Ontario

MINISTRY OF
ENERGY

2017 LTEP: Enhancing our Commitment to Conservation

Premier's Office Briefing
May 31, 2017 v2

CONFIDENTIAL DRAFT

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Current Context

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2017 LTEP will need to balance the broad benefits of conservation investments with the need to mitigate rate impacts.

- Ontario is currently in a positive supply situation, with incremental system needs not expected to materialize until the mid-2020s (based on OPO Outlooks B, C and D).
- As part of the Ontario Fair Hydro Plan (OFHP), the government has committed to lower electricity costs for ratepayers and provide rate relief.
- Measures announced in the OFHP will lead to immediate cost reductions, but medium to long-term cost pressures remain. There is a need to identify measures to bend the cost curve in the post-2020 period.

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1. a) Electricity Conservation Target and Funding (cont'd)

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Shifting Conservation Funding to GGRA

- Recovering all or a portion of electricity conservation program costs from the GGRA starting in 2021 could help bend the cost curve in the medium and long-term, following the immediate relief provided by OFHP.

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2c) Regulated Price Plan (RPP)

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Key Information:

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- As of May 26, 2017 two pilots are approved and two more are in advanced stages of review.
  - Pilots are expected to be in market by November 2017, with results available in 2019.
- The pilots will provide value by delivering reliable results at a manageable scale. Changes to RPP price plans in the absence of evidence about customer understanding and price responsiveness can lead to cross-subsidies between customers and jeopardize cost recovery – which, under the OFHP, could add refinancing costs beyond those forecast.

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