

RE: NUGs GA Lawsuit

From: "Pearce, Christopher (MOF)" <christopher.pearce@ontario.ca>
To: "Ingram, Kelsey (MOF)" <kelsey.ingram@ontario.ca>, "Moore, Brynne (MOF)" <brynne.moore@ontario.ca>, "Hay, Jenna (MOF)" <jenna.hay@ontario.ca>
Cc: "Nguyen, Marianne (MOF)" <marianne.nguyen@ontario.ca>, "Ize-Dukuze, Marilyn (MOF)" <marilyn.ize-dukuze@ontario.ca>
Date: Mon, 03 Oct 2016 11:36:02 -0400

As a brief follow-up, a bit more intel about how exactly the NUG appeal decision will hit ratepayers:

- For electricity users on the Regulated Price Plan (RPP), the impact of the retroactive payment would be through higher RPP prices (for the electricity commodity) set by the Ontario Energy Board beginning November 1. For residential and other consumers on the Regulated Price Plan, the impact may be smoothed over 12 months, as RPP prices are typically set to recover the estimated costs over a 12 month time frame, resulting in an increase of approximately \$1.10 on the average monthly residential bill over the 12 month period, an increase of about 0.7 per cent.
- For electricity consumers not on the RPP, the impact of the retroactive payment would be through a higher Global Adjustment (GA) charge (the GA charge recovers a portion of commodity cost of electricity). OEFC will be recovering the retroactive amount through the GA over a three month period (October to December). For example, for the three month period, the average industrial rate may increase by about \$3.50/MWh, approximately 4 per cent. The increase for particular industrial consumers will vary depending on the share of the GA included in their rates.

From: Pearce, Christopher (MOF)
Sent: September 30, 2016 6:07 PM
To: Ingram, Kelsey (MOF); Moore, Brynne (MOF); Hay, Jenna (MOF)
Cc: Nguyen, Marianne (MOF); Ize-Dukuze, Marilyn (MOF)
Subject: RE: NUGs GA Lawsuit

Kelsey et al.

FYI for now. In short and per the attached, OEFC recently lost the appeal of a court decision brought forward by 12 non-utility generators, which will require payment of retroactive amounts to NUGs. The cost of the retroactive amounts needs to be recouped through the rate base. Though the OEFC has sought leave to appeal to the Supreme Court, the impact of the decision is expected to start hitting certain residential and large-industrial rate payers next month. I've asked Ron's group to confirm how this will be communicated on rate payers bills, particularly for industrial consumers. I've attached a recent note on the file to help frame the issue.

Happy to discuss.

Chris

From: Pearce, Christopher (MOF)
Sent: September 19, 2016 9:56 AM
To: Nguyen, Marianne (MOF)
Subject: FW: NUGs GA Lawsuit

Hi Marianne – FYI. Note was updated slightly on Friday to clarify considerations around payments to NUGs and ratepayer impacts.

From: Tomasz Bugajski [<mailto:Tomasz.Bugajski@ofina.on.ca>]
Sent: September 16, 2016 5:08 PM
To: Pearce, Christopher (MOF)
Cc: Kwan, Ronald (OFA)
Subject: RE: NUGs GA Lawsuit

Hi Chris,

Please find an updated note attached that addresses your questions.

Best,
Tomasz

Tomasz Bugajski
EA & Special Policy Advisor
Corporate and Electricity Finance Division
Ontario Financing Authority
416-325-0924 | tomasz.bugajski@ofina.on.ca

From: Pearce, Christopher (MOF) [<mailto:Christopher.Pearce@ontario.ca>]
Sent: Friday, September 16, 2016 10:54 AM
To: Tomasz Bugajski <Tomasz.Bugajski@ofina.on.ca>
Subject: RE: NUGs GA Lawsuit

I should clarify my second question – the note mentions carrying costs if the payment is made before funds are received after we get it from the IESO, that the impact would hit bills in October, and that the soonest we could receive the funds from the IESO is Oct 21. Are we then recommending November 1st as the appropriate payment date? What if we haven't received funds from the IESO by that point – when is the next opportunity?

From: Pearce, Christopher (MOF)
Sent: September 16, 2016 10:49 AM
To: 'Tomasz Bugajski'
Subject: RE: NUGs GA Lawsuit

Hi Tomasz – Thanks for updating the note. Have shared with the MO but I have a few questions.

- 1) To what extent does this eat into the benefit to residential and industrial rate payers being provided through the recent rate mitigation initiative? How do the two interact?
- 2) What remaining options does OEFC have in terms of the outstanding payments to NUGs. The note mentions a few different points in time when the payments can be made – are there any impacts/considerations around the payment timing that should guide our thinking?

From: Tomasz Bugajski [<mailto:Tomasz.Bugajski@ofina.on.ca>]
Sent: September 14, 2016 6:28 PM

To: Katona, Keley (ENERGY)
Cc: Pearce, Christopher (MOF); Kwan, Ronald (OFA)
Subject: NUGs GA Lawsuit

Hi Keley,

Please find an updated note on the GA lawsuit attached.

Thanks,
Tomaz

Tomasz Bugajski
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