Message

From: Joyce Poon [/O=IMO/OU=EXTERNAL (FYDIBOHF25SPDLT)/CN=RECIPIENTS/CN=A33671BA35BF4C68AF8390300630DD76]
Sent: 2017-03-22 4:42:23 PM
To: Malecki, Justin (ENERGY) [Justin.Malecki@ontario.ca]
CC: Christie, Tim (ENERGY) [Tim.Christie@ontario.ca]; George Pessione [/o=IMO/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=George Pessione22e]
Subject: RE: GA Financing Answers

Hi Justin,

Thanks for the update on the information.

As just mentioned to you on the phone, the RPP eligible consumptions volume I was thinking of was via a talk/walk to the go train with someone from settlements, but they stated it was from OCEB too so likely we should have the same volume. They just quoted this to be about 80% of Class B, which is where I figured it was about 90 TWH, given it was just a casual conversation they may have quoted an incorrect percentage value. If you are both working from the OCEB volumes – it should be a similar number. If I find out there is actually an real difference then I'll let you know.

Cheers, Joyce

From: Malecki, Justin (ENERGY) [mailto:Justin.Malecki@ontario.ca]
Sent: March 22, 2017 11:41 AM
To: Joyce Poon
Cc: Christie, Tim (ENERGY)
Subject: GA Financing Answers

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Hello Joyce,

Let me address the questions we discussed on the phone earlier today.

1. **Tax-basing of social programs.** For the GA financing calculation included in the cabinet submission and the associated numbers in the spreadsheet I sent to you, we only considered the tax-basing of RRRP and OESP for the first 4 years. We now understand that the intention is that RRRP and OESP will continue to be funded from the tax base indefinitely. If the tax-basing reductions are considered throughout the forecast horizon then less money will need to be borrowed in the 2022-2027 period to achieve the 6.5% year-over-year increase in residential bills and, hence, requiring lower bill increases in 2028-2047 in order to pay off the debt by 2048. We are in discussions with those leading the tax-basing initiative regarding the possibility of reconciling this in our GA financing calculations.
2. **25% reduction in bills in 2017.** The 25% reduction in the residential bill in 2017 is measured relative to the IESO bill forecast after tax but *without* the 8% rebate. That is, the 8% rebate is considered part of the Fair Hydro Plan so, to estimate the impact of the FHP, we need to compare to a bill without the 8% rebate. The confusion you and I had on the phone was that we were comparing the adjusted bill to the IESO bill with the rebate, not without. The breakdown of costs and comparison between adjusted and non-adjusted bill for 2017 is shown in column D on the 'Near-term Impact Summary' tab.
3. **Estimate of RPP-eligible consumption volume.** Our estimate of 72 TWh was based on the volume of OCEB-eligible consumption in 2015 as reported by each LDC (consumption volumes were reported before applying the cap on volume that was eligible for OCEB). We used this estimation since the class of customers eligible for OCEB is the same as the class of customers for whom the GA financing savings/payments will apply. We are curious about the discrepancy between our number and the IESO's estimate of 90 TWh. What is the IESO estimate based on? How did the IESO define RPP-eligible?

Happy to discuss further by phone or by email.

Cheers,

Justin Malecki, PhD
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