

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-2017-628

[Name]
[Riding]
[Address]
[City] ON [Postal Code]

Dear [Name]:

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 consumers and initiatives to reduce costs for small businesses and manufacturers.

Lower-income ratepayers and those living in eligible rural communities would receive even greater reductions to their electricity bills. In addition, any electricity rate increases over the next four years will be held to the rate of inflation.

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

In recent years, electricity prices have increased because of much-needed investments to modernize the system and 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.

The plan reflects a number of initiatives, including refinancing a portion of Global Adjustment; extra relief for lower-income Ontarians through expansion of the Ontario Electricity Support Program (OESP); broadening the Rural or Remote Rate Protection (RRRP) to provide distribution charge relief to additional customers served by local distribution companies with the highest rates; establishing an Affordability Fund for customers who do not qualify for low income conservation programs; as well as the rebate of the provincial portion of HST that came into effect January 1, 2017.

As part of the plan, we are proposing to shift the cost of the OESP and RRRP programs from being paid for through electricity bills to being paid for through provincial revenues. This would reduce bills for everyone and ensure these programs continue to serve those in need.

.../cont'd

We are also proposing to enhance support for the manufacturing sector by expanding the Industrial Conservation Initiative (ICI), which allows large consumers to reduce electricity costs by reducing consumption during peak hours. This 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.

The government is working hard to put these rate relief measures into place as soon as possible. To that end, legislation will be introduced in the weeks ahead that would, if passed, create the appropriate and lasting structures to sustain this plan for the years ahead. It should be noted, however, that several portions of the announced plan are already possible to implement via existing regulatory structures. This includes:

- The Regulatory Registry posting to expand the ICI;
- The Regulatory Registry posting to expand the OESP; and
- The March 23, 2017 OEB Decision and Order to remove the OESP charge from customer bills, and to finance the OESP through charges already collected.

The OEB and the Independent Electricity System Operator are working with all licensed electricity distributors to ensure that they are aware of the proposed changes.

I trust you receive this as good news for your constituents and will share the message about the benefits of the Fair Hydro Plan with them. For more information on Ontario's Fair Hydro Plan, I encourage you to visit ontario.ca/fairhydroplan.

Please accept my best wishes.

Sincerely,

Glenn Thibeault
Minister