FW: ENE - Affordability Fund

From: "Graham, Helen (TBS)" <"/o=govon/ou=ontario public sector - iserv ems/cn=recipients/cn=grahamhe">
To: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
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Date: Thu, 16 Feb 2017 12:28:39 -0500
Attachments: energy material (2.26 MB)

Hi Cindy

Here's the latest electricity price mitigation deck. Next internal milestone is inclusion in Q3 reporting, which PEMD needs to take to Secretary's briefing tomorrow. PEMD is looking for our help on a question from Karen regarding the affordability fund proposal, discussed on slide 29 of attached, and in particular what are the risks regarding expense timing and consolidation. The idea is Energy would flow money to a Fund administrator, and LDCs would apply to the administrator to participate in the fund, in supporting eligible customers.

As I see it, I would think the risks are something like this:

1. Energy's expense could not be recorded on the CRF for 16-17 if they don't flow cash to H1 (the proposed Fund administrator) and don't have a TPA in place.
2. Energy could be at risk of VFM criticism if they flow cash in advance of getting the TPA signed, although flowing cash does mean recording an expense on the CRF in the year it is flowed. This might be an ambitious target, given timing?
3. If H1 sits on cash over yearend, that amount will be consolidated back for 16-17, but will show up through the consolidation as a fiscal pressure in 17-18.

I am not sure if there is any further complexity, given that some of the LDCs of interest here might be subsidiaries of H1?

We need to provide PEMD some information by EOD today. Who should be the point person for this in APFR?

From: Fung, Felix (TBS)
Sent: February 16, 2017 11:34 AM
To: Graham, Helen (TBS)
Cc: Strang, James (TBS); Morgenstern, Madeleine (TBS)
Subject: RE: ENE - Affordability Fund

Yes – absolutely – here's the latest and greatest from yesterday. They took this Cabinet.

Will send you password separately

From: Graham, Helen (TBS)
Sent: February-16-17 11:29 AM
To: Fung, Felix (TBS)
Cc: Strang, James (TBS); Morgenstern, Madeleine (TBS)
Subject: RE: ENE - Affordability Fund

Ps the last deck I see is from jan 19, but cindy tells me there is a more recent one – can you share?

From: Graham, Helen (TBS)
Sent: February 16, 2017 11:28 AM
To: Fung, Felix (TBS); Sawosch, Mercedes (TBS)
Cc: Strang, James (TBS); Morgenstern, Madeleine (TBS)
Subject: RE: ENE - Affordability Fund

Hi – Mercedes has not been working on the rate mitigation pkg, so let me take this away and see where we are on it. A lot of the focus down here has been on the GA element, so not sure if we have gotten into the weeds on that fund yet.

From: Fung, Felix (TBS)
Sent: February 16, 2017 11:26 AM
To: Graham, Helen (TBS); Sawosch, Mercedes (TBS)
Cc: Strang, James (TBS); Morgenstern, Madeleine (TBS)
Subject: ENE - Affordability Fund

Hi Helen/Mercedes,

Karen is asking about the proposed $200M Affordability Fund that Energy is including as part of the Electricity Rate Mitigation package. She wants to know if Cindy has confirmed whether:

1) The funding will flow to a consolidated entity (she mentioned H1, but does she mean the IESO?)
2) If the funding is going to a consolidated entity, what would be the fiscal impact for 2016-17? Energy has said the entire amount can be expensed this year, but Karen is worried that is not the case (i.e., only part of it will be expensed – and creating a pressure next year).

Anyway, let me know if you have any updates – as I have to include this as part of the Q3 reporting that we are doing (which is going to Secretary's briefing tomorrow).

Thanks - happy to chat in person,

Felix