OPG Role in Fair Hydro Plan
DRAFT COMMUNICATIONS FRAMEWORK

Background

The government introduced the Fair Hydro Plan in early March. The plan, if passed in the legislature, would reduce customer bills by 25 per cent when combined with the HST rebate.

OPG will be a key player in this plan, as the proposed legislation would give the company a role in managing the customer impacts of the Global Adjustment (GAM). This program would require OPG to create a ring-fenced special purpose vehicle that would operate outside OPG's regular operations. The entity will refinance payments that currently push prices up via GAM and spread costs over a longer period of time, which would lower customer bills.

President and CEO Jeff Lyash was a participant in the initial announcement of the Fair Hydro Plan in March, but the OPG role was not a major part of the initial story lines. Since that time there is increasing interest from stakeholders (who are asking privately) who want to learn more about the new structure and how it will function. Mainstream media have not shown any real interest OPG's role in the in the plan.

The holding lines to this point have been:

- OPG, as the low cost generator, has always played a role in moderating customer bills, and is happy to play a role in helping customers manage their monthly costs.
- The mechanism for the new entity will be better understood once the legislation is introduced and passed, and then OPG will be a position to explain the structure.
- The new entity will be structured to ensure OPG's operating company is not impacted.

Communications on something that has not been officially introduced in the legislature are complicated and the rules of parliament need to be respected. However, given the material nature of OPG's role in the plan, OPG must publicly disclose the creation of the vehicle *[NTD: would disclosure event be at Board approval, when the legislation is introduced, or when it is passed?]*.

The creation of this entity creates a number of reputation risks for the company, but OPG must also look to this as a potential communications opportunity.

Risks

- OPG could be seen as partisan, and an enabler of a re-election bid.
- Longer term, as repayments start to be built into rates, OPG could be seen as the cause of increases beyond its control. The Debt Retirement Charge, for example, became known to some as an "OPG Charge."
- The announcement of a complicated financial entity could create confusion as to impact on OPG's operations.
- OPG's "spread" on the program could create a backlash if OPG is seen to be making a lot of money off the backs of ratepayers.
- The vehicle will put downward pressure on OPG's ROE, which could create questions about long term viability of the company.

Redacted - Commercially Sensitive

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Timeline

- Feedback into plan from Special Committee April 7
- Draft materials prepared by April 20
- Legislation introduced (expected May 4)
- Same day Communications to staff, news release issued after legislation introduced
- Key stakeholders (e.g. OEB Chair) called directly. Plan will outline callers.
- ***Optional:*** President and CEO/CFO conduct financial results style call for media and financial analysts (This would raise profile, but would be an option for consideration if the government doesn't hold a briefing and it's felt there is enough interest among financial media and analysts as it would save time and allow for consistent delivery of message)
- Followup calls with secondary stakeholders.