BRIEFING NOTE:

DM Monthly Meeting

April 28, 2017

[redacted]

[redacted]

2. Ontario Fair Hydro Plan

Key Facts

- IESO is working with OPG regarding the purchase and sale of regulated assets
- We are in the process with accounting opinion. IESO is consulting with OEB and further operational discussions should happen after final legislation
- IESO will issue a final form of a draft letter [2 hard copies enclosed] focused on seeking formal steps regarding backstop and indemnification that has been informally promised to the IESO by the Ministry.

Background

- The IESO will work with OPG to facilitate the refinancing of global adjustment over a 30-year term.
  - This will involve the IESO collecting less money from LDCs and transferring the outstanding amount to OPG as an "asset" they will manage
  - Current forecasts indicate this will be about $2.5B per year over the first ten years, with annual interest costs not exceeding $1.4B

[redacted]

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  - Legislation will be introduced that will enable IESO and OPG to refinance GA
  - IESO contract holders will not be affected
- The Industrial Conservation Initiative is being expanded by reducing the threshold from 1MW to 500kW and targeting more small manufacturing and industrial customers
- The Rural or Remote Rate Protection will be broadened to cover more customers and its costs will be now be recovered through the tax base
- Market Renewal has been cited by the Minister as another solution to mitigate rates
  - Media backgrounder saying Market Renewal is “estimated to save at least $200M per year, starting in 2021”

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