

RE: Updated Profile.

From: spencer.gill@hydroone.com
To: "Campbell, David (ENERGY)" <david.campbell2@ontario.ca>, "Teliszewsky, Andrew (ENERGY)" <andrew.teliszewsky@ontario.ca>
Cc: ferio.pugliese@hydroone.com, natalie.poole-moffatt@hydroone.com, daniel.levitan@hydroone.com
Date: Wed, 22 Feb 2017 01:15:33 -0500
Attachments: Bill Calculations.xlsx (19.33 kB); Bill CalculationsPrice Per kWh.xlsx (18.47 kB)

Hello David,

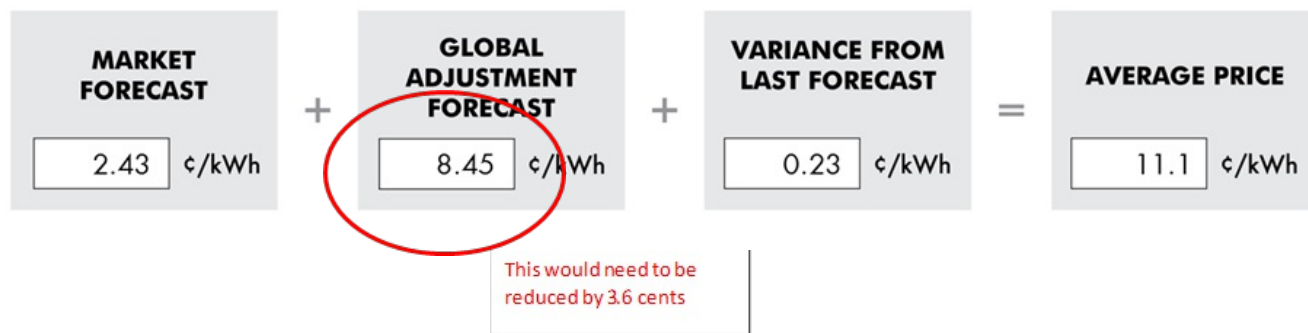
The first thing that I noticed was the assumption for what a total bill would be for a Toronto consumer using 750kWh, seems higher than it should be. The ministry chart indicates that the 2017 total bill excluding HST would be \$153. The first image below from the OEB online calculator shows the total charges (excluding HST) to be \$140. It is a bit challenging to reconcile with their numbers because I can't figure out how they arrived at a the higher total bill impact. That said how about this for an approach, that is likely better aligned with how this smoothing could be implemented:

The GA has a direct impact on the TOU rates. A Toronto Hydro customer who uses 750kWh pays \$83.54 for electricity which is equivalent to **11.1 cents per kWh**. This makes perfect sense and is aligned with what the OEB's RPP forecast.

The Ministry slide contemplates a \$27 reduction that must come from the global adjustment smoothing, this means the customer needs to pay **7.5 cents per kWh**. A difference of 3.6 cents.

Below is an image of the factors in the current RPP price.

Forecast of Average Price to be Paid by Each RPP Consumer



An estimate of what this would cost is: 8.45 cents/kWh represents \$5 billion dollars of GA for RPP consumers, therefore 3.6 cent/kWh reduction would represent **\$2.13Billion** this year. I suspect that what I have described here is how this program will be implemented. Therefore perhaps the best way to update the profiles is to use the total GA reduction that is contemplated for RPP consumers and translate that into a price per kWh? See below for the 750 kWh example. The electricity charge is simply 750kWh multiplied by 7.5 cents.

Toronto Hydro Customer			
Rate Class		Residential	
Consumption		750	kWh
per kw hour scenario			
Current Charges		New Charges	
Electricity	\$83.54	Electricity	\$56.25
Delivery	\$51.56	Delivery	\$51.56
Regulatory	\$5.54	Regulatory	\$3.54
OESP	\$0.00	OESP	\$0.00
HST	\$18.28	HST	\$17.79
8% Rebate	\$0.00	8% Rebate	-\$10.95
Total	\$158.92	Total	\$118.19
TOTAL SAVINGS			
\$40.73			per Month
or			
26%			

I hope this helps a bit. Its is difficult to reconcile because I am not certain about the ministry's assumptions about the total bill in 2017 for TH customers.

Feel free to call my cell if you want to discuss, 4166693176
Spencer

SAMPLE MONTHLY BILL STATEMENT	
Toronto Hydro-Electric System Limited	
- Main	
Account Number:	000 000 000 000 0000
Meter Number:	00000000
Your Electricity Charges	
Electricity (what is this charge?)	
Off-Peak @ 8.700 ¢/kWh	42.41
Mid-Peak @ 13.200 ¢/kWh	16.83
On-Peak @ 18.00 ¢/kWh	24.30
Delivery (what is this charge?)	51.16
Regulatory Charges (what is this charge?)	5.54
Debt Retirement Charge (what is this charge?)	0.00
Debt Retirement Charge exemption saved you \$X.XX	
Total Electricity Charges	\$140.25
HST	18.23
8% Provincial Rebate*	(-\$11.22)
* The Ontario government is providing a rebate on your electricity costs equal to the provincial portion of the HST	
Total Amount	\$147.26

SAMPLE MONTHLY BILL STATEMENT Toronto Hydro-Electric System Limited - Main	
Account Number: 000 000 000 000 0000	
Meter Number: 00000000	
Your Electricity Charges	
Electricity (what is this charge?)	
Off-Peak @ 8.700 ¢/kWh	47.22
Mid-Peak @ 13.200 ¢/kWh	18.74
On-Peak @ 18.00 ¢/kWh	27.05
Delivery (what is this charge?)	53.72
Regulatory Charges (what is this charge?)	6.14
Debt Retirement Charge (what is this charge?)	0.00
Debt Retirement Charge exemption saved you \$X.XX	
Total Electricity Charges	\$152.87
HST	19.87
8% Provincial Rebate*	(-\$12.23)
* The Ontario government is providing a rebate on your electricity costs equal to the provincial portion of the HST	
Total Amount	\$160.51

From: Campbell, David (ENERGY) [mailto:David.Campbell2@ontario.ca]
Sent: Tuesday, February 21, 2017 8:51 PM
To: GILL Spencer; Teliszewsky, Andrew (ENERGY)
Cc: PUGLIESE Ferio; POOLE-MOFFATT Natalie; LEVITAN Daniel
Subject: RE: Updated Profile.

Hey Spencer,

Thank you yet again for another iteration! These look great.

We have a further request, and this one will require some calculations that are a bit tricky. Attached is a slide which estimates the cumulative impact of our new initiatives for a 750kWh/month Toronto Hydro customer. This has been what our staff have been using in pursuing a 25% decrease in bills.

As you'll notice, the amount of GA smoothing has been calculated backwards from the bill total. That is, GA smoothing has not been calculated to lower RPP rates by 25%; instead, staff have added up the impact of our various efforts, and then increased the GA financing until arriving at a total reduction of 25% in the bottom line. This means that in our bill mock-ups, it will be a little too simplistic to simply reduce the commodity cost by 25%, as we've done so far.

In our Ministry's estimates in the attached slide, they do not break out commodity cost from the total bill, so it's tricky figuring out exactly how much the commodity cost has been reduced through the GA financing. I'm hoping you might have some ideas on how you could back out this number, to find a generalized % reduction in commodity cost that can be used in the bill mock-ups? Then we could update the bills to a more accurate representation.

Let me know if you think this might be possible. Again, thanks for all your help on this! We are all operating at capacity to get this done as quickly as possible, and the help makes a big difference.

Best,
David

From: Spencer.Gill@HydroOne.com [mailto:Spencer.Gill@HydroOne.com]
Sent: February-21-17 6:43 PM
To: Campbell, David (ENERGY); Teliszewsky, Andrew (ENERGY)
Cc: Ferio.Pugliese@HydroOne.com; Natalie.Poole-Moffatt@HydroOne.com; Daniel.Levitan@HydroOne.com
Subject: Updated Profile.

Good evening,

Please see the attached updated profiles.

Take care,
Spencer

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