

Re: Spec Response

From: "Moulton, Dan (ENERGY)" <dan.moulton@ontario.ca>
To: "Xavier, Katrina (ENERGY)" <katrina.xavier@ontario.ca>, "Campbell, David (ENERGY)" <david.campbell2@ontario.ca>
Cc: "Whittington, Matt (ENERGY)" <matt.whittington@ontario.ca>
Date: Sat, 03 Sep 2016 09:07:02 -0400

Ah ok. I'm mixing my topics I think. PB was 2005 it appears.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Xavier, Katrina (ENERGY)
Sent: Friday, September 2, 2016 10:55 PM
To: Moulton, Dan (ENERGY); Campbell, David (ENERGY)
Cc: Whittington, Matt (ENERGY)
Subject: Re: Spec Response

Everything I've read has said 05 maybe it's the other term that you mentioned.

Katrina Xavier
Press Secretary
Office of the Hon. Glenn Thibeault | MPP Sudbury
D: 416 325-2690 | C:416 953-3858

From: Moulton, Dan (ENERGY)
Sent: Friday, September 2, 2016 9:18 PM
To: Xavier, Katrina (ENERGY); Campbell, David (ENERGY)
Cc: Whittington, Matt (ENERGY)
Subject: Fwd: Spec Response

Maybe I'm wrong...but I think the GA was created before 2005...but in another form, no? "Provincial Benefit" or something under the previous government?

All the best,

Dan Moulton
416.327.3551

Begin forwarded message:

From: Sylvia Kovesfalvi <Sylvia.Kovesfalvi@ontarioenergyboard.ca>
Date: September 2, 2016 at 7:11:12 PM EDT
To: "Moulton, Dan (ENERGY)" <Dan.Moulton@ontario.ca>, "Campbell, David (ENERGY)" <David.Campbell2@ontario.ca>, "Renwick, Meredith (ENERGY)" <Meredith.Renwick@ontario.ca>, "Nutter, George (ENERGY)" <George.Nutter@ontario.ca>, "Hart, Aslan (ENERGY)" <Aslan.Hart@ontario.ca>, "Coker, Meaghan (ENERGY)" <Meaghan.Coker@ontario.ca>, "Xavier, Katrina (ENERGY)" <Katrina.Xavier@ontario.ca>, "Kourakos, Georgina (ENERGY)"

<Georgina.Kourakos@ontario.ca>, "Whytock, John (ENERGY)" <John.Whytock@ontario.ca>
Cc: John Bozzo <John.Bozzo@ontarioenergyboard.ca>, Karen Evans
<Karen.Evans@ontarioenergyboard.ca>, Andrew Bodrug
<Andrew.Bodrug@ontarioenergyboard.ca>, Paul Crawford
<Paul.Crawford@ontarioenergyboard.ca>, Bill Friday <Bill.Friday@ontarioenergyboard.ca>, "Spence
Lair, Marlo (ENERGY)" <Marlo.SpenceLair@ontario.ca>, Ceiran Bishop
<Ceiran.Bishop@ontarioenergyboard.ca>
Subject: Spec Response

Here's what we sent to the Spec

What does global adjustment mean when it appears on a bill, and why has it been rising so quickly?

The global adjustment was introduced by the government of Ontario in 2005 to recover the costs of ensuring a steady and reliable supply of power. It also recovers the costs of conservation programs.

It is based on the difference between the wholesale market price of electricity and the contract and regulated prices paid to generators.

Customers only see the global adjustment on their bill if they are not on the OEB's Regulated Price Plan (RPP). The RPP prices already include the global adjustment.

Global adjustment has been rising because of higher generation costs and lower market prices.

For more information about the Global Adjustment please visit the Independent Electricity System Operator's (IESO) website at: www.ieso.ca/Documents/Understanding_GA_June_2014.pdf

How are prices set? Are they based on a set return/margin for the producer, and what is a typical return for a provider?

The Ontario Energy Board protects the interests of all Ontario energy consumers by balancing price while ensuring reliability and quality of service.

There are two key components that together make up a large portion of consumers' electricity bills: the cost of the power supplied to consumers and the cost of delivering that power to their homes and businesses.

Cost of Supply

Most Ontario households and small businesses pay time-of-use prices set by the OEB under the Regulated Price Plan (RPP). The RPP is an electricity price plan developed by the OEB in 2005 that provides stable and predictable electricity pricing, encourages conservation and ensures the price consumers pay for electricity reflects the price paid to generators over time. RPP prices are reviewed by the OEB every six months and adjusted as required on May 1 and November 1. More information can be found here: www.ontarioenergyboard.ca/oeb/...and.../Regulated+Price+Plan

RPP prices are set by the OEB using forecasts of how much it will cost to supply electricity to RPP consumers. This includes a forecast of their share of the global adjustment. The large majority of supply costs recovered by the global adjustment stem from contracts between the IESO and generators. The OEB does not set those contract prices. The OEB sets prices for only one generator

whose prices are recovered by the global adjustment and that is Ontario Power Generation (OPG). The OEB sets OPG prices through an open and transparent process. The OEB is currently reviewing an application by OPG to set new rates, details of which can be found at the following link: <http://www.ontarioenergyboard.ca/html/notice/index.cfm?id=203>. The return is being considered as part of the application process.

Cost of Delivery

The Ontario Energy Board sets delivery rates through an open, robust and inclusive rate review process. We encourage all consumers to get involved and have their say in our rate decision-making. Since 2009, the OEB has reduced the requested distribution rate increase by an average of 38 percent. Overall, the OEB has kept the annual growth in average distribution rates at about 1.5 percent – less than the rate of inflation during the same period.

Why are prices rising in general?

Here in Ontario the government is investing in a cleaner, smarter, more modern electricity system. The province no longer generates electricity using coal, and has moved to build more wind, solar and natural gas plants.

The cost of transitioning off coal and rebuilding our electricity system has required a significant investment. Transmission and distribution facilities are being renovated or replaced. We are moving to a smarter grid – an electricity system built on intelligent electricity infrastructure using advanced technology to improve flexibility, reliability, and the efficiency of the system. Smarter infrastructure helps consumers to conserve and manage electricity costs, while integrating new technologies such as electric vehicles, rooftop solar panels and electricity storage.

These investments are designed to keep the lights on, protect the environment and give Ontario consumers more choice as we move into a new energy future.

Why did prices rise with decreased use in the province?

Consumers expect that electricity supply will be there when they need it, and the cost of having that supply in place has to be recovered regardless of how much electricity is being used at a given time.

When the OEB sets RPP prices, it estimates the cost of supplying RPP consumers with electricity. Part of that process includes forecasting how much electricity they are expected to use, and these forecasts assume that weather conditions will follow normal patterns.

Consumption goes up and down based on weather conditions. Because this winter was milder than expected, less electricity was consumed and we collected lower revenues through the RPP than forecast. When that happens, we have to make up the difference when we reset RPP prices, to continue to ensure that prices recover the actual cost of power over time.

Are they expected to continue to rise?

The Ontario Ministry of Energy includes price forecasts in its Long-Term Energy Plan. The 2013 Long-Term Energy Plan can be found here:

http://www.energy.gov.on.ca/en/files/2014/10/LTEP_2013_English_WEB.pdf.

How do green energy initiatives affect price?

Electricity produced by wind and solar generators is generally supplied under contract with the IESO. The cost of that supply is recovered through the global adjustment and is not regulated by the OEB. As noted above, the OEB includes RPP consumers' share of the global adjustment in RPP prices.

What is the average bill for Ontarians and how does that stack up against other provinces?

The average monthly electricity bill in Ontario is about \$150 for a typical customer consuming 750kWh/month.

The independent Office of Financial Accountability recently released a report on home energy costs. The report found that the average family in Ontario spends less than in every other province in Canada, except British Columbia. That information can be found at http://www.fao-on.org/en/Blog/Publications/home_energy

How much electricity has been used this summer compared to five years ago in Ontario?

Please contact the Independent Electricity System Operator (IESO) for provincial consumption figures.

How many Hamiltonians are getting behind on their billing?

The OEB has posted information on arrears for all Ontario utilities for the past three years, to December, 2015. You can find it here:

http://www.ontarioenergyboard.ca/oeb/_Documents/Press%20Releases/OEB_RRR_2.1.8_Arrears_PaymentAgreements_WriteOffs.pdf.

For more current information, please contact Horizon Utilities.

How much has the average bill risen in the last five years?

The average bill for a typical residential customer using 750 kWh per month was about \$104/month in 2011. It is about \$150/month in 2016.

More information about total home energy costs is available in the report released by the independent Office of Financial Accountability:

http://www.fao-on.org/en/Blog/Publications/home_energy.

What is the most effective way to save on a bill, other than focusing on time-of-use?

Consumers can save on their bills by changing their consumption habits. Every little bit helps, even simple adjustments such as: turning off lights when not in use, unplugging appliances and electronics when not in use, using a fan instead of an air conditioner, using a toaster oven or slow cooker instead of a full size oven, or setting the thermostat slightly higher in the summer and slightly lower in the winter.

For more information on how to be more energy efficient, consumers can speak with their local utility and/or visit [SaveOn Energy](http://www.saveonenergy.ca) at www.saveonenergy.ca.

From: Sylvia Kovesfalvi

Sent: September-02-16 4:02 PM

To: 'Moulton, Dan (ENERGY)'; 'Campbell, David (ENERGY)'; 'Renwick, Meredith (ENERGY)'; 'Nutter, George (ENERGY)'; 'Hart, Aslan (ENERGY)'; 'Coker, Meaghan (ENERGY)'; 'Xavier, Katrina (ENERGY)'; 'Kourakos, Georgina (ENERGY)'; Whytock, John (ENERGY)

Cc: John Bozzo; Karen Evans; Andrew Bodrug; Paul Crawford; Bill Friday; 'Spence Lair, Marlo (ENERGY)'; Ceiran Bishop

Subject: Three Media Requests Just In

Hey – must be a Friday before the long weekend. Just received the following three media requests, all pretty much at the same time:

- CBC Toronto (Kenny Sharpe) is asking about Hydro bills – why so much higher this summer over last, why the increase, what kind of support in place to help. He asked for information within 30 minutes so we are going to send him the statement we sent to the current yesterday, adding that this has been an exceptionally hot summer so consumption would be up as people use more air conditioning.
- Andrea Tingey from the Standard had questions about Global Adjustment (she has already spoken with IESO). She wants questions to the following by 5pm today:
 - o Why isn't the global adjustment included as a line item on residential bills?
 - o How does the OEB decide who pays how much for hydro? Ex, businesses v. residential?
 - o How can municipalities budget for the GA if it changes monthly?
 - o Who doesn't the US pay the GA fee, if it part of the cost of generating energy and isn't a tax.

We are going to get back to her to see how firm the deadline is and send her what we can put together in next hour.

- Ethan Lou from Reuters is doing a story on the auto talks between Unifor and the U.S. Big Three car makers. Hydro One referred him to us. He's looking into the impact of hydro prices on the car makers' bottom lines. Does the board have numbers on the rates charged to and the typical monthly hydro cost for Chrysler, GM and Ford? Also wondering how that compares to an average household. We are confirming his timelines.

And, we are just finalizing the q's to the Spec. Will send final over to you shortly.

Happy long weekend.

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