Ministry of Energy

Office of the Minister

4th Floor, Hearst Block
900 Bay Street
Toronto ON M7A 2E1
Tel.: 416-327-6758
Fax: 416-327-6754

Ministère de l'Énergie

Bureau du ministre

4e étage, édifice Hearst
900, rue Bay
Toronto ON M7A 2E1
Tél. : 416 327-6758
Téléc. : 416 327-6754

Ontario

Office of the President & CEO
RECEIVED
MAR 24 2017
Independent Electricity System Operator

MAR 21 2017

MC-2017-479

Mr. Bruce Campbell
President and Chief Executive Officer
Independent Electricity System Operator
1600–120 Adelaide Street West
Toronto ON M5H 1T1

Dear Mr. Campbell: Bruce

On March 2, 2017, the government announced Ontario's Fair Hydro Plan, which proposes new measures to lower electricity bills by 25 per cent on average for residential customers. Rate increases over the next four years would be held to the rate of inflation.

People with low incomes and those living in eligible rural communities would receive even greater reductions to their electricity bills.

Building on previously announced initiatives to deliver broad-based rate relief, these measures would deliver the single-largest reduction to electricity rates in Ontario history.

Recently, electricity prices have increased because of much-needed investments to modernize the system and to ensure it is clean and reliable. Ontario's Fair Hydro Plan would help relieve the burden of financing these system improvements on today's ratepayers by significantly restructuring the system to address long-standing policy challenges and ensure greater fairness.

In addition to the 25 per cent break on hydro bills, some of the other measures we are proposing include extra relief for people with low incomes through expansion of the Ontario Electricity Support Program (OESP); broadening the Rural or Remote Rate Protection (RRRP) plan for those living in eligible rural communities; and establishing an Affordability Fund for customers who do not qualify for low-income conservation programs.

The Affordability Fund would be an additional tool for distributors to help those customers who are having difficulty paying their electricity bills and cannot undertake energy efficiency improvements without financial assistance. We expect that there will be opportunity for input to the Trust as it finalizes the details of this new Fund. That opportunity for input is expected to include the Independent Electricity System Operator (IESO), based on the IESO's program delivery expertise.

.../cont'd

When the Fund becomes accessible to distributors, I would appreciate the IESO's assistance in urging distributors to apply to make this program available to customers across the province. Distributors deliver energy conservation and support programs in the province, and I am also encouraging, where possible, that they seek efficiencies by using existing program delivery infrastructure and agents.

We are also shifting the OESP and RRRP programs from being paid for through electricity bills to being paid for through government funding. This will reduce bills for everyone and ensure these programs continue to serve those in need.

Ontario's commitment to lasting electricity cost relief for ratepayers also includes working with the province's energy agencies to identify opportunities to improve efficiency and productivity.

A key piece of this is the IESO's market renewal project, which I view as an opportunity to enhance the efficiency and performance of Ontario's electricity system.
I understand that changes related to the market renewal initiatives are estimated to save at least $200 million per year, starting in 2021. I would like to reiterate my support for this project and ask that you continue to make market renewal a priority in order to deliver savings for electricity consumers as soon as possible.

I wish to thank you for your role in keeping electricity prices affordable and look forward to continued collaboration on this important initiative to modernize the province's electricity market.

Please accept my best wishes.

Sincerely,

Glenn Thibeault
Minister