

Energy | Hydro One, Avista, Pickering - April 3, 2018

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Good morning,

Please find below Energy's messaging for today:

1) Hydro One Executive Compensation Coverage

- [Toronto Star – A6 \(Friday\)](#)
- [Toronto Sun – A6 \(Friday\)](#)

Key Messages

- We recognize that executive salaries are high compared to the vast majority of Ontario salaries, and we remain committed to Hydro One's regulation, accountability and transparency through our government's involvement as a majority shareholder.
- That said, Hydro One is now a publicly traded company, not a government entity. It's also important to note that 85 per cent of the CEO's executive compensation is funded by shareholders.
- Hydro One reports that 80 per cent of the company's CEO compensation is paid out only if aggressive performance targets are met – targets that lead to more affordable bills for customers. Since broadening ownership of Hydro One, the company's leadership has delivered \$114 million in savings.
- These significant savings have been realized through enhancements to customer service and the company's commitment to lowering costs for ratepayers.
- Hydro One rates continue to be set by the Ontario Energy Board.
- The Board is the energy sector's independent regulator with a mandate to protect the province's electricity consumers and it continues to deliver on its mandate.
- For instance, last Fall in its decision on Hydro One transmission rates, the Board capped the portion of incentive plan costs that Hydro One electricity customers are required to fund at 10 per cent of base salaries – saving ratepayers approximately \$30 million over two years.
- We understand that affordability is critical for families and businesses, which is why we launched Ontario's Fair Hydro Plan – reducing rates by 25 per cent on average for all residential consumers and as many as half a million small businesses and farms.
- Lower-income Ontarians and those living in eligible rural and Northern communities are receiving even greater reductions, as much as 40 to 50 per cent.
- Taken together, these changes have delivered the single largest reduction to electricity rates in Ontario's history, with rate increases capped to the rate of inflation for four years.

2) Ontario Chamber of Commerce Pickering Report

Findings:

- **Extending the life of Pickering Station will add a total \$12.3 billion to Ontario's GDP and support 7,600 jobs a year at both the station as well as with suppliers.**
- **The study also talks about the lower cost of nuclear power, and that it fits in with the province's plans to curb carbon emissions.**

Key Messages

- The refurbishment of Ontario's nuclear fleet will ensure we have safe, reliable, emissions-free energy where and when we need it.
- Refurbishing Ontario's nuclear capacity will create almost 25,000 jobs and generate annual economic activity of \$5 billion.
- Nuclear power forms the backbone of the safe, clean, reliable and affordable electricity system we've built here in Ontario.

NDP

- Are opposed to nuclear, Ontario's largest source of clean energy – but they haven't told us where they will get the replacement generation.
- They want to put the 60,000 nuclear employees out of work.

PCs

- Last election, they wanted to spend \$15 billion building new nuclear reactors that we don't need.

3) Hydro One Avista – Coal Plant in Montana

Key Messages

- This acquisition will benefit customers, employees, and shareholders.
- The deal increases the value of Hydro One, meaning it **increases the value for Ontario** as the single largest shareholder, expected when the deal closes in 2019.
- **Rates will not be impacted, and it won't affect local jobs either .**
- One of our goals in broadening the ownership of Hydro One was to make exactly this sort of transaction possible.

Coal:

- Generation is one small part of Avista's business, and coal is only one small part of their generation mix
- In Ontario, we are incredibly proud of the work we did to eliminate coal.
- Eliminating coal generation from Ontario's supply mix remains the single largest climate change initiative ever undertaken in North America.
- The fact is that other jurisdictions have a long way to go to catch up with us, especially in the United States.
- Avista is one of the most progressive utilities in the US
- And in the last 20 years, Avista has brought online more and more clean generation sources, and reduced the amount of coal in its mix - **in 2000, coal accounted for 23% of installed capacity at Avista, down to 9% today**
- Now there's no doubt they have a long way to go.
- This just goes to show that Ontario is way ahead of the curve when it comes to environmental stewardship in our electricity sector.

Have a great day,

Kevin Den Heijer | Legislative Assistant & Issues Manager

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