

Message

From: GRUETZNER Ted -CORPRELCOMM [/O=OH/OU=TORONTO/CN=RECIPIENTS/CN=142772]
Sent: 11/05/2017 2:57:38 PM
To: LYASH Jeffrey -PRESIDENT [/o=OH/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=216575]; HARTWICK Ken -FINANCE [/o=OH/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=217097]; ROWE Jennifer -CORPAFFAIRS [/o=OH/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=218346]; KING Catriona -OFFCORPSEC [/o=OH/ou=Center/cn=Recipients/cn=125117]; JAGER Glenn -NUCLEAR [/o=OH/ou=Darlington/cn=Recipients/cn=455504]; MARTELLI Mike -REGEN&PWRMK [/o=OH/ou=ThunderBay/cn=Recipients/cn=756651]; REINER Dietmar E -NUCPROJECTS [/o=OH/ou=Center/cn=Recipients/cn=267176]; KING Catriona -OFFCORPSEC [/o=OH/ou=Center/cn=Recipients/cn=125117]; CROZZOLI Carlo -CBUSDEV&STRT [/o=OH/ou=Toronto/cn=Recipients/cn=190928]; GINTHER Chris -CAO [/o=OH/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=214700]
Subject: Fair Hydro Plan release
Attachments: Fair Hydro Plan QAs-Final.docx; FINAL 2017 05 11 FHP NR v10 0946.pdf; FINAL BG on Implementing FHP - 2017 05 11.pdf; Fair Hydro Comms Plan Finalv3 (3).docx

Good afternoon,

Today in the legislature the Minister of Energy introduced the “Fair Hydro Act, 2017”, a major part of Ontario’s Fair Hydro Plan, which was introduced in March. He later held a news conference where he was joined by Jeff Lyash. There were no particularly tough, or unexpected questions for Jeff.

To help you should you get any questions I’ve attached the Ministry news release and backgrounder, our communications plan, Questions and Answers and a note that will go out to staff later today.

NOTE TO STAFF

Today the provincial government introduced the “Fair Hydro Act 2017” which, if passed, would put in place the recently announced program to lower the cost of electricity to many Ontario consumers. As Ontario’s lowest price generator, OPG will play a major role in implementing this program, which I see as an extension of our role in moderating customer bills

The proposed legislation, which was first announced in March, would allow OPG and the Independent Electricity System Operator (IESO) to work together to finance the Global Adjustment (GA) over a longer period of time. The GA covers the difference between the market rate for power and the contracted and regulated rates for the clean generation and conservation programs needed to replace coal. This price difference is currently passed on to consumers.

Refinancing a portion of the GA would provide significant and immediate rate relief by spreading the cost of Ontario’s electricity investments over time. Under the proposed “Fair Hydro Act 2017,” OPG would create a new financial entity, separate from the operations side of the company, to fund the difference between the revenues collected by the IESO and the contracted amounts. This would defer the costs and bring rate relief to Ontario energy customers.

OPG was asked to take on this important role because we have significant expertise in managing large funds and raising debt in the capital markets. We also have experience in the Ontario energy market. We have worked closely with outside advisors to ensure this new entity will be structured so that it functions efficiently but does not impact OPG’s existing operations.

You can learn more about the province’s plan [here](#).

Jeff Lyash
President and CEO