

RE: FAO Report Backgrounder

From: "Berry, James (ENERGY)" <james.berry5@ontario.ca>
To: "Imbrogno, Serge (ENERGY)" <serge.imbrogno@ontario.ca>, "Teliszewsky, Andrew (ENERGY)" <andrew.teliszewsky@ontario.ca>, "Schlaepfer, Martin (ENERGY)" <martin.schlaepfer@ontario.ca>
Cc: "Whittington, Matt (ENERGY)" <matt.whittington@ontario.ca>, "Baker, Carys (ENERGY)" <carys.baker@ontario.ca>
Date: Wed, 24 May 2017 19:16:13 -0400

Below is the Minister's statement that was sent to the Queen's Park Press Gallery and shared with other inquiring media. Defer to the direction of Andrew, but perhaps correspondence to the FAO would help fulfill the need to correct the record? Though I'd be less supportive of this approach if it was precedent setting.

Over the last few weeks our government has been working very closely with the Financial Accountability Officer to provide information and analysis on our proposed Fair Hydro Plan - and today, we welcome his final report. If passed, our government's plan will bring significant and sustained relief on electricity bills for Ontario families starting this summer.

It's important to remember that the FAO's projection of electricity costs reflects a point-in-time estimate that demonstrates how we can ensure greater fairness and affordability in the short and medium term. Later this summer, our government will release the next Long-Term Energy Plan (LTEP), which will take additional costs out of the system and address affordability over the long-term.

We've always said that the proposed Fair Hydro Plan will cost more over the long-term, but it will share the costs of our investments more fairly over a longer period of time, and lower bills by 25 per cent on average starting this summer. The FAO's analysis shows cost projections of \$21 billion over 29 years for our plan, which is in line with earlier estimates.

We also note that the FAO has considered some outlier scenarios, such as increased interest rates and borrowing the full balance of funds required. These are extremely unlikely, and do not factor in government action being taken to reduce electricity system costs, electricity market renewal, or technological developments.

The FAO report confirms the foundation of the Fair Hydro Plan - a cut in electricity rates by 25 per cent on average for all residential consumers and as many as half a million small businesses and farms across the province. What's more: rate increases will be held to the rate of inflation for four years; while low-income Ontarians and those living in eligible rural and Northern communities would see savings of up to 40 to 50 per cent.

Families in the province have asked for real and immediate relief on their electricity bills and that's why we are working to deliver the largest rate reduction in Ontario's history if the legislation passes.

We thank the FAO for this report, and look forward to releasing our Long Term Energy Plan later this summer.

From: Imbrogno, Serge (ENERGY)
Sent: May-24-17 6:32 PM
To: Teliszewsky, Andrew (ENERGY); Schlaepfer, Martin (ENERGY)
Cc: Whittington, Matt (ENERGY); Berry, James (ENERGY); Baker, Carys (ENERGY)
Subject: Re: FAO Report Backgrounder

We think it's important to correct the errors in the FAO report.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Teliszewsky, Andrew (ENERGY)
Sent: Wednesday, May 24, 2017 6:19 PM
To: Schlaepfer, Martin (ENERGY)
Cc: Imbrogno, Serge (ENERGY); Whittington, Matt (ENERGY); Berry, James (ENERGY); Baker, Carys (ENERGY)
Subject: RE: FAO Report Backgrounder

Hi.

So I don't really think the tone is helpful. Using "inaccurate" to describe the FAO isn't really the strategic frame of the dialogue that we went with.

James – can you please share the 2-page Minister's statement that went out this morning. But my recollection was that Minister just issued a statement today "thanking the FAO for his work" and actually highlighted the several points where the FAO agreed with our narrative around OFHP.

Based also on the current interest from media and the "conflict with AG" angle that folks may yet gravitate to; this particular backgrounder might have an adverse reaction to opening up a front / battle line that doesn't presently exist – ie. a "conflict with FAO".

Before this can be shared up the line, I think it would have to be significantly re-written.

Many thanks, in advance.

Andrew Teliszewsky

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From: Schlaepfer, Martin (ENERGY)
Sent: May-24-17 4:42 PM
To: Teliszewsky, Andrew (ENERGY)
Cc: Imbrogno, Serge (ENERGY); Whittington, Matt (ENERGY); Berry, James (ENERGY); Baker, Carys (ENERGY)
Subject: FAO Report Backgrounder

Hi Andrew,

As mentioned earlier, attached is a proposed Backgrounder that could be used to respond to the FAO's report on the OFHP.

Let us know if you have any question or concerns.

Thanks,
Martin