

Ministry of Energy

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MC-2017-479

Mr. Mayo Schmidt
President and CEO
Hydro One
483 Bay Street
8th Floor, South Tower
Toronto ON M5G 2P5

Dear Mr. Schmidt :

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.

People with low incomes and those living in eligible rural communities would receive even greater reductions to their electricity bills. In addition, any rate increases over the next four years would be held to the rate of inflation.

Building on previously announced initiatives to deliver broad-based rate relief, these measures would deliver the single-largest reduction to electricity rates in Ontario history.

Recently, electricity prices have increased because of much-needed investments to modernize the system to ensure it is clean and reliable. Ontario's Fair Hydro Plan would help relieve the burden of financing these system improvements on today's ratepayers by significantly restructuring the system to address long-standing policy challenges and ensure greater fairness.

In addition to the 25 per cent break on hydro bills, some of the other measures we are proposing include extra relief for people with low incomes through expansion of the Ontario Electricity Support Program (OESP); broadening the Rural or Remote Rate Protection (RRRP) plan for those living in eligible rural communities; and establishing an Affordability Fund for customers who do not qualify for low-income conservation programs.

We are also shifting the OESP and RRRP programs from being paid for through electricity bills to being paid for through government funding. This will reduce bills for everyone and ensure these programs continue to serve those in need.

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Thank you for sharing with us your *Addressing Affordability Report*, which included a proposal for an Affordability Fund. The proposal has helped to inform the government's decision to make an Affordability Fund available to electricity distributors, and I would like to thank you for the innovative idea to address customer needs. The ministry looks forward to working with Hydro One establish the Fund, and agrees that Hydro One is well positioned to understand the voice of the customer.

The Affordability Fund would be an additional tool for all distributors to help those customers who are having difficulty paying their electricity bills and cannot undertake energy efficiency improvements without financial assistance. We expect that there will be opportunity for input to the Trust as it finalizes the details of this new Fund. When the Fund becomes accessible to distributors, I urge Hydro One to apply quickly to make this program available to your customers. Distributors deliver energy support and conservation programs in the province, and I encourage that, where possible, you seek efficiencies by using existing program delivery infrastructure and agents.

I look forward to working with you on this important initiative for Hydro One customers.

Please accept my best wishes.

Sincerely,

Glenn Thibeault
Minister