

Ministry of Energy

Office of the Minister

4th Floor, Hearst Block
900 Bay Street
Toronto ON M7A 2E1
Tel.: 416-327-6758
Fax: 416-327-6754

Ministère de l'Énergie

Bureau du ministre

4^e étage, édifice Hearst
900, rue Bay
Toronto ON M7A 2E1
Tél. : 416 327-6758
Téléc. : 416 327-6754



MC-2017-1123

Mr. Frank Kallonen (*same letter to Wendy Watson, Director of Communications*)
President and CEO
Greater Sudbury Utilities
500 Regent Street
PO Box 250
Sudbury ON P3E 4P1

Dear Mr. Kallonen:

Thank you for meeting with me on June 12, 2017.

I welcomed the opportunity to update you about the *Fair Hydro Act, 2017*, which received Royal Assent on June 1, 2017. In crafting this legislation, we consulted broadly with experts, advisors, our agencies and Local Distribution Companies. I appreciate your ongoing contributions to the implementation of the plan, which will deliver the single largest reduction to electricity rates in the province's history.

The *Fair Hydro Act, 2017* will reduce electricity bills for residential consumers by 25 per cent on average, effective July 1, 2017. As many as half a million small businesses and farms will also benefit. Additionally, lower-income Ontarians and those living in eligible rural and remote communities will receive even greater reductions of as much as 40 to 50 per cent. As part of this plan, rate increases will also be held to the rate of inflation for four years.

As I mentioned in my previous correspondence, these measures include the 8 per cent rebate introduced in January and build on previously announced initiatives to deliver broad-based rate relief on all electricity bills. Ontario's Fair Hydro Plan:

- Enables the Independent Electricity System Operator and Ontario Power Generation to work together to spread out the costs of Ontario's clean energy investments over a longer period of time, which ensures that the costs of these investments are allocated fairly among current and future ratepayers. This will be accomplished through refinancing a portion of the Global Adjustment (GA), resulting in significant and immediate rate relief.

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- Enhances the Rural or Remote Rate Protection program to provide distribution charge relief to a total of approximately 800,000 customers and shift costs from ratepayers to provincial revenues. The enhancement will benefit customers served by local distribution companies with the highest distribution rates.
- Provides on-reserve First Nations households serviced by licensed distributors with a 100 per cent credit for the delivery line on their monthly electricity bills, starting July 1, 2017.
- Modifies and broadens the Ontario Electricity Support Program (OESP) to expand benefits and ensure it is funded by government instead of ratepayers, reducing electricity bills for all.

I appreciate the work Greater Sudbury Utilities undertook to successfully support the implementation of the OESP changes so quickly, ensuring that the program continues to help the most vulnerable customers manage their electricity costs. I am pleased that more than 1,700 of your customers are already benefiting from the increased support provided by the program.

As you are aware, electricity consumers who are eligible for the 8 per cent rebate are also eligible for GA refinancing. **Ontarians who are customers of the Ontario Energy Board (OEB)'s Regulated Price Plan (RPP)** will receive the benefits of GA refinancing through the RPP rate setting process. As a result of the passage of the *Fair Hydro Act*, the OEB is updating RPP prices to reflect the full benefit of GA refinancing. The new prices will be effective as of July 1, 2017.

Commented [EM1]: Not sure it makes sense to refer to them as customers... maybe reword to something along the lines of "Ontario consumers who fall under the RPP"

Consumers who are eligible for GA refinancing but who are **not customers** of the RPP include those that have opted out of RPP to sign contracts with electricity retailers or become wholesale consumers, and those who are eligible for the 8 per cent rebate but not RPP, such as long-term care homes. In accordance with the *Fair Hydro Act*, the OEB will determine an adjustment to be made to the GA charge on eligible non-RPP consumers' bills, also effective July 1. Electricity vendors, including Greater Sudbury Utilities, will need to ensure the adjustment is reflected on their customers' bills as soon as possible and make retroactive payments where necessary.

Commented [EM2]: Same

Thank you for your continued support in the implementation of Ontario's Fair Hydro Plan. I will continue to update you as we move forward.

I was also pleased to hear your update on renewable natural gas (RNG). In March 2017, the OEB announced the launch of its Framework for the Assessment of Distributor Gas Supply Plans, which includes consideration of RNG. The Framework will establish the OEB's expectations and approved approach for assessing gas supply plans based on objectives such as public policy, climate change, adaptability/flexibility, reliability and consumer bill impacts.

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In April 2017, the OEB announced the establishment of a Technical Working Group to gather input from stakeholders and assist OEB staff in developing the Framework, with an initial focus on RNG. Key issues for the working group will include understanding the current RNG marketplace, availability of RNG supply and key metrics for the OEB to evaluate the appropriate contribution of RNG in the gas supply mix. It is anticipated that the OEB will complete its work on the Framework in late fall 2017.

With respect to your request for a meeting with the Honourable Glen Murray, Minister of the Environment and Climate Change, I suggest that you work with Mandy Maghera, Chief of Staff to Minister Murray, to make arrangements. Mandy can be reached by email at Mandy.Maghera@ontario.ca or by phone at 416-212-1625.

Our discussion included the possibility of Ministry of Energy participation in the Electricity Distributors Association meeting with members of the Northeast and Northwest districts in Sudbury on September 6 and 7, 2017. We would be happy to discuss issues of importance to Greater Sudbury Utilities and your colleagues in northern Ontario. Please follow up with [REDACTED]

Commented [EM3]: The Deputy has requested that all letters going forward should refer to appropriate MO advisors when suggesting follow ups, not to divisional ADMs or staff.

Thank you again for taking the time to meet with me and please accept my best wishes.

Sincerely,

Glenn Thibeault
Minister

c: Hon. Glen Murray, Minister of the Environment and Climate Change
Mandy Maghera, Chief of Staff to the Minister of the Environment and Climate Change
Michael Reid, Assistant Deputy Minister, Strategic, Network and Agency Policy Division, Ministry of Energy