Fwd: Updated minute

From: "MacIntyre, Kyle (TBS)" <kyle.macintyre@ontario.ca>
To: "Hughes, Karen (TBS)" <karen.hughes@ontario.ca>, "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
Cc: "Laughton, Patrick (TBS)" <patrick.laughton@ontario.ca>, "Simone, Nicole (TBS)" <nicole.simone@ontario.ca>, "Hosick, Sarah (TBS)" <sarah.hosick@ontario.ca>, "Nelson, Dane (TBS)" <dane.nelson@ontario.ca>
Date: Sun, 19 Feb 2017 12:56:06 -0500

Begin forwarded message:

> **From:** "Angus, Helen (TBS)" <Helen.Angus@ontario.ca>
> **Date:** February 19, 2017 at 11:01:40 AM EST
> **To:** "MacIntyre, Kyle (TBS)" <Kyle.MacIntyre@ontario.ca>
> **Subject: FW: Updated minute**

> **From:** Imbrogno, Serge (ENERGY)
> **Sent:** February 19, 2017 11:01:39 AM (UTC-05:00) Eastern Time (US & Canada)
> **To:** Thompson, Scott (MOF)
> **Cc:** Orsini, Steve (CAB); Davidson, Steven (CAB); Angus, Helen (TBS)
> **Subject:** Fwd: Updated minute
>
> > Hi. Responding to your email from yesterday. I know you had a long list of ccs but I cut and paste things so you may want to forward to others.
>
> > On Feb 18, 2017, at 3:56 PM, Thompson, Scott (MOF) <Scott.Thompson@ontario.ca> wrote:
> >
> > > A few points:
> > > - most importantly, we haven't been able to take our Minister through the 'all in' fiscal impact summary for the package being presented. Our Minister will be back on Tuesday and this will be at the top of his mind.
> > > - related to this, is it assumed that there will be a full year's worth of fiscal impact in 17-18. Won't some of these measures take time to roll out and therefore be a smaller impact in year one?

Yes, it will likely take 3 to 6 months to roll out many of the initiatives.

> - also related, what is the presumed duration of the non-GA mitigation measures? Are they permanent? If so, we'll need a stronger understanding of the long term fiscal implications of them. There's just a small (and worrisome) footnote at the bottom of the fiscal table on page 35 that suggests the costs for RRRP will start increasing post 2023

Yes, our understanding is the shift from the rate base to the tax base would be ongoing. Once the OEB fixed rate regime is in place, government could revisit the $38 distribution cap.

> - I don't believe we've seen a strong case being made for the 200M affordability fund. Since that is proposing to use money from 16-17, and we're publishing Q3 on Tuesday, he'll be particularly sensitive to that. He does not want additional expense items added between now and Q3 that would significantly add to the interim deficit number for 16-17 to be presented in Document. With all of the other affordability measures being proposed, why do we need to rush this program out the door now? I'm not suggesting moving it into a later fiscal year, but I think it would benefit from a stronger analysis of the level of need, after building in all of the OESP proposed changes. The slides say that LDC's say that something is needed, but of course they would, they haven't seen all of the other things that are coming.

The Affordability Fund was part of presentation made by Hydro One to the Premier. After that meeting, we were asked to include the initiative in our rate mitigation package. The Fund is suppose to help make conservation more affordable for households that are struggling with electricity bills but are not eligible for low income conservation programs.

> - why does the fiscal impact of oesp need to increase so significantly from years one to four? Can't we somehow put a limit on the size of the program, and revisit the need to enhance further once we see the effect of electricity price mitigation overall on lower income households?

The cost of the program escalates because we assume that we have 100 per cent take up by year four. This is an optimistic assumption but the Premier is determined to make this more of an entitlement program than an application-based program. In the end, we may only get to 60 per cent or so but not sure we want to signal that at this point. We could also think about funding any additional amounts to renters from the fiscal room that is likely available from OESP funding.

- not sure how the 25 percent cap works after 2022. Does this mean that the cost in any given year can't be any more than 25 percent higher than what it was in 2017? Does this math work, even if electricity prices increase drastically for some unexpected reason?

The GA is reduced to achieve the initial 25 percent reduction based on the projected price for the average Toronto Hydro customer. The modelling then assumes GA is removed to achieve the flat 2 percent increase each year per AB request to 2021.

- the TB consideration of this will be important. They will need some real analysis of the impact, and hopefully some real time to consider the options. Not sure how this is possible if an announcement is to be this week
- I see MMA referenced in the Minute. Is Energy working with them on implementation options? I'm quite concerned about the operability of any proposal, as I'm aware that rent control is only on a portion of the rental stock, and I know that we didn't try to ensure savings pass through from landlord to renter in some previous electricity programs.

We have been working with Housing. We're expecting additional slides to incorporate into the submission. Our view is that any relief for renters should be through existing social programs as we're not able to easily pass through any landlord savings to renters that don't pay an electricity bill.

Thanks
Scott

Sent from my iPad

On Feb 18, 2017, at 1:50 PM, Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca> wrote:

Hi. I believe that's where my MO and PO landed but we could try for different language. Not sure if up to 25 percent language would give us some flex. Serge

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Davidson, Steven (CAB)
Sent: Saturday, February 18, 2017 1:42 PM
To: Greenberg, Martha (CAB); Imbrogno, Serge (ENERGY)
Cc: Orsini, Steve (CAB); Angus, Helen (TBS); Thompson, Scott (MOF); Foster, Robert

(CAB); Chochla, Megan (CAB); Moore, Karen (CAB); Bromm, William (CAB); Kwamena, Boafoa (CAB); Hume, Steen (ENERGY); Hughes, Karen (TBS); Katona, Keley (ENERGY)
Subject: Re: Updated minute

Serge, a question on 2A of attached minute.

I don't recall us locking down a 25% cap. Is that from your MO? Is there any risk of that impacting on ability for full repayment by 2048, ie if consumption patterns change and repayment is being funded by a relatively smaller customer base (which is one of the risks flagged)?

Thanks.

Sent from my iPhone

On Feb 18, 2017, at 1:30 PM, Greenberg, Martha (CAB) <Martha.Greenberg@ontario.ca> wrote:

> Hi all,
>
> Attached is an updated minute that incorporates the version received from energy last night as well as SoC comments and Steven's comments this morning. We have incorporated most of the detail energy included but not in all areas, for example some of the detail on legislative change isn't here and some detail is more appropriate for a TB minute (e.g., on the affordability fund). I have left one comment in, around whether OEFC or the OFA would require any expanded powers as it could be added in 2Ai, will leave that to MOF to answer.
>
> Tracked changes was not a pleasant read so I have made this clean but if you would like further details on the changes, just email me and I can walk you through them.
>
> I've saved this version as Feb 18 130pm.
>
> Same password.
> Thanks,
> martha
>
> Martha Greenberg
> Assistant Deputy Minister
> Cabinet Office – Economic, Environment, Justice & Intergovernmental Policy
> (416) 325-5836
> Martha.Greenberg@ontario.ca

> <price mitigation minute draft Feb 18 130pm.docx>