Proposed Initiatives to Transform Ontario's Electricity Sector.pptx

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Hi,

Thank you for turning this around on Friday. My comments below try to channel some of what I heard when we briefed P with the two agencies:

Let's break out OESP/FN Rate from RRRP.

For OESP, our goal is 100 per cent take-up so we should not show any slides or numbers that assume success at 50 per cent - show 100 per cent. Let's try to think of a few more things we can do to get to the 100 per cent goal. P didn't think the LDCs were doing enough. Maybe LDC scorecards can be amended to reward/penalize for lack of active involvement by the LDCs in moving the OESP yardsticks etc.

For the RRRP, the intent was to help levelize the distribution rates between low density and urban customers. Let's continue to focus on this as the outcome and introduce the concept of shifting to the tax base given equity or social objectives. We have moved R2 to R1, now let's consider a further move of low and medium density customers to some urban average or other appropriate measure. Make the case that OEB has been moving to cost allocation which has made the cost shift more prominent in the Hydro One service territory. Also, if we try to levelize through the rate base, it merely shifts costs to ratepayers so further action should consider tax base relief.

For conservation, let's go for an explicit option to have all conservation funded from cap and trade proceeds. Keep the shift to the tax base as an option, but also have another option with a more explicit day one shift of all CDM and DSM programs and costs to the new entity assuming total funding from cap and trade proceeds.

For the "reduce and extend" option, we need to show numbers/magnitude as soon as possible. We should already have the number of MW, number of contracts, contract holders, and value of contracts. We should make the point that the contract holders will have all the leverage in negotiations so the outcome would be that they will likely extract additional value from the negotiations even if are able to negotiate some lower prices in the near term.

We should also introduce a new tax relief measure that would pay the difference between the wind and solar FIT price and the price we would have likely paid under a competitive procurement. The rationale is that the premium we paid above the competitive price reflected a desire to grow the green economy which is and economic outcome and not a rate base outcome.

At some point soon, we will need to introduce the tables/charts on rates and bill impact. Let's come to an agreement on what this is and the best way to show it. P was asking so let's be ready.

Serge