# RE: ENE - Affordability Fund

**From:** "Graham, Helen (TBS)" <"/o=govon/ou=ontario public sector - iserv ems/cn=recipients/cn=grahamhe">
**To:** "Fung, Felix (TBS)" <som.felix.fung@ontario.ca>
**Cc:** "Strang, James (TBS)" <james.strang@ontario.ca>, "Morgenstern, Madeleine (TBS)" <madeleine.morgenstern@ontario.ca>, "Patel, Bharat (TBS)" <bharat.patel3@ontario.ca>
**Date:** Thu, 16 Feb 2017 17:08:33 -0500

Hi folks

Doesn't look like the senior folks who need to review this will get to it tonight for formal signoff but heres roughly what Bharat and I think at the moment

In terms of booking an expense on the CRF for 16-17, we think its risky for a variety of reasons. We think it could be challenging for Energy to get TPA in place with several LDCs before YE (which is the available time). They could flow the payments with no TPAs (very risky from a VFM point of view, but does achieve the expense treatment), or they could try for a TPA with no conditions in it before YE for better chance AG would accept expense treatment (but does that also have VFM challenges?).

Next question is to do with consolidations. Could depend on how they set the fund up as to whether it is more like an accounting asset for us when the cash is flowed to the LDC (bec it is in held in trust under conditions we have set), or is it truly a TP grant to the LDC.

It would also, as Energy notes, get added back through consolidation this year if a balance is sitting in a consolidated entity LDC like H1, even if it were a TP and not an asset.

We have to see more details I think to get a better sense of where it could land.

Is this for tomorrow's 2-4pm briefing? We can make sure someone is there to support you for it, if it helps

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**From:** Graham, Helen (TBS)
**Sent:** February 16, 2017 12:08 PM
**To:** Fung, Felix (TBS)
**Cc:** Strang, James (TBS); Morgenstern, Madeleine (TBS)
**Subject:** RE: ENE - Affordability Fund

Have had a quick read and will also check around here but the basics are:

Proposal is to use a few LDCs to flow grants –

not sure (james may know) how the ldcs relate to actual H1, but my guess would be that slide 29 of the deck correctly identifies that if payments don't flow from CRF before YE, or if the cash sits at H1 over YE, the amount will be consolidated back; and yes, that creates a pressure for next year when presumably the implementation would get done and therefore expensed both by Energy and H1

The deck doesn't mention another obvious risk, which is we are now at mid-February, which leaves basically no time to complete a normal process of negotiating a TPA and flowing funds, which is needed to show an expense in 16-17 on the CRF. Don't know whether Energy is far enough along in their discussions with LDCs to mitigate this risk or not.

Will keep checking in around here – whats your timing on this?

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**From:** Fung, Felix (TBS)
**Sent:** February 16, 2017 11:34 AM
**To:** Graham, Helen (TBS)
**Cc:** Strang, James (TBS); Morgenstern, Madeleine (TBS)
**Subject:** RE: ENE - Affordability Fund

Yes – absolutely – here's the latest and greatest from yesterday. They took this Cabinet.

Will send you password separately

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**From:** Graham, Helen (TBS)
**Sent:** February-16-17 11:29 AM
**To:** Fung, Felix (TBS)
**Cc:** Strang, James (TBS); Morgenstern, Madeleine (TBS)
**Subject:** RE: ENE - Affordability Fund

Ps the last deck I see is from jan 19, but cindy tells me there is a more recent one – can you share?

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**From:** Graham, Helen (TBS)
**Sent:** February 16, 2017 11:28 AM
**To:** Fung, Felix (TBS); Sawosch, Mercedes (TBS)
**Cc:** Strang, James (TBS); Morgenstern, Madeleine (TBS)
**Subject:** RE: ENE - Affordability Fund

Hi – Mercedes has not been working on the rate mitigation pkg, so let me take this away and see where we are on it. A lot of the focus down here has been on the GA element, so not sure if we have gotten into the weeds on that fund yet.

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**From:** Fung, Felix (TBS)
**Sent:** February 16, 2017 11:26 AM
**To:** Graham, Helen (TBS); Sawosch, Mercedes (TBS)
**Cc:** Strang, James (TBS); Morgenstern, Madeleine (TBS)
**Subject:** ENE - Affordability Fund

Hi Helen/Mercedes,

Karen is asking about the proposed $200M Affordability Fund that Energy is including as part of the Electricity Rate Mitigation package. She wants to know if Cindy has confirmed whether:

1) The funding will flow to a consolidated entity (she mentioned H1, but does she mean the IESO?)
2) If the funding is going to a consolidated entity, what would be the fiscal impact for 2016-17? Energy has said the entire amount can be expensed this year, but Karen is worried that is not the case (i.e., only part of it will be expensed – and creating a pressure next year).

Anyway, let me know if you have any updates – as I have to include this as part of the Q3 reporting that we are doing (which is going to Secretary's briefing tomorrow).

Thanks - happy to chat in person,

Felix