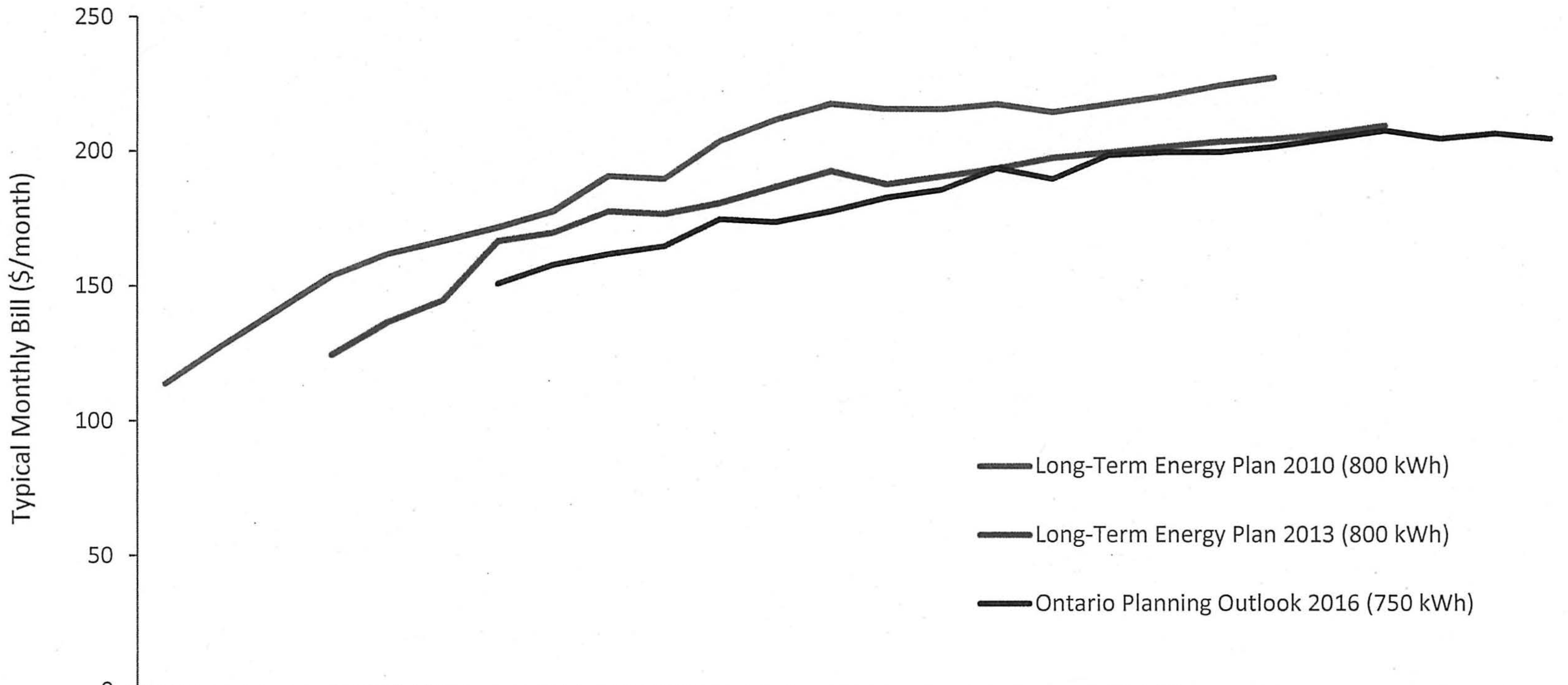
Ontario's Residential Electricity Price Forecasts



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Long-Term Energy Plan 2010 (800 kWh)	114	128	141	154	162	167	172	178	191	190	204	212	218	216	216	218	215	218	221	225	228					
Long-Term Energy Plan 2013 (800 kWh)				125	137	145	167	170	178	177	181	187	193	188	191	194	198	200	202	204	205	207	210			
Ontario Planning Outlook 2016 (750 kWh)							151	158	162	165	175	174	178	183	186	194	190	199	200	200	202	205	208	205	207	205

Note: See Appendix for detailed information on modeling assumptions.

Appendix – Modeling Assumptions

Long-Term Energy Plan 2010

- Residential price forecast based on a household consuming 800 kWh per month and connected to Toronto Hydro; and
- Price forecast reflects renewable generation initiatives resulting from the Green Energy and Green Economy Act, 2009.

Long-Term Energy Plan 2013

- Residential price forecast based on a household consuming 800 kWh per month and connected to Toronto Hydro.
- Price forecast reflects an updated demand forecast, along with impacts of:
  - Ontario Clean Energy Benefit (OCEB) which is a 10% credit to residential bills assumed to be in effect from 2011 to the end of 2015.
- Includes several initiatives that reduce costs from LTEP 2010 including:
  - Renegotiated Green Energy Investment Agreement (GEIA) which reduced contract costs by $3.7 billion;
  - Deferring the construction of two new nuclear reactors at Darlington, avoiding an estimated $15 billion in new construction costs; and
  - Pickering Generating Station is expected to operate until 2020.
- 2017 bill forecasts were reduced by $8 per month (4%) from LTEP 2010.

IESO Ontario Planning Outlook (OPO) 2016

- Residential price forecast based on a household consuming 750 kWh per month and connected to Toronto Hydro.
- Price forecast reflects an updated demand forecast (Outlook B), along with the impacts of:
  - Removing the Debt Retirement Charge (DRC) from residential bills starting in 2016.
- Includes several initiatives that reduce costs from LTEP 2013 including:
  - Large Renewable Procurement (LRP) process to drive down costs approximately $1.5 billion lower than the LTEP 2013 forecast;
  - Generators re-contracted past their current contract life are expected to operate at lower cost than the current contract rates;
  - OPG's revised Darlington and Bruce refurbishment schedules; and
  - Pickering Generating Station is expected to operate until 2022/2024.
- 2017 bill forecasts were reduced by $12 per month (7%) from LTEP 2013.

Appendix – Assumptions (cont'd)

Long-Term Energy Plan 2017

- The Ontario government has commenced work on the next Long-Term Energy Plan (LTEP). The LTEP will identify opportunities to further reduce costs.
- The government will explore and consider alternate funding mechanisms to address conservation costs.
- The Ontario Energy Board (OEB) will identify opportunities for cost efficiencies by:
  - Encouraging shared partnerships on services between utilities, which would help reduce costs and encourage further innovation for small to medium-sized utilities.
  - Reviewing business cases behind its regulatory requirements to reduce red tape and eliminate costs that LDCs indicate are creating pressures on operating expenses.
  - Looking at opportunities to further drive transmitter and LDC efficiencies and productivity improvements, including the use of innovative technologies and business processes.
- The IESO and partners have begun a market renewal project to enhance efficiency and performance of the wholesale electricity market, which is estimated to save up to $5.2 billion over a 10-year period, starting in 2021.