MEMORANDUM

Date: April 5, 2017

To: Andrew Teliszewski, Chief of Staff, Ministry of Energy

C.c.: Todd Wilcox, Past Chair, EDA
Brian Wilkie, Vice Chair, EDA

From: Vinay Sharma, Chair, EDA & CEO, London Hydro Inc.

Subject: Summary of April 3, 2017 Conference Call

Thank you for the telephone conversation where we shared some of our thoughts with you, but given below is a brief written summary of those thoughts.

1. The LDC community is very appreciative of the Minister's constant support; we understand very well the challenges that the energy portfolio has in general. We want to be a partner with you to address these challenges and manage these issues as best as we all can.

2. As an association, the EDA seeks consensus among its membership; at least that is our main objective, however infrequently there are outliers. Nevertheless, we would always pursue to be strong and cooperative with the Ministry of Energy.

3. Our Vision paper "The Power to Connect" addresses many of the energy challenges. Our Vision paper helps address the future challenges and enables LDCs to promote "democratization and decentralization of energy supply" options. You will find this Vision paper dovetails well with the anticipated gist of LTEP.

4. There are roughly 67 or so LDCs, besides Hydro One and Toronto Hydro, who are distributing electricity in a most efficient manner and looking after customer service day in and day out. The LDC cost to a typical residential customer is no more than 20% of their total bill. Moreover, the distribution costs have escalated for the last 10 years at about the rate of inflation (on average). Given this matter of fact, we would hope and expect that the Ministry of Energy (Government) would appreciate our work and praise us here and there. With the above understanding, we can say with certainty that you will receive greater cooperation not only from the EDA, but also by each member.

5. Energy prices are primarily increasing at a greater rate due to generation, especially the nuclear and heritage generation as well as contracted gas generation and we understand this i.e. the underlying reasons for this. Of course, the supply decisions and the associated costs for those supplies have provided Ontarians with greater reliability, supply adequacy and

enhanced contingency of the electrical system. LDC members wish that the decision makers focus therefore on the policies to address the escalating energy price curve.

6. Another challenge is the increasing complexity of our market. Complexity in and of itself is not the "enemy"; when and where warranted, we design the process to manage the complex issues, but the pace and the complexity of the complex system often proposed by the government and the regulator come with added costs for LDCs. To be honest, none of these added complexities often translate into real value-add or even perceived value-add for customers, especially residential, but they do face real increases in their bills due to the cost of these services. So, let us not unnecessarily enhance or create more services and more complexities were none is demanded by the customer. After having announced the Fair Hydro Plan, which we fully support, let us develop well defined rules and customer eligibility fairly in advance, so that the LDC community can implement it.

7. OEB regulation is not light handed at all; we would like to reduce the red tape approach to regulation. Also, permit EDA members to undertake provisioning additional value added services to customers. To some extent, rules regarding the legislative requirement of disconnection of services could have been handled by the OEB in a more cooperative approach with LDCs.

8. We forgot to mention the following during our phone conversation: Like customers at large, our membership also feels that Hydro One should be more accountable for their cost or service levels. While the Fair Hydro Plan protects Hydro One's customers, but such protection translates into greater benefit for Hydro One Corporation as it provides added protection to their revenue and this is seen negatively these days because of Hydro One's privatization. As an association, the EDA is not complaining against Hydro One, we want Hydro One to be a successful company, but we would appreciate if the Ministry or the Government accords equal amount of respect and consideration for the LDC community as well.

9. Please avoid complex virtual net metering rules. If virtual net metering were to be considered, please limit this application to a subdivision or local area.

10. The EDA understands that energy matters will be messy and remain political. We want to be your partner in addressing these issues; as such, we sincerely request that you closely work with me (EDA Chair) &/or Brian Wilkie (EDA Vice Chair) &/or Teresa Sarkesian (EDA CEO) on any energy related issues and you will find the EDA a willing partner. The only request that we would make is that the Ministry or Government be considerate of the LDC community.

11. In so far as LDCs involvement in EV Charger and other EV related services, we believe it is a little too early; however, over time LDCs will rise to the challenge as the technology and proliferation of these technologies and EVs reaches a critical level of acceptance in the marketplace. Also, I wish to remind you that in the previous request by the Ministry of Transportation for charging infrastructure locations, about 8-10 EDA members submitted a joint proposal with PlugNDrive, but unfortunately these were rejected.

12. We would be glad to ask the Minister of Energy to visit our facilities as often and at any time for holding any public events, especially Todd, Brian and I would welcome the Minister to North Bay, the Niagara Peninsula and London, our respective utilities.