

KEY MESSAGES

- Ontario is taking action to reduce ratepayer impacts and remove system costs in the interest of maintaining an affordable, clean and reliable electricity system.
- As confirmed by the Independent Electricity System Operator in the Ontario Planning Outlook (OPO), Ontario has a strong supply of reliable power for the foreseeable future and there is no need to procure a large amount of additional power at this time.
- The Independent Electricity System Operator (IESO) has provided assurance that Ontario is well-positioned to meet provincial needs until the mid-2020s, even while nuclear plants are under refurbishment.
- The long-term energy planning process will ensure that there is an adequate supply of clean, reliable power to meet the needs of the province.
- In future years, if there is a need to procure more electricity supply, there will be time and options to meet the need.
- Suspending LRP II and the Energy-from-Waste Standard Offer Program is expected to save up to ~~\$3.6~~\$3.8 billion in electricity system costs relative to the LTEP 2013 forecast. This would save the typical residential electricity consumer an average of approximately ~~\$2.40~~\$2.45 per month on their electricity bill.
- This decision doesn't require the IESO to break any contracts.

QUESTIONS AND ANSWERS

Q1. How will this impact green energy jobs in Ontario? What about manufacturers in the Samsung agreement?

Ontario is a global leader in clean energy development. We have attracted both Ontario-based and international companies to produce renewable energy in the province.

Ontario firms are now poised to export their products and expertise as other jurisdictions accelerate their efforts to procure clean energy technologies following the 2015 United Nations Climate Change Conference in Paris (COP21).

The Ministry is working with industry partners to develop and support trade initiatives that will strengthen international relationships and produce new business opportunities. This way, Ontario can leverage its growing energy innovation expertise for the benefit of Ontarians.

Ontario is also continuing to procure further renewable energy generation capacity to meet the targets established in the 2013 Long-Term Energy Plan, including:

- The FIT program for projects larger than 10 kW and generally up to 500 kW; and
- The microFIT program for projects 10 kW and smaller.

The government is also in the midst of developing an updated and streamlined net metering program, which will support customer choice in generating clean, renewable energy; align with value to the electricity system; and enable innovative technologies and customer-utility relationships. Continued deployment of small scale renewables will also contribute to ~~en-the~~ clean energy industry in this province.

Ontario's partnership with Samsung under the Green Energy Investment Agreement (GEIA) has led to significant investments in Ontario, and helped create a clean energy industry in the province.

We recognize and appreciate the investments Samsung and other companies have made in Ontario's renewable energy sector over recent years, and the opportunities these investments will continue to provide to communities across the province.

Q2. What will happen to FIT?

The next round of the Feed-In Tariff (FIT) program, FIT 5, will proceed as planned. The IESO is scheduled to open the FIT 5 application window on October 31, 2016.

In keeping with our April 5, 2016 direction, FIT 5 has a procurement target of at least 150 MW for small renewable energy projects greater than 10 kW and up to 500 kW in size. In addition, any capacity that becomes available as a result of prior microFIT or small FIT contract terminations will be added to this base target amount.

The IESO will publish the final FIT 5 procurement target by December 31, 2016.

Importantly, the continued deployment of small scale renewables will contribute to a clean and diverse electricity system and aligns with the province's goals of low carbon buildings and transportation. It will also help the province to reduce greenhouse gas (GHG) emissions, in support of our Climate Change Action Plan.

Q3. How will this affect the LTEP targets for renewable power?

The Ministry of Energy will launch LTEP consultations later this fall, which will provide an opportunity for a province-wide discussion on future energy demand and the need to meet that demand with clean, reliable, affordable supply. The next LTEP is scheduled to be released in Spring 2017.

Our government recognizes the sound, prudent long-term energy planning is essential to a clean, reliable and affordable energy future.

Ontario has about 18,000 MW of wind, solar, bioenergy and waterpower renewable generation contracted or online.

As confirmed in the Ontario Planning Outlook (OPO), Ontario has one of the cleanest and most reliable grids in North America. We also have one of the most reliable grids, one that is well-

positioned to meet provincial needs until the mid-2020s and there is no need to procure a large amount of additional electricity supply at this time.

The long-term energy planning process will ensure that there is adequate supply of clean, reliable power to meet the needs of the province.

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Q4. Are you just kicking the can down the road to next spring?

As confirmed in the Ontario Planning Outlook (OPO), Ontario **is well-positioned to meet provincial needs until the mid-2020s**, even while our nuclear plants are under refurbishment

The long-term energy planning process will ensure that there is adequate supply of clean, reliable power to meet the needs of the province.

In future years, if there is a need to procure more electricity supply, there will be time and options to meet the need.

Q5. Is this a response to municipalities that were opposed to wind development?

As confirmed in the Ontario Planning Outlook (OPO), Ontario **is well-positioned to meet provincial needs until the mid-2020s** and there is no need to procure a large amount of additional power at this time.

Our long-term energy planning process will ensure that we always have an adequate supply of clean, reliable power to meet the needs of the province.

Our decision to suspend the second Large Renewable Procurement (LRP II) and the Energy-from-Waste Standard Offer Program is not one we take lightly. This would maintain system reliability and would save up to ~~\$3.6~~\$3.8 billion in electricity system costs relative to the LTEP 2013 forecast.

We will continue to work with municipalities and Indigenous communities to ensure there is meaningful involvement in electricity system planning while maintaining the reliability of the electricity system.

Q6. Will this mean Ontario will no longer need to sell surplus power in US states?

While the province is currently in a strong supply position, we will begin taking nuclear units out of service for refurbishment beginning this Fall. There will be a much smaller surplus when refurbishment starts.

Ontario has a number of tools to reliably and effectively mitigate SBG (e.g., electricity exports, wind dispatch, etc.).

Ontario efficiently exports and imports a significant amount of electricity as part of the regular operation of its electricity market. In 2015, exports contributed **\$228 million** towards meeting Ontario's electricity system costs, which would have otherwise been paid for by Ontario ratepayers. Finally, exports reflect the prevailing market price and are scheduled when it is economic for both Ontario and the associated importing jurisdiction.

Q7. What happened to the plan to let existing projects get contracts to improve their efficiency and output?

The IESO's recently released Ontario Planning Outlook (OPO) highlights that Ontario has one of the cleanest in North America. We also have one of the most reliable grids, one that is well-positioned to meet provincial needs until the mid-2020s and there is no need to procure a large amount of additional electricity supply at this time.

Given our strong energy position, it only makes sense that we assess our procurements and make adjustments with ratepayers in mind.

That being said, the procurement of technological upgrades to and optimizations of existing renewable energy projects could be considered under the upcoming long-term energy planning process.

The Ministry of Energy will launch the LTEP consultations later this fall, which will provide an opportunity for a province-wide discussion on future energy demand and the need to meet that demand with clean, reliable, affordable supply. The next LTEP is scheduled to be released in Spring 2017.

Q8 [NEW]: Suspending LRP II has a big impact on electricity bills. Doesn't that prove that renewables are responsible for all these rising electricity costs?

Rebuilding and cleaning up Ontario's electricity system has come at a cost.

Over the last decade we've rebuilt our transmission and distribution grid, we've invested in clean generation, and we've closed the last dirty coal-fired power plant.

The good news is that Ontario has already done the heavy lifting in terms of rebuilding aging transmission infrastructure and transitioning off coal-fired generation.

Because of these investments, Ontarians aren't forecast to see the kind of energy cost increases coal-dependent provinces like Alberta and Saskatchewan are.

Ontario is committed to investing in a clean, modern and reliable electricity system that reduces greenhouse gas (GHG) emissions and provides cleaner air for this and future generations of Ontarians.

The diversity of our current supply mix insulates Ontario against sudden changes in cost or availability of any one source, and is one of the greatest strengths of Ontario's electricity system.

Each of the supply mix elements, including hydroelectric, nuclear, natural gas, non-hydro renewables, conservation and clean imports, plays a unique role in delivering a reliable and cost-effective source of energy to Ontarians.