
2017 LTEP: Enhancing our Commitment to Conservation

Premier's Office Briefing
May 31, 2017 v2

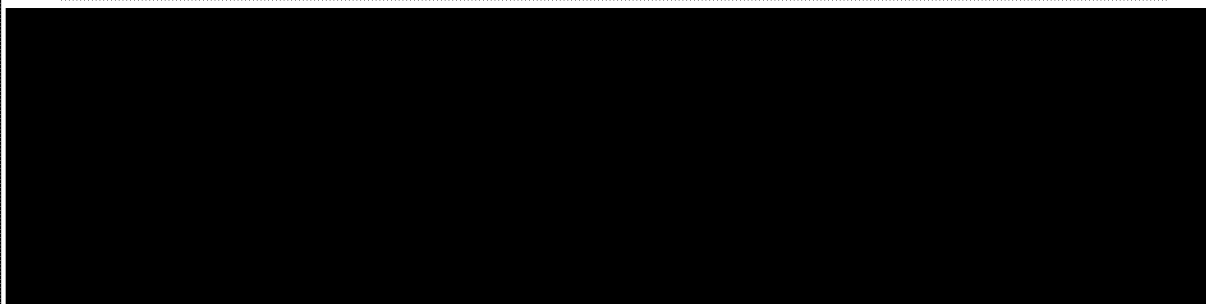
CONFIDENTIAL DRAFT

Current Context

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.

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



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.



2c) Regulated Price Plan (RPP)

Key Information:

- 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.

