

Ministry of Energy

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His Worship Christian Provenzano
Mayor
City of Sault Ste. Marie
99 Foster Drive, 4th Level
PO Box 580
Sault Ste. Marie ON P6A 5N1

Dear Mayor Provenzano:

It was a pleasure meeting with you and your delegation at this year's Association of Municipalities of Ontario (AMO) Annual Conference in Ottawa. I have given Minister Thibeault a full report of our meeting, which he was pleased to receive.

Every year, the AMO conference provides an important opportunity to meet with municipal leaders and learn about the issues in their communities. I valued the opportunity to discuss Sault Ste. Marie's unique, innovative energy landscape and the City's objectives moving forward. Thank you for an open and productive discussion.

Ontario's Fair Hydro Plan

Our government has heard from Ontarians across the province that the price of electricity has risen too quickly, which is why we have taken action to provide significant and immediate rate relief. As you are aware, electricity customers in Ontario are now seeing reduced bills as part of Ontario's Fair Hydro Plan, which lowers electricity bills by 25 per cent on average for residential consumers and will hold increases to the rate of inflation for four years. Ontario's Fair Hydro Plan also includes cost reductions for businesses.

The plan reflects a number of initiatives, including the refinancing of a portion of the Global Adjustment, the shifting of cost recovery for electricity support programs from electricity bills to provincial revenues and the eight per cent rebate introduced in January.

To learn more about Ontario's Fair Hydro Plan, please visit www.ontario.ca/fairhydroplan.

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Sault Ste. Marie to Michigan Intertie

I welcomed the opportunity to discuss Sault Ste. Marie's interest in the potential for increased electricity trade with Michigan through interconnections in the municipality. Electricity trading provides additional grid reliability and is consistent with our goal of providing a clean, reliable, and cost effective electricity system for all Ontarians.

I am looking forward to the results of the second phase of the study currently being conducted by the Midcontinent Independent System Operator (MISO). Our government continues to support the exploration of options for transmission expansion between Michigan and Ontario as a strategy to enhance long-term reliability and provide cost savings for both jurisdictions. The Independent Electricity System Operator (IESO) is working with its MISO counterparts to share information as needed and will continue to conduct comprehensive assessments of any proposal for new interties requiring funding by Ontario ratepayers.

Additionally, the IESO is currently exploring the potential to develop rules and/or processes that would allow for Ontario generators to export capacity to other jurisdictions when not required for Ontario's domestic reliability. The ability to offer into capacity markets in neighbouring jurisdictions would provide revenue for generators, helping to offset their fixed costs.

Municipal Energy Plan Program

I commend your municipality for working on community energy planning with the Ministry of Energy under the Municipal Energy Plan (MEP) program. Your efforts will help your municipality to better understand your local energy needs, identify energy conservation and greenhouse gas (GHG) emissions reduction opportunities, support economic development and local business opportunities, and develop plans to meet your goals.

I would also like to highlight Ontario's recently announced \$100 million Municipal Greenhouse Gas (GHG) Challenge Fund. All Ontario municipalities with community-wide GHG emissions reduction plans, or equivalent, and community-wide GHG inventories and targets are invited to apply. This new competitive, application-based program will fund up to 100 per cent of eligible costs for GHG emissions reduction projects proposed by municipalities. MEP program participation is a path to eligibility for the province's Municipal GHG Challenge Fund.

More information on the Municipal GHG Challenge Fund can be found at <http://www.grants.gov.on.ca/GrantsPortal/en/OntarioGrants/GrantOpportunities/PRDR017538>.

Long-Term Energy Plan

The Ministry of Energy is preparing to release the 2017 Long-Term Energy Plan (LTEP) later this year. The 2017 LTEP will balance the objectives of cost-effectiveness,

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reliability, clean energy, community and Indigenous participation and engagement, and an emphasis on conservation and demand management. Ontario is committed to keeping electricity rates affordable while maintaining a clean, modern and reliable electricity system that reduces greenhouse gas emissions and provides cleaner air for this and future generations of Ontarians.

Once again, thank you for meeting with me at AMO 2017. Minister Thibeault and I look forward to continuing to work with you to build a clean, reliable and fair energy system for Ontarians. Please accept my best wishes.

Sincerely,

Bob Delaney
Parliamentary Assistant

c: Hon. Glenn Thibeault, Minister of Energy