations previously highlighted.

Many thanks, in advance.

Andrew

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