

Speech Outline – EDA March 27

Objective:

As the entities with the direct relationship to Ontario consumers, LDCs play a critical role in

All of the Minister's public remarks going forward must be a continuation of the Fair Hydro Plan narrative: that the investments we made to rebuild the system were both needed and prudent, but that we made a mistake in how we made some of those investments and in how we front-loaded the costs of those investments on today's ratepayers.

For LDCs, we will explain that it was necessary to bring legislation to ban winter disconnections because the government's foremost priority is to protect and serve Ontarians. That questions of cost were raised in the face of vulnerable people being potentially disconnected from power during the winter was disappointing. (Perhaps worth acknowledging that most LDCs voluntarily complied and noting Hydro One as a leader in this department.)

Having said that, we can thank LDCs for their implementation of the 8% rebate on a compressed. And, now we have another challenge – and will need their partnership to implement elements of the Fair Hydro Plan – especially the enhanced and expanded RRRP and OESP

it will be important to note that we could not have undergone this rebuild without them. Generators and distributors were partners with us in investing in new supply, transmission, distribution and smart grid infrastructure. Now, they will also need to be partners as we move forward to fix underlying structural issues in the electricity system.

For one, this means partnering with us on implementing the Fair Hydro Plan. While generators will be unaffected by the smoothing of the Global Adjustment, we will need our distribution partners to work with us to implement various elements of the plan, including enhancing and expanding the RRRP program and launching the Affordability Fund.

But, perhaps more importantly, it means working with us to address other systemic issues in order to lower costs over the long-term. The fact that we've moved to address the unfair burden of costs on today's consumers doesn't lessen the importance of reforms like Market Renewal - in fact, it makes them even more critical. While this transition may present challenges for participants in Ontario's electricity market, it is absolutely crucial that we make the needed changes to set our system on the right path going forward.

This represents a departure from the business-as-usual approach not just for the sector, but also for government. That means being less prescriptive about the supply mix. It means focusing more on outcomes and having greater confidence in market forces to deliver those

most efficiently. And it means embracing the technological change and innovation that we know is right around the corner.

So, going forward, the government will be focused on 2 things: implementing the Fair Hydro Plan, and developing a Long-Term Energy Plan that will chart the course towards a more efficient, more flexible electricity system.

Speech Structure:

1. Fair Hydro Plan – implementing the FHP, importance of LDCs in maintaining direct relationship with customers, importance of understanding bills, benefits of e-billing (example Hydro Ottawa)
2. System Costs and Efficiencies – not only do we need LDCs to partner with us to implement FHP, we must also call on you to continue to seek efficiencies (consolidation, shared services, technological improvements), delivering conservation to help people, not just hit targets
3. Crossroads for sector – entering period of change to business model/customer relationship (use examples from Cambridge Speech)
4. Long-Term Energy Plan -