Ministry of Energy

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Ontario

MC-2017-479

Mr. Jeffrey J. Lyash
President and CEO
Ontario Power Generation
700 University Avenue
Toronto ON M5G 1X6

Dear Mr. Lyash:

On March 2, 2017, the government announced Ontario's Fair Hydro Plan, which proposes new measures to lower electricity bills by 25 per cent on average for residential customers.

Commented [DS1]: Strictly speaking, not "all" residential customers will benefit from the proposed GA refinancing.

This plan recognizes that electricity prices have increased because of much-needed investments to modernize the system to ensure it is clean and reliable. Ontario's Fair Hydro Plan will help relieve the burden of financing these system improvements on today's ratepayers by significantly restructuring the system to address long-standing policy challenges and ensure greater fairness.

I appreciate the efforts of OPG staff, management and the Board of Directors to date as we worked to develop a plan to refinance the Global Adjustment (GA). Refinancing the GA would provide significant and immediate rate relief by spreading the cost of electricity investments over the expected lifecycle of the infrastructure that has been built. OPG will be instrumental to the success of this initiative and we plan to introduce legislation that would, if passed, enable OPG to work with the Independent Electricity System Operator (IESO) to implement this plan.

I would encourage you to continue to work with the Ministry of Energy and IESO in order to ensure this key priority for the Province is implemented effectively and on an expedited basis.

Commented [ML(2]: Can we get this reviewed by legal? Wondering how this relates to shareholder direction / does it potentially impact accounting?

Please accept my best wishes.

Sincerely,

Glenn Thibeault
Minister