FW: Energy: Risks + Updated Materials From Our End

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Date:	Thu, 04 May 2017 10:59:53 -0400
Attachments:	ENERGY Models and Risks April 27 2017 v2.pptx (346.23 kB); OFHPA proposed structure.pptx (112.54 kB); Draft OFHP Legislation vs Model (24APR2017).docx (22.54 kB)

Gary, Violetta, Helder – Hi! Happy Thursday.

The email below, which we had shared with Cindy, Nadine and Helen last week, includes the e-copies of the risk deck you received on paper during our rate mitigation meeting. Wanted to share it with you electronically as well, as we thought it would make it easier to i ncorporate these into your risk tracker.

Also, if my memory serves me right, when Ben went through the risk tracker, the was wondering about the timelines being flagged for some of the risks. So a discussion (or " a Vulcan mind-meld " my geeky inner voice says) would be helpful to make sure that we have a common understanding of the risks and the time horizons.

Cheers,
Didem

From: Proulx, Didem (TBS)
Sent: April-27-17 5:12 PM
To: Veinot, Cindy (TBS); Petsche, Nadine (TBS); Graham, Helen (TBS)
Cc: Hosick, Sarah (TBS); Ng, Sandy (TBS); Shannon, Ben (TBS); Singh, Dan (TBS); Hellings, Chelsea (TBS); Fenton, Shannon (TBS); Fung, Felix (TBS)
Subject: Energy: Risks + Updated Materials From Our End

Cindy, Nadine and Helen – Hi!

Hope everybody survived and enjoyed the Budget Lock-Up. Sorry to inundate your inbox after a busy day, but given some of the pieces are related to the time sensitive energy legislation, we wanted to make sure we get these in your hands as quickly as we possibly could.

- **Slide Documenting Risks:**
  - As you know already know, the models we received do not allow for scenario testing or varying the parameters to see the impacts, so we have been working on identifying the risks through identifying risks to the assumptions
  - We had a teleconference with OPG and met with Energy folks regarding the models and assumptions

- We need them to run the scenarios, but they seemed to be swamped with the legislative pieces. We have agreed to work together on identification and running of scenarios – they know they have to do that for the credit rating agencies and when they have to go to the market. So we have agreement in principle, but no $s yet.
- We will be meeting with OFA next week re: their take on the models.
- Here is the slide deck that shows where the risks may be, and what to pay attention to so that timely course correction can be made.

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Please note that this slide deck/analysis is based on our understanding of the model that the average Toronto Hydro Customer would be used as the reference bill. This was in keeping with the policy docs, submissions, models we received and the first 3 versions of the legislation. In v4 of the legislation, all the references to "Reference Customer" and "Toronto Hydro" have been dropped. I am not sure if that is an intentional policy change to give everybody exactly 25% offset (which is estimated to cost less in total) or if the intention is to put it in the regulations. If it is the latter (we are keeping the current construct of using Toronto Hydro customer for the calculations), then the slide deck applies 100%. If the thinking has since moved on and that the approach will be to give everyone 25% off of their own bill, then the slide deck will need to be amended. This is a fundamental issue that needs clarification. Any insights you have share would be greatly appreciated.

- **Mapping of Legislation (v4) to the Policy Framework (March 1st Cabinet Doc):**

  Here is an updated version of the document Shannon shared with you last night. Shannon and Chelsea kept working on refining the mappings today. This document is intended to help to illustrate the legislation in a more conceptual way, and hopefully it is a useful tool for your accounting/risk and governance analysis.

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- **Mapping of Legislation to the Model (v3 to v4 comparisons):**

  Here is the other piece we worked up, which shows how key elements of the model changed in their description/operation from v3 to v4. Hopefully you will find it useful.

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A huge thanks to members of the COE team, cc'ed in the email, who have been all hands on deck to support this analysis. Please don't hesitate to let us know if you have any questions or concerns.

Thank you,
Didem