Energy FPC Product | Feb.01.17 Deck

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Date:	Tue, 31 Jan 2017 21:55:23 -0500
Attachments:	Rate Mitigation Plan Options_Feb 1_Clean.pptx (2.29 MB)

Good Evening:

Topline: ENE can get us to 20% (including HST). Suggested : *By Canada Day, 2017 actions taken by our Government will have lowered bills for all residential customers by 20% when compared to Canada Day 2016. More for rural…*

[NTD: Captures HST from the fall and since it only hits bills in a meaningful way when January bills hit your mailbox in mid-Feb, suggest we hold firmer on the amalgamation of these two than we previously discussed.]

Details:

Slide 6 / 7 : Look at column on 7 of 2017*. Your average customer without these measures (including HST) would have come in at $160 per month. With these measures will be reduced to $126. That's $31 per month, $372 per year.

Slides 11 / 12 : GA Smoothing – Financial Management Entity. Totally possible to not consolidate. Give up political control. Some officials worry and concern over this. I see as benefit. If you thought Government was the problem with how we got into this mess in the first place, then rest assured, managing the debt will be done by experts and not subject to further tinkering. Side benefit – Happy OPCD (?)

Delivery / Rural Components:

Slide 18 / 19 / 20: More appropriately target benefits / support on high-volume, rural electricity use customers.

Premise is to advance the fixed charge that the OEB proposed, but to FUND the gap it creates via the tax base (purple shaded section on slides 19 & 20).
Look at Slide #20. Green dashed section is what we did during the SFT. It was blunt instrument of RRRP. But we heard last week that a cap was not defensible (nor supported by the industry, frankly). So target the support to the individual that we want to aim for – the rural residential customer on electric heat. That's the column on the far right in both of these slides. 2,500 kWh month. More than double Toronto average.

Right now, they pay the blue bar charge on distribution because of the volumetric charge. Green bar is our global program to bring them down (still defensible) across the entire R2 category, and the purple bar is additional support for those who need it most in BOTH R1 and R2 high volume use.

KM : We are lowering delivery charge for everyone. [NTD: Removal of Social Programs].

For those who face the highest distribution charges because they are rural, remote or difficult to service additional supports will lower delivery charge by up to $100 per month.

We will spend more time on this in the morning.

New Base-case Fiscal Plan Impact : At least $630-million in 2017-18.

Option Page #42 : Push more into the borrowing vehicle. Our GA approach is based on taking about $3-billion (PER YEAR) at present. MAYBE push that up to $4-billion. Thus a deeper smoothing in the front end, with concomitant and compounding (carrying cost) back end pressure. Slide #42 is more aggressive than I would feel comfortable recommending, but that is a $5-billion model. If we are keen to see further reduction (non-consolidated), then the % reduction could perhaps be nudged higher.

Option Page #80 : Take the federal 5% portion of the HST off bills as well, extending the relief announced in SFT (20+5 = 25% reduction for all; perhaps possible to communicate as "about one quarter")

Fiscal Plan Impact : Incremental $700-million in 2017-18.

Total Fiscal Plan Impact : ~$1.33B in 2017-18.

Bottom Line : ENE needs to do more number crunching, but we may have set expectation a bit high at our Monday afternoon meeting.

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