RE: Draft GA Leg

From: "Fenton, Shannon (TBS)" <shannon.fenton@ontario.ca>
To: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>, "Graham, Helen (TBS)" <helen.graham@ontario.ca>
Cc: "Hellings, Chelsea (TBS)" <chelsea.hellings@ontario.ca>, "Proulx, Didem (TBS)" <didem.proulx@ontario.ca>, "Ng, Sandy (TBS)" <sandy.ng@ontario.ca>, "Hosick, Sarah (TBS)" <sarah.hosick@ontario.ca>, "Shannon, Ben (TBS)" <ben.shannon@ontario.ca>
Date: Wed, 26 Apr 2017 14:45:41 -0400
Attachments: OFHPA proposed structure.pptx (74.51 kB)

Hi Cindy and Helen,

Attached is where we're heading with the logic mapping.

The first slide is a recreation of what was in Energy's materials to show the proposed structure.

The second slide takes part 4 of the proposed legislation (implementation) – the new version - and tries to map out the connections and responsibilities/actions, using the framework of the proposed structure as the basis. It took us a bit longer as we wanted to make sure it reflected the changes (which have taken care of a lot of issues we noticed from v3).

We decided to take this approach in order to narrow the focus a little. It was too much to try to map it all out together. We're working on the other parts of the legislation in this same way so that the whole approach can be assessed and the assumptions tested.

The notion of time (i.e. first 5 years vs. repayment period) is something we'll try to reflect too.

Please let us know if this is helpful, or even close to what you had in mind. We're more than happy to change direction, or do things totally differently, but are very mindful of the tight timelines – so thought we'd run this by you as a work in progress to check in before getting too far down any road. We can continue working on this and get the full set to you around EOD if this is on the right track.

I have to attend a meeting at MAG, but Chelsea will come with Didem to the 3:00 with Karen, and can speak to the work she did to lay this all out. Don't hesitate to re-orient us!

Shannon

From: Veinot, Cindy (TBS)
Sent: April-25-17 6:17 PM
To: Fenton, Shannon (TBS); Graham, Helen (TBS)
Cc: Hellings, Chelsea (TBS); Proulx, Didem (TBS); Ng, Sandy (TBS); Hosick, Sarah (TBS); Shannon, Ben (TBS)
Subject: RE: Draft GA Leg

Hi Shannon – I think your approach is a good one re: using the diagram. Sarah – can you see if you can get a copy of the diagram in a ppt format from Hilary at Energy.

Re: the terms below, I've included my comments re: how I think of these.

Thanks all for your work on this,

Cindy

From: Fenton, Shannon (TBS)
Sent: April-25-17 5:25 PM
To: Veinot, Cindy (TBS); Graham, Helen (TBS)
Cc: Hellings, Chelsea (TBS); Proulx, Didem (TBS); Ng, Sandy (TBS); Hosick, Sarah (TBS); Shannon, Ben (TBS)
Subject: RE: Draft GA Leg

Hi Cindy and Helen (and Sarah),

We've been trying to bend our minds around a way to map out the "logic" of the proposed legislation, and wondered if we should use the structure that is proposed in the policy documents as the framework to do that.

There's a diagram on p14 of the March 1 Cabinet deck that is also on p10 of the CAB assessment note for March 1. I don't have it electronically, but have scanned that page and attached it for your reference.

If you think that this structure still holds true, our thought is to layer the sections of the proposed legislation and any assumptions we can derive from it onto a version of this diagram. If there are boxes or arrows that you're particularly concerned about, we can focus on those. This may help you identify gaps or test the strength of the different sections.

Assuming this makes sense, we'll continue working on this approach to the logic model, as well as reconciling the proposed legislation with the funding model, operational risks, etc.

We're also hoping to confirm some of the terminology from the legislation proposal that doesn't match earlier policy documents, just to make sure we're speaking the right language:

- **Clean Energy Adjustment:** Amount payable as a result of the financing plan – Yes – this is the amount that will be added to the consumer invoices when in the repayment phase

- **Fair Allocation:** Calculated discount allocation amount to customers, based on the Toronto Hydro customer 750 kWh base case – Fair allocation is the amount that the consumer would pay each period to match costs with benefits – it's the curve of the amounts charged to the representative consumer over the life of the program.

- **Fair Adjustment:** Relates to the "mitigation" and "rate increase" phase of the model, allowing room in regulations to prescribe the necessary rate to ensure that borrowing does not exceed $28B – this is the rate that the will be calculated and applied to amount of electricity consumed by each consumer

- **Clean Energy Benefits:** Benefits (discount) given to customers as a result of GA smoothing – I think the benefits are to be the amount that the consumer benefits based on the previous costs incurred – I'm not sure its specifically tied to the discount – clean energy benefits and costs were new terms (I think) in the last turn of the legislation – I'm waiting to see how they are used in the next turn.

- **Clean Energy Costs:** Deferred costs that needs to be paid in the repayment period as a result of GA smoothing – the costs are defined in respect of a reference period (e.g. a six month period) as the value allocated to the consumers for that period – could be more or less that what would, without this Act, be otherwise charged to the customers.

- **True Up Amount:** References regulation to reconcile the differences in amount billed vs. amount collected – The true up amount is required based on the estimation necessary in, amongst other things, the OEB setting the rates six months in advance. Should the estimate be off, there is the ability to add the true-up amount to the next estimate.

- **Financial Services Manager:** OPG – Yes

- **IESO Funding Shortfall:** Aggregate discount given across Ontario through this plan. Regulatory asset will be established – a variance account will be created to address the funding shortfall (financial instrument) -- I think of the IESO funding shortfall as the difference between the amounts the IESO collects from the LDCs and the amount is pays to the generators. That is also as you've noted the discount/reduction provided to the consumers at the aggregate level. The shortfall is referred to as the regulatory asset and then when sold becomes an investment asset.

Thanks!
Shannon

From: Veinot, Cindy (TBS)
Sent: April-25-17 11:25 AM
To: Proulx, Didem (TBS)
Cc: Hellings, Chelsea (TBS); Fenton, Shannon (TBS)
Subject: RE: Draft GA Leg

Probably makes sense to meet with me first – I have time at 1 today if we could make that work?

Thanks,

From: Proulx, Didem (TBS)
Sent: April-25-17 11:17 AM
To: Veinot, Cindy (TBS)
Cc: Hellings, Chelsea (TBS); Fenton, Shannon (TBS)
Subject: RE: Draft GA Leg

Cindy – Chelsea is the analyst in charge of the Energy file. Given it has been largely Sophie's team working on the model, I am not sure if Chelsea has been engaged in the discussions to date. Having said that, we are more than happy to bring her up to speed.

Is there someone in your team Chelsea should be touching base with re this? Please let us know and we will get the ball rolling.

Cheers,
Didem

From: Veinot, Cindy (TBS)
Sent: April-25-17 10:11 AM
To: Proulx, Didem (TBS)
Subject: Draft GA Leg

Didem. I'm looking for resources to take the draft leg and create a logic model from it. Do you have resources on your team who could do that in a day or so and probably tomorrow? I'm worried that as so many changes get made an unintended change is made and missed.

Cindy

Sent from my BlackBerry 10 smartphone on the Rogers network.