Good Afternoon:

I want to introduce, recognize and thank the team at Ministry of Energy for helping get us here today.

As I mentioned in Caucus Meeting last week, and at Treasury Board just yesterday, the proposed *Ontario Fair Hydro Plan Act* has been a very difficult and nuanced pieced of legislation to craft.

This team – Deputy Minister Serge Imbrogno, ADM Steen Hume and Director of Legal Services Carolyn Calwell, have gone above and beyond the call of duty – working evenings, weekends and even the Easter long weekend to craft this legislative framework.

They have been supported by external legal counsel from Blakes' – lead by Judy Wilson, who is with us today.

As well, Ontario Power Generation senior management AND Board of Directors have been participating every step of the way and I'm glad that Jeff Lyash is here today as well to help respond to any questions.

It is also significant to note that Treasury Board Secretariat, Ministry of Finance, and the Ontario Financing Authority have been at the table throughout this process.

As you know, the Ontario Fair Hydro Plan announced changes to the way in which the Global Adjustment (GA) is financed as well as significant changes to the social programs [OESP, RRRP and new on-reserve first nations rate].

The proposed legislative framework will enable both GA refinancing as well as the transition of social programs to the tax base.

As you can well expect, it has been the legislative construct of GA refinancing that has proven to be the most challenging to draft.

At this point, we've discussed the policy concepts related to this submission, so today is not about re-litigating the discussions from February and March but rather about the necessary implementation next steps to cement our announced 25% reduction.

To that end, allow me to walk through a few core slides, at a high level.

Please turn to SLIDE XX.

This diagram attempts to describe the relationships within and between all the various entities that will be vital to managing the Ontario Fair Hydro Plan's Global Adjustment debt platform over the next 30 years.

From Investors (essentially bond market) on the far right to customers (specified consumers) on the far left, and managed in-between by OPG, IESO and overseen by the OEB, our intention is for ratepayers to see lower rates this summer.

Our legislation has been crafted to provide the framework necessary not just to effect the 25% (on average) reduction over the course of the next few months, but to create the structures required to manage this debt platform over the next 30 years.

You will recall the detailed conversations about risks heading into the Cabinet discussions in February and March of this year.

This legislation is designed to mitigate as much risk as possible, while still maintaining a palatable framework that is consistent with our Government's values.

As we have discussed at previous meetings of Cabinet and Government Caucus, we have had to navigate three significant pressures:

Legal Risk = make sure that what we are doing cannot be challenged as unconstitutional. Basis for this is Energy proving that those generating assets can actually last longer than their current contract terms specify.

Accounting Risk = make sure that we are creating a structure that meets reputable accounting opinion to ensure that the debt that is incurred doesn't represent a risk to the balanced budget.

Financing Risk = most significant; need to ensure that what we craft is supported by Canadian (and probably US) bond market. We can't risk creating a structure that is not able to secure reliable, low-cost debt financing.

To be blunt, the legislative construct that we are about to review is <u>not</u> optional and cannot be subject of *any* additional political wrangling.

The product we have today has been the result of thoughtful (and sometimes painful) negotiation with and between Ontario = OPG = dealers [as represented by RBC, CIBC and Goldmans].

To be able to meet the Government House Leaders' deadlines, we put "pens down" on the Legislation last week and the intention is to introduce the bill later this week.

In March our Government made the significant – and fundamentally correct – public policy decision to smooth out electricity rates across a longer period of time.

This legislative framework is the vital next step towards ensuring that we keep our commitment and hit our 1 July 2017 milestone date for full 25% hydro bill reduction.

Now, before opening up to questions, I would like to spend a brief moment to update this table on the significant communications activity that has been undertaken to support the Fair Hydro Plan.

If you turn to slide 41 – 45, you will see the work that has been done to ensure as broad as possible outreach effort was made in the weeks since the announcement of the plan.

This has included a significant tour component and echo events by many – if not most – Members of Government Caucus.

[Joke: In fact, I was driving my daughter to a soccer tournament, from Sudbury south to the GTA and my Chief of Staff made me pull over and hold an event in Orillia – Patrick Brown's riding!]

SLIDE 44 represents an early glimpse of TV advertising that has been commissioned to further support and sustain our communications objectives.

We won't be airing commercials until after the Legislation is passed and the OEB has enacted the full rate reduction, but the current working theme of this campaign is as follows:

An emotive and compassionate appeal to consumers. Understanding that electricity is a vital part of each day. Underscoring that our system has been rebuilt to be clean and reliable, the Ontario Fair Hydro Plan was enacted to ensure affordability and savings for families.

This campaign remains a work in progress and I expect we will preview the commercials for Caucus before they begin to air.