

Ministry of Energy

Office of the Minister

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MAR 21 2017

Ms Jocelyn Bamford
Coalition of Concerned Manufacturers of Ontario
c/o Automatic Coating Limited
211 Nugget Avenue
Toronto ON M1S 3B1

Dear Ms Bamford:

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

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 is lowering electricity bills as part of a significant system restructuring that will address long-standing policy challenges and ensure greater fairness. Under Ontario's Fair Hydro Plan:

- All electricity consumers would receive a benefit from the funding of support programs through provincial revenues.
- Electricity consumers eligible for the Regulated Price Plan would benefit from Global Adjustment refinancing.
- Small manufacturers, including members of your organization, would become eligible to participate in the expansion of the Industrial Conservation Initiative.
- Sector efficiency would be improved and Ontario's electricity market would be modernized, working in collaboration with the Independent Electricity System Operator and the Ontario Energy Board.

I am providing further detail related to the measures included in Ontario's Fair Hydro Plan that specifically pertain to members of your organization.

Shifting Support Programs to Provincial Revenues

We are also proposing to shift the cost of the Ontario Electricity Support Program (OESP) and Rural or Remote Rate Protection (RRRP) program from being paid through electricity bills to being paid for through provincial revenues. This will reduce bills for everyone and ensure these programs continue to serve those in need.

Social support programs, such as the OESP and RRRP, will cost the government up to \$2.5 billion over the next three years, and will be funded from provincial revenues rather than by ratepayers.

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Expanding the Industrial Conservation Initiative (ICI)

We are also proposing to expand the ICI to include smaller manufacturers (i.e., North American Industry Classification System codes commencing “31”, “32” and “33”) with average peak demand greater than 500 kW and less than 1 megawatt.

I would encourage the Coalition of Concerned Manufacturers of Ontario to work with the Ministry of Energy to support your members that may qualify for this program.

Energy Sector Efficiencies

Ontario's commitment to lowering energy costs for ratepayers would include working with the province's agencies to identify opportunities to drive efficiency and productivity improvements.

The Ontario Energy Board (OEB) regulates and licenses more than 70 local distribution companies (LDCs), sets electricity rates and prices and monitors and assesses the performance of electrical utilities.

The OEB will identify opportunities for cost efficiencies by:

- Encouraging shared partnerships on services between utilities, which would help reduce costs and encourage further innovation for small- to medium-sized utilities.
- Reviewing business cases behind its regulatory requirements to reduce red tape and eliminate costs that LDCs indicate are creating pressures on operating expenses.
- Looking at opportunities to further drive transmitter and LDC efficiencies and productivity improvements, including the use of innovative technologies and business processes.

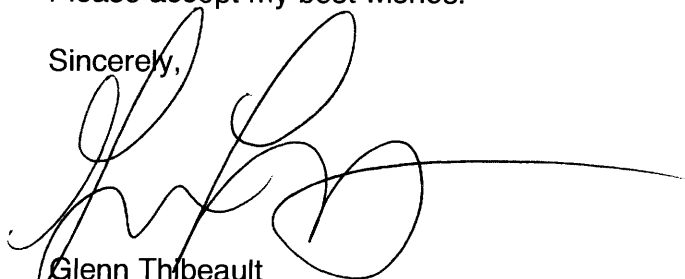
The Independent Electricity System Operator (IESO) plans for the province's electricity needs, balances the supply and demand for electricity in Ontario in real time and administers conservation programs.

The IESO and its stakeholders have begun a market renewal project to enhance the efficiency and performance of the wholesale electricity market. Changes related to the IESO's market renewal initiatives are estimated to save at least \$200 million per year, starting in 2021.

For more information on Ontario's Fair Hydro Plan, I encourage you to visit the webpage at ontario.ca/fairhydroplan.

Please accept my best wishes.

Sincerely,



Glenn Thibeault
Minister