Message

From: Joyce Poon [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=3093C75378834FD195C6A07D2C0ADED1-JOYCE POON]
Sent: 2018-02-26 5:10:44 PM
To: Ho, Larissa (ENERGY) [Larissa.Ho@ontario.ca]
Subject: RE: Question from the ECO

Oh the Q# refers to the original ECO Questions 6 and 8, whereby the follow up question is as drafted as you see in the question box.

From: Ho, Larissa (ENERGY) [mailto:Larissa.Ho@ontario.ca]
Sent: February 26, 2018 4:21 PM
To: Joyce Poon
Subject: RE: Question from the ECO

Hi Joyce,

Thanks for sending the draft response over. Just to clarify the Q# column, the response you provided is for #6 only, correct?

Lastly, as an FYI, the Ministry was asked as part of #7 to provide the residential price forecast that excludes OFHP. I'll be pulling from the attached version of the module (also see below).

Residential Monthly Bill Assuming 750 KWh Per Month Usage (prior to Ontario Fair Hydro Plan) (Nominal $/Month)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Distribution	$ 37	$ 39	$ 39	$ 40	$ 41	$ 42	$ 43	$ 43	$ 44	$
Line Losses	$ 3	$ 3	$ 3	$ 3	$ 3	$ 3	$ 3	$ 3	$ 3	$
Transmission	$ 14	$ 14	$ 15	$ 16	$ 16	$ 17	$ 17	$ 18	$ 18	$
Regulated Charges	$ 4	$ 4	$ 4	$ 4	$ 4	$ 4	$ 4	$ 4	$ 4	$
DRC	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$
Commodity (excludes line losses)	$ 78	$ 79	$ 82	$ 85	$ 83	$ 85	$ 86	$ 90	$ 91	$
Residential Bill Before Taxes	$ 135	$ 139	$ 143	$ 147	$ 147	$ 150	$ 153	$ 159	$ 161	$
HST	$ 18	$ 18	$ 19	$ 19	$ 19	$ 20	$ 20	$ 21	$ 21	$
Total Residential Bill After Taxes	$ 153	$ 157	$ 162	$ 167	$ 166	$ 170	$ 173	$ 179	$ 182	$

Note:
Residential Monthly Bill prior to Ontario Fair Hydro Plan (OFHP)
2017
Residential

Bill is a
forecast

From: Joyce Poon [mailto:Joyce.Poon@ieso.ca]
Sent: Monday, February 26, 2018 3:14 PM
To: Ho, Larissa (ENERGY)
Cc: Chuck Farmer; David Barrett; Simon Zhang
Subject: RE: Question from the ECO

Hi Larissa,

The response IESO already drafted to the ECO, regarding the question below is as follows:

No.	Request	BU	SME	Response
Q6, Q8	The Ontario Planning Outlook, Module 7, slides 13 and 14 indicate the cost assumptions for re-contracting of existing resources, and slides 31-33, 40, and 49 provide additional cost assumptions regarding contracting of new resources (31-33) and transmission (40, 49): a. What are the cost assumptions used for new and existing supply resources? b. Why is it assumed that contract renewal costs for wind and solar would be similar to LRP I, given that these facilities are already built and would not have large capital costs associated with life extension (slide 14)? c. Are the LTEP price outlooks for residential and industrial consumers (figures 5 and 6 of the LTEP) based on the resource cost assumptions noted in slides 31-33, 40, and 49 of Ontario Planning Outlook, Module 7? If there are		Joyce	a. The existing cost assumptions for existing supply is based on the contract prices which are commerically confidential, and a regulated rate forecast from OPG for the regulated assets. OPO new resource cost assumptions are based on an estimated cost for the new generation resource as illustrated in Modeule 7, Slide 33. b. The wind and solar assumes most components reach end-of-life at contract expiry; as a result, the repowering of wind and solar are generally on par with building new. The LRP 1 Wind and Solar costs in OPO are projected to continue declining over the planning horizon due to cost declines. Therefore, the contract renewal price is lower than the original LRP 1 PPA but the time the existing contracts reach their contract end date. c. The 2017 LTEP price outlook for residential and industrial consumers are not based on the OPO Module 7 cost assumptions. The residential and industrial price outlook in the 2017 LTEP is based on LTEP cost assumptions and the impact of the Ontario Fair Hydro Plan (OFHP) that was developed by the Ministry of Energy. A list of cost assumption differences for the 2017 LTEP: - OPG regulated rates for nuclear and hydro are up-dated by OPG (Nuclear rates were based on the EB-2016-0152 OEB filing, with updated hydro rates that correspond to the updated nuclear forecast) - Transmission updated to EB-2016-0160 filing and 2016 uniform transmission rates - Wholesale Market Service Charges updated with Fair Hydro Plan policy by shifting a

	any differences, please indicate.			portion of wholesale market service costs associated with Rural/Remote rates into the tax base, plus all of the Ontario Electricity Support Payment (OESP) into the tax base. - Natural gas forecast is updated to Sproule Feb 2017 projection for Dawn - Repowered natural gas is an average of all the original contract price components per type of gas plant, with 20% of the capital portion assumed. - Thunder Bay Bio Conversion and Atikokan Bio Conversion are not assumed to be repowered at the orginal contract costs. The capacity requirement from these facilities is costed consistently with all other new capacity requirements of a SCGT facility. - Repower wind assumes 85% of LRP I Wind PPA, with no decline of the wind price over the planning period. - Repower large solar assumes 60% of LRP 1 rates, with a 2% on-going decline in planning period to the real price. - Expired MicroFit solar contracts assumes net metering rates.

Cheers,

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From: Ho, Larissa (ENERGY) [mailto:Larissa.Ho@ontario.ca]
Sent: February 23, 2018 1:46 PM
To: Joyce Poon
Subject: RE: Question from the ECO

Thanks, Joyce. Glad to hear the ECO also reached out directly to the IESO. Hope you feel better soon.

From: Joyce Poon [mailto:Joyce.Poon@ieso.ca]
Sent: Friday, February 23, 2018 1:23 PM
To: Ho, Larissa (ENERGY)
Subject: Re: Question from the ECO

I am off sick today. In any regard, I actually already gave this response to Government relations group at the IESO I will follow up with them if it didn't make it to ECO. But regardless I can make sure you guys get what I already drafted in response to this question when i'll back next week.

Sent from my iPhone

On Feb 23, 2018, at 12:28 PM, Ho, Larissa (ENERGY) <Larissa.Ho@ontario.ca> wrote:

Hi Joyce,

I am reaching out with a request for data. This stems from the following question we received from the ECO:

> "The Ontario Planning Outlook, Module 7, slides 13 and 14 indicate the cost assumptions for re-contracting of existing resources, and slides 31-33, 40, and 49 provide additional cost assumptions regarding contracting of new resources (31-33) and transmission (40, 49). Do the LTEP price outlooks for residential and industrial consumers (figures 5 and 6 of the LTEP) use the same set of resource cost assumptions? If there are any differences, please indicate."

May you assist in providing a response to this request that we can then pass along by next Wednesday? As an aside, the publication date for the LTEP modules remains unclear.

Thanks for your help,

Larissa Ho
Senior Policy Advisor, Ministry of Energy
416-325-6858