Ministry of Energy

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Ontario

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Mr. Allan O'Dette
Chief Investment Officer
Ontario Investment Office
3rd Floor
2 Queen Street East
Toronto ON M7A 1N3

Dear Mr. O'Dette:

Please accept my sincere congratulations on your appointment as Ontario's first Chief Investment Officer, working with the Ontario Investment Office in the Ministry of Economic Development and Growth. I wish you much success in this important new role.

I believe your past success as President and Chief Executive Officer of the Ontario Chamber of Commerce and your extensive experience as a business executive and entrepreneur make you uniquely qualified to help support new investment and growth across the province.

As Minister of Energy, I look forward to a strong working relationship with you on matters of mutual interest and would like to take this opportunity to highlight for you several of my ministry's areas of priority.

Ontario's Fair Hydro Plan

Recently, electricity prices have increased because of much needed investments to modernize the system to ensure it is clean and reliable. We have heard from Ontarians across the province that the costs of these new investments have grown too quickly, which is why we are moving forward with a plan that would ensure costs are shared more evenly over the years ahead.

With the recent announcement of Ontario's Fair Hydro Plan, starting this summer, residential consumers in the province would receive a reduction of 25 per cent on average on their electricity bills, with increases over the next four years held to the rate of inflation. This plan reflects a number of initiatives, including the refinancing of a portion of Global Adjustment, the funding of support programs through provincial revenues, and the existing 8 per cent rebate.

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All consumers who are eligible for the Regulated Price Plan (RPP) would be eligible for the reduction, including residential consumers and most small businesses and farms. We are also proposing to enhance support for the industrial sector by expanding the Industrial Conservation Initiative (ICI), which allows large consumers to reduce electricity costs by reducing consumption during peak hours. Changes, if passed, would allow small manufacturers between 500 kW and 1 MW to benefit from the program, in addition to the large consumers over 1 MW who are already eligible.

Building on previously announced initiatives to deliver broad-based rate relief, the plan would deliver the single largest reduction to electricity rates in Ontario history.

I'd like to take this opportunity to acknowledge the activism and support of the Ontario Chambers of Commerce under your leadership. In particular, last fall's Small Business: Too Big to Ignore campaign helped drive government decision-making around the business supports included in our plan.

Long-Term Energy Plan

The Ministry of Energy is developing the next Long-Term Energy Plan (LTEP). The LTEP maps out the direction of the energy sector over a 20-year time frame and informs investment decisions in the sector.

The ministry completed a comprehensive LTEP engagement process in January 2017 and is now reviewing the feedback received from in-person sessions, Indigenous engagements, and through written submissions and online tools. The ministry continues to develop policy initiatives for the next LTEP and intends to release the document later this year.

Market Renewal

As our electricity system continues to evolve, the Independent Electricity System Operator is leading the Market Renewal project to develop an ambitious set of initiatives to fundamentally redesign Ontario's electricity markets and ensure future energy needs are met in a reliable, flexible and cost-effective manner.

The Market Renewal project is expected to deliver net benefits of $3.4 billion over the period from 2021 to 2030, with an estimated uncertainty range of $2.2 billion to $5.2 billion. The project therefore forms a key component of Ontario's Fair Hydro Plan to bring down the cost of electricity in the province. Stakeholders have been engaged in Market Renewal from the outset and will continue to provide important feedback as the program moves into the detailed design phase.

Ministry staff would be happy to meet with you to provide further information and updates on any of these key priority areas. Please contact Francesca Bungaro-Yemec, Office Manager, Deputy Minister's Office, at Francesca.Bungaro-Yemec@ontario.ca or 416-327-6734 to make arrangements.

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Congratulations again and please accept my very best wishes for your success.

Sincerely,

Glenn Thibeault
Minister

c: Hon. Brad Duguid, Minister of Economic Development and Growth
Giles Gherson, Deputy Minister of Economic Development and Growth
Serge Imbrogno, Deputy Minister of Energy