FW: Energy rate mitigation item

From: "Coulter, Travis (TBS)" <travis.coulter@ontario.ca>
To: "Nero, Olivia (TBS)" <som.olivia.nero@ontario.ca>
Cc: "Poopalapillai, Christine (TBS)" <christine.poopalapillai@ontario.ca>, "Pichelli, Jason (TBS)" <jason.pichelli@ontario.ca>
Date: Tue, 20 Sep 2016 19:12:44 -0400
Attachments: RAN Electricity Price Mitigation v13 2016 09 12 CLEAN (3).doc (726.53 kB)

Hi Olivia,

As requested, attached is the assessment note on electricity price mitigation (2016 Budget external password).

- MOECC is concerned about Minute iv), part a) - which states that up to $1.08B of proceeds will be used to address rate-impacts on non-Regulated Plan Price electricity consumers (e.g. industrial, commercial, institutional).
- MOECC's concern is that Energy will need to demonstrate that this initiative will lead to GHG reduction. As per the legislation (and Justice Binnie's opinion on the use of cap and trade proceeds), an initiative that uses cap and trade proceeds will need to "reasonably be expected to reduce, or support the reduction of greenhouse gas." MOECC is concerned that the Minute only touches on the rate-impacts part, but does not indicate that the initiative will also need to reduce GHG - and they are worried that the initiative may not demonstrate any reduction in GHG.

Our ministry staff has conveyed the following points to MOECC:

- The original $1.32B initiative within the Climate Change Action Plan (CCAP) indicates that proceeds will be used to help eliminate carbon price impacts to ratepayers. This policy objective has not changed - the $1.08B is a reallocation of this $1.32B original commitment.
- The Minute directs Energy to work with MOECC with options on the appropriate mechanism for the $1.08B initiative on rate-impact mitigation and report back to Cabinet by the end of the year. Energy and MOECC should work together to develop this program to ensure that the proposed initiative will indeed reduce GHG. MOECC indicated that they have already started working with Energy and will continue to press on the GHG message.
- The Minute also indicates that this initiative is subject to the evaluation by the Minister of MOECC, who will opine on GHG reduction (as with all the CCAP initiatives).

MOECC is preparing an internal document to flag this risk for their DMO/MO while they continue to work with Energy.

I hope this helps,

Thanks

Diana Kuzmanovic for

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From: Nero, Olivia (TBS)
Sent: September-18-16 5:46 PM
To: Coulter, Travis (TBS)
Cc: Poopalapillai, Christine (TBS); Pichelli, Jason (TBS)
Subject: RE: Energy rate mitigation item

Hi Kevin- anything on this? Our Minister is mtg with Minister Murray soon. Thanks.

Olivia Nero
T: 416-327-0631 | M: 416-278-6450

From: Coulter, Travis (TBS)
Sent: September-13-16 11:28 AM
To: Nero, Olivia (TBS)
Cc: Poopalapillai, Christine (TBS); Pichelli, Jason (TBS)
Subject: RE: Energy rate mitigation item

Thanks Olivia, I'm waiting to hear back from staff on the materials and what they've heard from the ministry

Kevin Lee for,

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From: Nero, Olivia (TBS)
Sent: September-13-16 11:23 AM
To: Coulter, Travis (TBS)
Cc: Poopalapillai, Christine (TBS); Pichelli, Jason (TBS)
Subject: RE: Energy rate mitigation item

Should say 'and the use of cap and trade proceeds' not announcement on the use of cap and trade proceeds.

Olivia Nero
T: 416-327-0631 | M: 416-278-6450

From: Nero, Olivia (TBS)
Sent: September-13-16 10:17 AM
To: Coulter, Travis (TBS)
Cc: Poopalapillai, Christine (TBS); Pichelli, Jason (TBS)
Subject: Energy rate mitigation item

Hi Travis-

I understand that there's been some concerns raised from MOECC re: the recent energy rate announcement on the use of cap and trade proceeds for industry and business rate mitigation. Can you:

1. Send me the final materials that went yesterday and
2. Loop in with officials to hear what they've heard from MOECC so I can understand the concern and where our legal opinion stands on use of proceeds?

Many thanks,

Olivia Nero
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President of the Treasury Board
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