

Message

From: Jordan Penic [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=7D23BCD450594583BB40B447B35485DA-JORDAN PENI]
Sent: 2017-05-24 10:08:43 AM
To: Kim Marshall [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=b63a22b42bf14587870d93119a054d88-Kim Marshal]
Subject: FW: Page 14

FYI – is this the piece in the appendix you are referencing?

From: Kate Longmoore
Sent: May 24, 2017 9:48 AM
To: Jordan Penic
Subject: Page 14

From the appendices. Is this worth flagging too?

The IESO submits to the Ontario Energy Board (OEB) its proposed expenditure and revenue requirements and the fees it proposes to charge.³² Further, under the proposed Bill 132, the Fair Hydro Act, 2017 the OEB will set and determine rates that will create a revenue loss for the IESO and allow it to eventually recover that lost revenue from eligible electricity ratepayers.³³ The Province proposes that the regulatory asset will be created because the IESO has incurred costs with respect to its regulated service of settling the wholesale electricity market.

However, in principle, the electricity costs ultimately belong to entities that provide electricity. In other words, the IESO would not be able to incur a revenue shortfall if electricity generation, transmission and distribution assets did not exist. The IESO does not provide electricity to ratepayers. Nevertheless, the Province is proposing that the IESO has incurred costs with respect to its service of settling the wholesale electricity market. As such, it is important to determine whether this service is a rate-regulated activity.

In addition, the electricity cost refinancing initiative is not directly related to the actual cost of generating electricity in Ontario. This is because the contracts that generators have with the IESO will not be changed, which dictate how much money generators will receive for their electricity production. In this sense, the costs of the Province's proposal are more like direct financing costs for electricity ratepayers.

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