Re: ENE Cabinet Submission DRAFT | Rate Mitigation - Decision Deck

From: "McEachern, Gillian (OPO)" <"/o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=mceachern, gillian (opo)501">
To: "Donelson, Philip (OPO)" <philip.donelson@ontario.ca>, "Bevan, Andrew (OPO)" <andrew.bevan@ontario.ca>, "Rowe, Mary (OPO)" <mary.rowe@ontario.ca>
Date: Sat, 18 Feb 2017 12:18:54 -0500

The challenge I have with shifting DRC to tax base is what policy rationale exists for it. I wonder if there is another to remove it a year early and what the impact on class A would be of extending (how long, what would it mean for rates).

There won't be enough proceeds available in the time frame needed to use them for the voucher idea. I do like the idea of additional support to class B for energy managers.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Donelson, Philip (OPO)
Sent: Saturday, February 18, 2017 9:59 AM
To: Bevan, Andrew (OPO); Rowe, Mary (OPO); McEachern, Gillian (OPO)
Subject: Fw: ENE Cabinet Submission DRAFT | Rate Mitigation - Decision Deck

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Good morning -- thought it best to share some thoughts on the Class B options with a smaller group before we give direction to Energy. I am partial to the DRC options.

On a further lowering of the ICI threshold:
- would create a residential price impact that is counter-narrative (small, but unhelpful in an announcement setting)
- not all class B have the ability (or perhaps willingness) to load shift, particularly industrials that run a day shift. We would likely continue to hear from them

DRC removal:
- more of a short term benefit as it is scheduled to be removed in April 2018, but is tangible and easily applied
- from the deck, it appears that we could say we're giving class Bs a 6 percent benefit (4 from DRC and 2 from tax basing programs)
- large fiscal hit, unless we extend the repayment timeline for Class A consumers. However, asking Class A to pay longer would hurt our case that the benefit of tax basing OESP/RRRP is equivalent to the costs of C&T, therefore keeping large industrials neutral.
- all that said, paying for this fiscally is simple and would benefit all class B customers immediately

DRC voucher idea:
- my preferred option if we have the GGRA funding available and are able to use it for this purpose
- we could explore expanding what the vouchers could be applied to, such that we could include energy managers/management software and the like. Therefore those who have already taken advantage of LDC conservation programs for the low-hanging fruit could have a fuller assessment completed, and a professional to help them modify their practices if necessary
- this program could last longer than the DRC April 2018 timeline
- would be another quickly implemented program to get the benefits of C&T money in people's hands
- perhaps call it a "dividend" or "benefit" rather than a voucher

Of course this all depends on the fiscal/C&T money we have available, but I am partial to doing one or both of the DRC options.

I'll keep digging into these options today.
Phil

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Phil Donelson
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From: Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>
Sent: Friday, February 17, 2017 8:34 PM
To: Bevan, Andrew (OPO); Rowe, Mary (OPO); McEachern, Gillian (OPO); Killorn, Bill (OPO); MacKenzie, Rebecca (OPO); Mksyartinian, Jacob (OPO); Jancik, Mike (TBS); Ghiassi, Ali (MOF)
Cc: Whittington, Matt (ENERGY); Campbell, David (ENERGY); Donelson, Philip (OPO); Tresise, Landon (ENERGY); Marangoni, Emily (OPO)
Subject: ENE Cabinet Submission DRAFT | Rate Mitigation - Decision Deck

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Good Evening:

As discussed at Cabinet this week, and the subsequent FPC, we took away several key points and made some material changes to the submission for next Wednesday. Of note:

1. This is the Decision deck, solidifying Energy's recommended rate smoothing proposal (GA) as well as the companion distribution / delivery line changes, social program cost recovery via the tax base AND CLASS B levers. NTD: We include three levers for Class B. Frankly, we can discuss on the weekend which to proceed with, they are not mutually exclusive and in fact a part of me sees merit in doing all three. Would please ask folks to review and comment this weekend.

2. Also enclosed the CO / ENE DMO "Consolidated Cabinet Minute". Energy Officials are currently shopping this around TBS and MoF counterparts and at time of this writing, am not sure if we have yet had feedback from partner Ministries. Included in that is ask for OFA and OPCD review, obviously, of the Minute. <u>**ALI / MIKE : CAN you please ask your officials to review and respond this weekend to their Energy counterparts?**</u>
3. Finally, the "Summary" document is our list based on notes & recollections of the Cabinet Meeting earlier this week. SoC had asked for a list of comments from Executive Council and we are now compiling a more detailed list and reply, but this is first cut. Was a bit confused as to what this was ultimately for, we discussed a bit in passing at the tail end of FPC about potentially including this as some kind of attachment / appendix to the next Cabinet Submission.

<u>Question</u> : Do you want to have a special FPC on Tuesday afternoon (<u>Energy can do any time after 3pm</u>) to touch base again on Accounting / Constitutional Law Questions outstanding, given that we maintain placeholders in the draft Cabinet Submission for the review of KPMG / E&Y / PwC and Binnie products that are coming over the next few days?

Password remains.

Many thanks, in advance.

Andrew Teliszewsky

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