Ontario

BACKGROUNDER

Ministry of Energy

Broadening Ownership of Hydro One

April 16, 2015

1. Lasting Public Benefits

- Broadening ownership of Hydro One means that taxpayers would realize net proceeds that can be dedicated toward investment in transit and infrastructure projects. This approach could generate an estimated net gain of approximately $4 billion.
- Any gain from the sale of shares in Hydro One would be set aside in the Trillium Trust to help fund the government's $31.5 billion Moving Ontario Forward plan to invest in infrastructure, transportation and transit across the province. Moving Ontario Forward is expected to support more than 20,000 jobs per year on average, over 10 years, in construction and related industries, boost productivity and revitalize communities.
- Moving Ontario Forward investments would be made across Ontario, with a split of about $16 billion for the Greater Toronto and Hamilton Area and about $15 billion for the rest of the province.

2. Enhanced Public Protections

- The Government of Ontario intends to broaden ownership in Hydro One through an initial public offering. By law, the Ontario government would remain the largest shareholder in Hydro One and no other shareholder or group of shareholders would be permitted to own more than 10 per cent. As a result the government would retain de facto control.
- Hydro One would not have the power to set its own rates — that would continue to be done through the independent Ontario Energy Board.
- The Ontario Energy Board would also be given strengthened regulatory powers to protect ratepayers and investigate complaints.
- A dedicated Hydro One Ombudsperson would be created exclusively to oversee this company to protect the interests of ratepayers.
- Hydro One's head office, Ontario grid control centre, CEO, and substantially all strategic decision-making management and functions would be maintained in Ontario.

3. Strengthened Performance

- By broadening the ownership of Hydro One, the company will become more innovative, more competitive and a more effective performer over time.
- New efficiencies and improved performance should generate savings that directly benefit ratepayers.
- The Premier's Advisory Council on Government Assets, chaired by Ed Clark, concluded that an integrated Hydro One, combining both its existing transmission and distribution assets, would generate the greatest value for taxpayers.

4. Fair, Open and Transparent Process

- The Hydro One IPO allows the company to be broadly held, including by the general public, and, according to the council, provides maximum long-term financial benefits for the province.

- The council said that the Hydro One Brampton merger initiated by Powerstream, Enersource and Horizon Utilities provided “a value that was as high as could otherwise be achieved.”

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