

Ministry of Energy

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MC-2017-688

APR 10 2017

Ms Rosemarie Leclair
Chair and Chief Executive Officer
Ontario Energy Board
PO Box 2319
2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms Leclair:

I am writing to provide the Ontario Energy Board (OEB) with additional detail regarding elements of the government's proposed Ontario Fair Hydro Plan. These proposed details are being set out for the OEB at this time so that they can be considered as inputs into the OEB's review of Regulated Price Plan (RPP) prices for May 1, 2017, as the OEB considers appropriate and in keeping with its normal forecasting activities. Additional information regarding the government's proposed Plan is included in the attached Appendix, and underlying consumption assumptions can be provided to the OEB by Ministry of Energy staff.

The government proposes to take steps to lower electricity bills on an after-tax basis by 25 per cent for a typical residential customer relative to what those bills would otherwise have been without the Ontario Fair Hydro Plan. This proposed 25 per cent rate relief measure would be inclusive of the 8 per cent rebate that is already in effect under the *Ontario Rebate for Electricity Consumers Act, 2016* and the savings that are anticipated to result from the proposed shifting of Ontario Electricity Support Program (OESP) and the Rural or Remote Rate Protection program (RRRP) costs from ratepayers to provincial revenues.

Along with changes to the OESP and RRRP, changes to the Global Adjustment (GA) that would be managed and financed by Ontario Power Generation are proposed to be a component of the 25 per cent rate relief. Under current forecasts, this would mean a reduction in the GA of approximately \$2.5 billion during the period May 1, 2017 to April 30, 2018. The resulting savings are expected to benefit all Ontario customers that are eligible for the RPP, including those that have opted out of the RPP in favour of market-based pricing or a retail contract as well as non-RPP eligible customers that are eligible for the 8 per cent rebate. The government's intention is that the 25 per cent rate relief measure would be designed with reference to a set of assumptions based on a proxy residential customer.

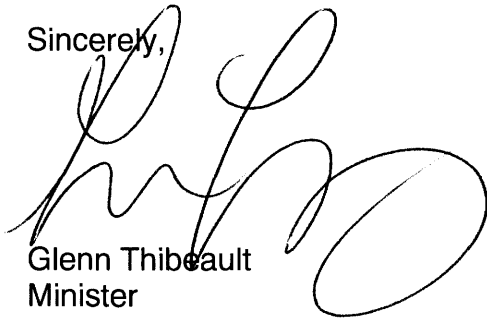
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It is anticipated that as currently scheduled the OEB would review RPP prices again in the fall, and would make such further adjustments as required, in accordance with the legislation in place at that time.

The proposed Plan is not intended to limit the OEB's mandate to set just and reasonable rates or payment amounts. The government fully expects that the OEB will continue exercising its mandate in the public interest as it does today.

The government will rely on the OEB's expertise in moving forward with the proposed Ontario Fair Hydro Plan, and anticipates that the OEB will want to focus on the elements of the proposed Plan described above before turning in earnest to consideration of any cost efficiency initiatives that it may wish to implement in due course for the further benefit of Ontario electricity customers.

Sincerely,

A large, stylized handwritten signature in black ink, likely belonging to Glenn Thibeault, is written over the word "Sincerely," and extends below the name.

Glenn Thibeault
Minister

Enclosure