

April 7, 2017

**ONTARIO'S FAIR HYDRO PLAN
OPG Business Case****REASON FOR REPORT**

The purpose of this submission is to provide the Special Committee an update on the business case for OPG's participation in the Fair Hydro Plan (FHP).

CONCLUSIONS

- 1) OPG has updated modelling of the proposed FHP Trust (Trust) using OPG-developed scenarios for the commodity cost (cost of generation) and using the Province/IESO forecast for the remainder of the electricity bill.

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- 3) Additional qualitative benefits that will support OPG's participation in the plan are also anticipated and strategies to achieve these are being developed.
- 4) OPG has modelled various stress scenarios to test whether the Trust can continue to effectively finance deferred system costs. Most stress scenarios are manageable, but a scenario that sees base interest rates at 7% (2% higher than base case) over the entire period requires mitigation steps that include increasing bills at a faster rate and beginning debt amortization 2 years earlier. More extreme situations would require the Province to pay the IESO any shortfalls resulting from the Trust reaching its financing capacity. OPG is working with the Province to further delineate how these situations will be addressed.

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HIGHLIGHTS

Further details are provided in

Appendix 1 – OPG Business Case Elements (April 7, 2017)

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APPENDICES

1. OPG Business Case Elements (April 7, 2017)