

Ministry of Energy

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MC-2017-836

May 11, 2017

Mr. Mayo Schmidt
President and CEO
Hydro One Networks Inc.
483 Bay Street
7th Floor, South Tower
Toronto ON M5G 2P5

Dear Mr. Schmidt:

Mayo,

I am writing to follow up on my letter of March 21, 2017 regarding Ontario's Fair Hydro Plan and to seek your support in communicating with customers.

Today, the government introduced legislation that would implement Ontario's Fair Hydro Plan. If passed, electricity bills would be reduced by 25 per cent for a typical residential customer as of this summer. Up to half a million small businesses and farms are also expected to benefit. Furthermore, any increases over four years would be held to the rate of inflation. These measures include the eight per cent rebate introduced in January and build on previously announced initiatives to deliver broad-based rate relief on all electricity bills.

I am pleased to highlight significant progress that has been made since the announcement of Ontario's Fair Hydro Plan, on March 2, 2017, on a number of non-legislative measures. For example:

- Expanding the Industrial Conservation Initiative (ICI) to allow eligible electricity consumers in the manufacturing and greenhouse sectors (i.e., those sectors with North American Industry Classification Standard codes commencing with the digits "31", "32", "33", and "1114") in Ontario with an average monthly peak demand of greater than 500 kW and less than 1 MW to opt in to ICI;
- Increasing the credit amounts and expanding the eligibility for the Ontario Electricity Support Program (OESP); and
- The March 23, 2017, Ontario Energy Board (OEB) Decision and Order removed the OESP charge from customer bills.

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On April 20, 2017, the OEB announced new Regulated Price Plan (RPP) rates, effective May 1, 2017, that include a portion of the bill reduction proposed under Ontario's Fair Hydro Plan.

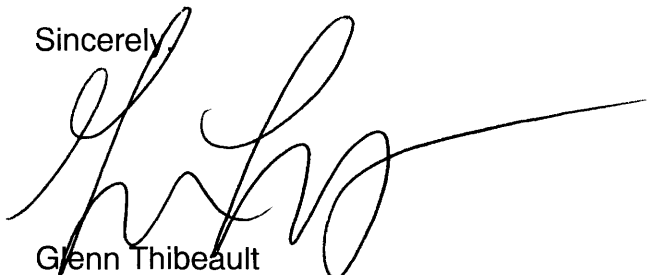
I appreciate your co-operation in sharing this good news about the proposed Ontario's Fair Hydro Plan with your customers. As you may be aware, the Ministry of Energy will be providing bill inserts with information about the plan to local distribution companies in the coming days. I encourage you to include those in your June billing cycle.

If the introduced legislation is passed, the OEB is expected to make a further rate adjustment no later than 15 business days after the legislation receives Royal Assent for RPP consumers to achieve the full 25 per cent for a typical residential consumer.

To avoid confusion as the proposed plan's larger bill reductions start to take effect, I would also request that you no longer use bill envelopes bearing the Ontario Rebate for Electricity Consumers message.

Since our government's announcement on March 2, 2017, the Ministry of Energy has received valuable and timely advice from LDCs across the province regarding the implementation of the Ontario Fair Hydro Plan. We are committed to keeping you informed of the changes that will impact your operations. Thank you for your ongoing commitment to helping us provide electricity price relief to your customers.

Sincerely,



Glenn Thibeault
Minister