

FW: Ontario Fair Hydro Plan

From: Ken Kandeepan <ken.kandeepan@ofina.on.ca>
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Date: Sun, 23 Apr 2017 11:14:22 -0400
Attachments: Fair Hydro Plan Act (April 20 2017) Consultation v3.docx (130.01 kB)

Hi Cindy

Not sure whether you have had a chance to review the latest version of the proposed legislation, if you have not yet provided comments, hopefully you can include ours as well given that the OFA comments are directed primarily towards the accounting and financing aspects of the draft legislation.

It appears that the clean energy adjustment (CEA) that is detailed in Part 3 is the mechanism for the recovery of the financing costs of the Trust from implementation to the point when repayment kicks in. Page 13 provides the computation of the CEA which is further detailed in Schedule 1, though note that Schedule 1 is still missing the section outlining how the funding costs are to be computed.

Now the way the accounting model works is that the interest costs or CEA will be recovered from the ratepayer via the invoice. In essence the deferral or the Clean Energy Benefit (CEB) includes the financing costs on the accumulated debt and is offset by another line, presumably the CEA, netting the CEB down to the required percentage of the GA.

Now page 11 under Rate Determination prescribes a 25% reduction in the invoice amount, however, nowhere does the legislation indicate the components of the 25%. However, page 8 prescribes what should be invoiced but specifically excludes penalties or interest.

In essence the draft may benefit from a restructuring as follows:

- Part 2 which prescribes the 25% reduction should be in Part 1 and should define the components of the 25% either within the legislation or in a Schedule.
- The Sections on the 25% reduction should be followed by the specifics of what should be invoiced (now on page 8) and the components of the invoice should include the financing costs or CEA.
- The IESO funding shortfall on page 22 is a little confusing since the draft legislation prescribes the setting up of the regulatory asset that is equal to the funding shortfall and the sale of said asset. If the asset is sold then IESO has no funding shortfall to recover post May 1, 2022 as prescribed in Subsection 2 of page 22. Perhaps this section should be linked to the Financing Plan and the ability of the IESO to recover and remit as prescribed in the Financing Plan.

Thanks Cindy and happy to discuss either today at 647-202 -4373 or Monday.

Ken K

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Sent: Thursday, April 20, 2017 5:59 PM
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Subject: RE: Ontario Fair Hydro Plan

All - Please find attached the next turn in the consultation draft (v.3) of the proposed legislation. We have been working to address the feedback that you provided earlier in the week. A number of points remain in progress. As with the earlier versions, by sharing this document, we hope to continue to advance our discussions.

Our timeline has been extended and we are now working to a pens down date of April 28th. We will not get another extension. Accordingly, we ask for your detailed, written comments on the draft, which we require no later than Sunday at noon.

We will continue to work on the bill in the interim, so earlier instructions are helpful to us. With your input on this timeline, we expect to be able to provide one more circulation around Tuesday or Wednesday next week.

We have not had the opportunity to add notes or to update our crosswalk to the Blakes summary document.

We look forward to receiving your written comments.

Jennifer

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From: Kacaba, Jennifer (ENERGY)

Sent: April 17, 2017 12:00 PM

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Subject: RE: Ontario Fair Hydro Plan

Please find attached a further turn of the consultation draft. This document continues to be a work in progress. We have not had the opportunity to add notes or update our tracking table. We also have not yet considered the comments that we received this morning. We look forward to seeing you at 1.

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Sent: April 15, 2017 10:06 PM

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Subject: Ontario Fair Hydro Plan

All - Please find attached the draft "Intergenerational Fairness in Hydro Rates Act, 2017". A tremendous amount of work has gone into getting to this draft and much more work is required to get this ready for the House. The goal of sharing this document now is to further the process we have engaged in over the last weeks. In the attached, we have included notes to try to address where the drafting is not yet consistent with our thinking. These notes are neither comprehensive nor complete. They are intended only as flags and as colour to the draft. We have not forgotten the comments that you have already provided and we are continuing to working through the translation of the commercial terms we have been discussing into legislative language.

For ease of reference, included with the draft bill are the partially updated Blakes' summary, a chart that attempts links the articles in that document to the sections of the bill (which is imperfectly numbered at best) and excerpts from the Electricity Act and the Ontario Energy Board Act, related to the consequential amendments.

In your review, please focus on the broad stroke concepts, rather than the minutia, and keep in mind the cascade of instruments that will be required – legislation first, then regulations and finally commercial agreements. We look forward to discussing the broader concepts on Monday

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