

Re: DRC

From: Ronald Kwan <ronald.kwan@ofina.on.ca>
To: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
Date: Thu, 19 Jan 2017 17:09:34 -0500
Attachments: oefc_ar_2003.pdf (955.21 kB)

Hi Cindy,

I understood from Scott Nelms that Atel was referring to the price freeze announced in November 2002 by the government of the day.

On December 9, 2002, the Electricity Pricing, Conservation and Supply Act, 2002 was passed to freeze the price that low volume and designated consumers pay for electricity at 4.3 cents per kilowatt-hour (retroactively). Generators continued to receive the market price of electricity.

OEFC was responsible for managing the Electricity Consumer Price Protection Fund (ECPFF) established as a result of the Act, and it had to finance the difference in the supply cost and the price charged

That was reflected as an expense on OEFC's financial statements, affecting its bottom line. And OEFC was consolidated into Public Accounts, affecting the Province's bottom line.

The price freeze was supposed to be in place for four years, but the incoming government replaced the price freeze with an interim pricing plan, but for the period the price freeze was in place, OEFC was short a total of about \$0.9 billion over a two-year period, which affected the bottom line and OEFC's unfunded liability.

Attached is one of OEFC's annual reports from that time period.

Happy to discuss.

Ron

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From: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>
Sent: January 19, 2017 4:13 PM
To: Ronald Kwan
Subject: DRC

Hi Ron – do you have anything that you can point me to/send me to understand the issue we discussed earlier – thanks,

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