RE: LRC Note re Fair Hydro Implementation

From:	"Young, Samantha (CAB)" <samantha.young2@ontario.ca>
To:	"Moore, Karen (CAB)" <karen.moore4@ontario.ca>, "Frndova, Lucia (CAB)" <lucia.frndova@ontario.ca>
Cc:	"Hindmarch-Watson, Tim (CAB)" <tim.hindmarch-watson2@ontario.ca>
Date:	Thu, 16 Nov 2017 17:12:51 -0500
Attachments:	REG-11751_ID51391_LRC_Committee_Note-Draft V2- 2017 11 14.docx (171.46 kB)

I have reviewed TBS' comments and made very minor edits to the note. They are incorporated in the attached and tracked for your reference below.

The ministry reports that the ~~proposal id~~ proposed amendments to O. Reg. 206/17 and O. Reg. 429/04 are not expected to have any fiscal impact on Ontario.

The GA refinancing structure, which provides current relief to specified ratepayers, followed by recovery of the deferred amounts from that same class of ratepayers (e.g. fully on the rate base) will result in: (1) an increase in provincial gross debt (to finance the equity injection in OPG), with no increase to net debt, as the gross debt increase is offset by an increase in the government's assets in the form of a higher equity investment in OPG, and (2) an increase in interest on debt paid by the Province, assumed in the fiscal plan as exactly offset by higher earnings from OPG, resulting in no assumed impact to the Province's fiscal position. The actual impact will depend on actual IOD and OPG net income impacts. The proposed regulatory amendments would support OPG in the implementation of this refinancing structure.

The proposed amendments to O. Reg. 429/04 would impact IESO and licensed distributors in relation to their role in the recovery of amounts associated with the security arrangement payable by consumers through GA. The cost would be dependent upon interest rates, the amount of the letter of credit and the perceived risk of default by IESO. Initial estimates indicate that this would result in an annual carrying cost of about $1 million from 2021 to 2047. In the unlikely event of a default of one of the LDCs covered by IESO, the costs would increase to cover any shortfall. The ministry reports that the ratepayer impact of the carrying cost of the letter of credit would be negligible.

From: Moore, Karen (CAB)
Sent: November-16-17 4:27 PM
To: Frndova, Lucia (CAB); Young, Samantha (CAB)
Subject: Re: LRC Note re Fair Hydro Implementation

Sam is working to update it as Tim had to leave.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Frndova, Lucia (CAB)
Sent: Thursday, November 16, 2017 4:25 PM
To: Young, Samantha (CAB); Submissions LRC (CAB)
Cc: Currie, Aaron (CAB); Hodnett, Kyle (CAB); Moore, Karen (CAB); Hindmarch-Watson, Tim (CAB); Chiu, Genevieve (CAB)
Subject: Re: LRC Note re Fair Hydro Implementation

Everything we have should be in BinderBrowser. Waiting on a updated note from Tim.

Lucia

From: Young, Samantha (CAB)
Sent: Thursday, November 16, 2017 4:20 PM
To: Submissions LRC (CAB)
Cc: Frndova, Lucia (CAB); Currie, Aaron (CAB); Hodnett, Kyle (CAB); Moore, Karen (CAB); Hindmarch-Watson, Tim (CAB); Chiu, Genevieve (CAB)
Subject: LRC Note re Fair Hydro Implementation

Hi LRC Team,

Can you send me the LRC note that Tim submitted today on Fair Hydro Implementation?

TBS provided some late breaking feedback and we need determine if changes are needed to the note.

If you have the LRC materials from ENE too, that would be swell!

Thanks,
Sam

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