Working Draft

November xx, 2017

The Honourable Charles Sousa
Minister of Finance
7 Queens Park Crescent, 7th Floor
Toronto ON M7A 1Y7

Dear Minister Sousa:

I am writing to you in relation to Ontario's Fair Hydro Plan (OFHP). As you know, the government's intention under OFHP is to provide electricity price relief to specified eligible consumers, including through a more fair allocation over time of the costs of investments in generation that are providing reliable and clean electricity.

I am writing to confirm that the Global Adjustment (GA) refinancing under OFHP was not intended to have any impact on non-utility generators (NUGs) that have or had power purchase agreements (PPAs) with the Ontario Electricity Financial Corporation (OEFC), for which the rates are escalated based on changes to an index of electricity costs. This index would be affected by the timing of the deferral and recovery of GA costs from ratepayers.

OEFC is the legal continuation of Ontario Hydro and an agency of the Ministry of Finance.

I support the issuance of a direction by you to OEFC to have discussions with affected NUGs to seek agreements with them such that the rates payable under their contracts are unaffected by the refinancing of a portion of GA and the subsequent recovery of deferred costs through the Clean Energy Adjustment (CEA), if that is the outcome affected NUGs prefer.

PPAs that have rates escalated based on changes to an index of electricity system costs would be modestly affected by other components of the OFHP. This includes the shifting of certain costs (for the Rural or Remote Rate Protection program and the Ontario Electricity Support Program) from the electricity system to being government funded.

Thank you for your attention to this matter.

Sincerely,

Glenn Thibeault
Minister of Energy

cc. Andrew Teliszewsky, Chief of Staff, Office of the Minister of Energy
Ali Ghiassi, Chief of Staff, Office of the Minister of Finance

Serge Imbrogno, Deputy Minister, Ministry of Energy
Scott Thompson, Deputy Minister, Ministry of Finance