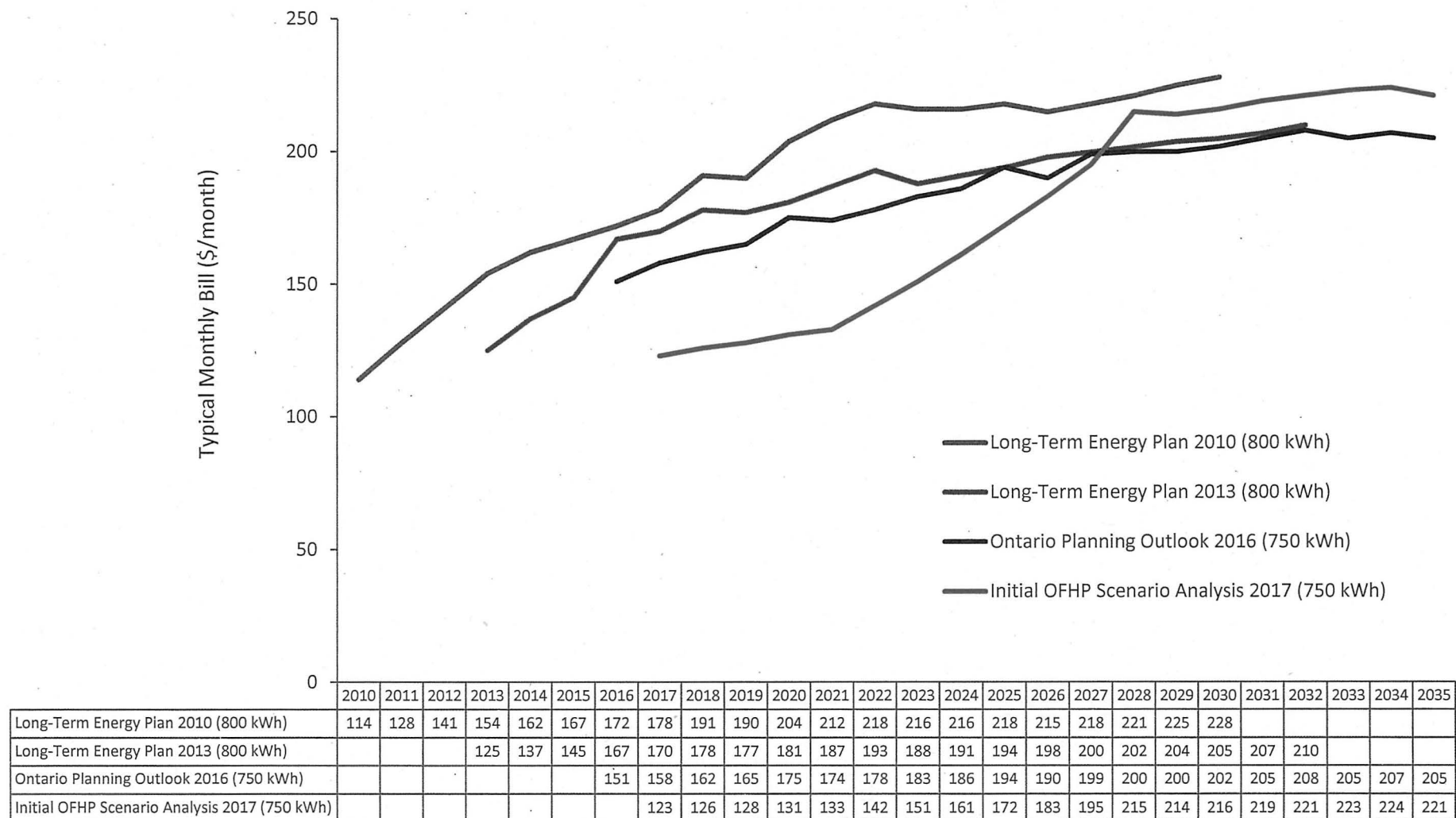


Ontario's Residential Electricity Price Forecasts



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)

Initial Ontario's Fair Hydro Plan (OFHP) Scenario Analysis 2017

- Residential price forecast based on a household consuming 750 kWh per month and connected to Toronto Hydro.
- Price forecasts reflects the Independent Electricity System Operator's (IESO's) Outlook B demand forecast in the OPO, along with impacts of:
 - Expanding the Industrial Conservation Initiative (ICI) to 1 MW;
 - Shifting funding of electricity support programs to provincial revenues;
 - Expanding the Rural or Remote Rate Protection (RRRP) program; and
 - Rebating the provincial portion of the HST (8%) on the amount before tax as of January 1, 2017.
- Includes several initiatives that reduce costs from OPO 2016 including:
 - Suspending the second round of the LRP process and the Energy-from-Waste Standard Offer Program, which is expected to save up to \$3.8 billion in costs; and
 - Ontario's electricity trade agreement with Quebec (purchase of 14 TWh from 2017 to 2023) which is expected to reduce electricity system costs for consumers by about \$70 million from previous forecasts.

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.