RE: Scenarios for Fair Hydro

From: "Liu, Sophie (TBS)" <sophie.liu@ontario.ca>
To: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
Cc: "Proulx, Didem (TBS)" <didem.proulx@ontario.ca>, "Shannon, Ben (TBS)" <ben.shannon@ontario.ca>, "Singh, Dan (TBS)" <dan.singh@ontario.ca>, "Ng, Sandy (TBS)" <sandy.ng@ontario.ca>, "Hosick, Sarah (TBS)" <sarah.hosick@ontario.ca>
Date: Tue, 06 Jun 2017 10:20:26 -0400

Hi Cindy :

Thanks for the opportunity to comment.

L ow demand and high interest rate are the major risk factors, although we think 1% increase in interest rate may not be severe enough with the historically low interest rate environment. OPG sensitivity analysis has run a scenario with 2% interest rate increase. I nterest rate going up by 3% or more would not be unreasonable in a long run. A combination of high interest rate and low demand would be another scenario to run. H igh gas price and increase in generator costs were also found to have significantly impact by OPG.

Regards ,

Sophie

From: Proulx, Didem (TBS)
Sent: Friday, June 2, 2017 2:05 PM
To: Liu, Sophie (TBS); Shannon, Ben (TBS); Singh, Dan (TBS); Ng, Sandy (TBS)
Subject: FW: Scenarios for Fair Hydro

Here are the scenarios OPG will be running for the credit rating agencies. If we feel strongly that other scenarios should be run, then let's discuss and we can channel that request through Cindy.

From: Veinot, Cindy (TBS)
Sent: June-02-17 1:58 PM
To: Proulx, Didem (TBS)
Cc: Hosick, Sarah (TBS)
Subject: FW: Scenarios for Fair Hydro

See below re: sensitivity analysis – OPG will loop us in when the scenarios are run -- Cindy

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From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: June 2, 2017 1:31 PM
To: Veinot, Cindy (TBS)
Cc: MAUTI John -FIN & C CTRL; JORDA Jenny -FIN & C CTRL; LIU Sheen -TREASURY
Subject: FW: Scenarios for Fair Hydro

Cindy:

As requested, below are the baseline scenarios we anticipate developing and providing to the Rating agencies. Once we get into the Ratings process in July we may be requested to run/develop specific additional scenarios for each of the Rating agencies.

John

From: LIU Sheen -TREASURY
Sent: Friday, June 02, 2017 11:38 AM
To: LEE John -TREASURY
Cc: TULLY Keegan -CBUSDEV&STRT; DREWNIAK John -TREASURY; RYFA Ken -TREASURY; JORDA Jenny -FIN & C CTRL
Subject: RE: Scenarios

Here is the list of scenarios considered:

Base Case Scenario
High Electricity Demand Scenario (Demand ~49 TWh higher than base case by 2035, based on IESO outlook)
Low Electricity Demand Scenario (Demand ~15 TWh lower than base case by 2035, based on IESO outlook)
High Interest Rate Scenario (interest rate higher by 1% than base case)
Low Interest Rate Scenario (interest rate lower by 1% than base case)

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