

RE: For MO Review: OEB FHP Q - Due today

From: "Campbell, David (ENERGY)" <david.campbell2@ontario.ca>
To: "Whittington, Matt (ENERGY)" <matt.whittington@ontario.ca>, "Berry, James (ENERGY)" <james.berry5@ontario.ca>
Cc: "Nekolaichuk, Colin (ENERGY)" <colin.nekolaichuk@ontario.ca>
Date: Wed, 21 Jun 2017 15:54:00 -0400

I tried making a few changes, but the most important additions are the middle two paragraphs (in italics). I think Matt's suggestion is a good one – if possible, it's best if the OEB avoids getting into the weeds of talking about who the proxy customer is. It's bound to cause confusion and consternation, and I can't really see it being helpful in informing people through the rate hearings.

Under Ontario's Fair Hydro Plan (OFHP), all residential electricity consumers will see immediate savings of 25 per cent on average this summer and any future increases will be held to the rate of inflation for four years. Low-income Ontarians and those living in eligible rural or remote communities will receive even greater reductions, as much as 40 to 50 per cent on their bills.

The inflationary increases will be calculated based on a "proxy" consumer. The proxy consumer is a Toronto Hydro consumer using 750 kWh with a standard load profile (i.e., consumption distribution) of 65 percent off-peak, 17 percent mid-peak and 19 percent off-peak consumption.

Toronto Hydro was chosen as the proxy for several reasons. It is the largest single-rate LDC in the province, with over 750,000 customers. Its distribution rates are also higher than the provincial average. These factors make it ideal for the purposes of the Fair Hydro Plan – it is large enough to be representative, but its higher rates mean that the province's rate reduction initiatives will actually be larger for most other customers in the province.

It is important to remember that, under the Fair Hydro Plan, the government has recognized the unique pressures faced by those in rural areas and introduced additional support aimed at these households. Enhanced Distribution Rate Protection means that customers in the eight highest-cost LDCs in the province, including Hydro One, will see reductions on their bill above and beyond the 25% savings that the average household receives through the Fair Hydro Plan.

There were additional factors that made Toronto Hydro an ideal choice for calculation. This ensures that calculations and projections will align with previous forecasts such as the 2010 Long-Term Energy Plan (2010 LTEP), 2013 Long-Term Energy Plan (2013 LTEP) and the Independent Electricity System Operator's (IESO) 2016 Ontario Planning Outlook (OPO).

Additionally, 750kWh per month was chosen to align with the average household consumption used by the Ontario Energy Board (OEB). The load profile was chosen to align with the current average profile used by the OEB in setting time-of-use prices (TOU).

Actual impacts will be slightly above or below the level determined for the proxy, depending on consumption and the customer's local distribution company (LDC).

From: Whittington, Matt (ENERGY)
Sent: June 21, 2017 3:44 PM
To: Berry, James (ENERGY); Campbell, David (ENERGY)
Cc: Nekolaichuk, Colin (ENERGY)
Subject: RE: For MO Review: OEB FHP Q - Due today

I guess I'm wondering if we have to publicly say it's a Toronto Hydro customer?

Could they just say it's based on a proxy average customer?

From: Berry, James (ENERGY)
Sent: June-21-17 3:42 PM
To: Whittington, Matt (ENERGY); Campbell, David (ENERGY)
Cc: Nekolaichuk, Colin (ENERGY)
Subject: RE: For MO Review: OEB FHP Q - Due today

Matt, any further thoughts?

David, when you get back from your 4 pm, can you draft a response using your and Matt's pieces?

Thanks!

From: Whittington, Matt (ENERGY)
Sent: June-21-17 11:51 AM
To: Berry, James (ENERGY); Campbell, David (ENERGY)
Cc: Nekolaichuk, Colin (ENERGY)
Subject: RE: For MO Review: OEB FHP Q - Due today

I like your lines and would use those. I'm trying to brainstorm what else to add but not sure what more we can say...

Maybe that this proxy is being used for the purposes of calculation, but we have also recognized the unique pressures of those in rural areas, and have brought in special programs for those customers (RRRP etc.)?

I'll see if I can think of anything else

From: Berry, James (ENERGY)
Sent: June-21-17 11:45 AM
To: Campbell, David (ENERGY); Whittington, Matt (ENERGY)
Cc: Nekolaichuk, Colin (ENERGY)
Subject: RE: For MO Review: OEB FHP Q - Due today

Matt, is there anything you can add to the attached Q&A (and pasted below) to help explain why we use a Toronto Hydro customer as the average customer (proxy consumer? Perhaps we can say "Toronto Hydro is the largest single-rate LDC in the province and also has higher than average distribution rates, so it makes for a beneficial comparator" or something...?

Let us know.

Q. Why will the inflationary increases for Ontario's Fair Hydro Plan be calculated based on a typical electricity consumer connected to Toronto Hydro? How is this relevant to consumers in rural and northern Ontario?

Under Ontario's Fair Hydro Plan (OFHP), all residential electricity consumers will see immediate savings of 25 per cent on average this summer and any future increases will be held to the rate of inflation for four years. Low-income Ontarians and those living in eligible rural or remote communities will receive even greater reductions, as much as 40 to 50 per cent on their bills.

The inflationary increases will be calculated based on a "proxy" consumer. The proxy consumer is a Toronto Hydro consumer using 750 kWh with a standard load profile (i.e., consumption distribution) of 65 percent off-peak, 17 percent mid-peak and 19 percent off-peak consumption.

Toronto Hydro was chosen to align with previous forecasts such as the 2010 Long-Term Energy Plan

(2010 LTEP), 2013 Long-Term Energy Plan (2013 LTEP) and the Independent Electricity System Operator's (IESO) 2016 Ontario Planning Outlook (OPO).

750kWh per month was chosen to align with the average household consumption used by the Ontario Energy Board (OEB).

The load profile was chosen to align with the current average profile used by the OEB in setting time-of-use prices (TOU).

Actual impacts will be slightly above or below the level determined for the proxy, depending on consumption and the customer's local distribution company (LDC).

From: Hendy, Adam (ENERGY)

Sent: June-21-17 11:06 AM

To: Campbell, David (ENERGY); Berry, James (ENERGY)

Cc: @ENERGY-COMM-Issues_and_MediaRelations

Subject: For MO Review: OEB FHP Q - Due today

Hi David and James

The OEB has reached out to us in regard to a question they have about the FHP. They are looking for some messaging as to why Toronto Hydro was selected as the basis for the inflationary increases, as they feel that this may raise some concerns with people outside of the city.

The OEB is hoping to have this today.

Thanks,
Adam