ONTARIO POWER GENERATION

OPG Confidential Exclusive

FOR INFORMATION to the Special Committee

November 20, 2017

Fair Hydro Plan Communications Strategy Update

REASON FOR REPORT

This report updates the Special Committee on the recommended communications approach and strategy for the Fair Hydro Plan. The updated communications strategy specifically addresses issues related to OPG's role as the Financial Services Manager for the Fair Hydro Trust. The first set of transactions in the Trust is expected to take place by mid-December, at which time OPG will issue a news release to the media.

CONCLUSIONS

To date, OPG has been utilizing a low-key, reactive communications approach as it implements its role as Financial Services Manager for the Fair Hydro Trust. This has been effective to date, as OPG has not featured prominently in Fair Hydro Plan media coverage. It is our intention to continue to use a relatively low-key approach with the launch of the Fair Hydro Trust; however, we will issue a news release for the first time on this issue in mid-December once the Trust is operational. We will also continue to monitor this issue as it unfolds, recognizing that OPG may need to be increasingly proactive in providing more detailed information and context as public awareness of the Trust grows. The updated communications strategy continues to emphasize maintaining the separation between OPG's role as the Financial Services Manager of the Fair Hydro Trust and the government's role as the policy maker.

HIGHLIGHTS

As we enter the financing stage, it is expected that the Fair Hydro Plan may the subject of additional media attention. The Fair Hydro Communications Plan has been updated to reflect current status of the program. In addition to general messaging, it addresses two current near-term reputational risks to OPG's role with the Fair Hydro Trust:

1. OPG's interest earnings and management fees related to the Trust could be viewed negatively by stakeholders. This may become a more pressing issue over time, as the Trust becomes fully operational.

   Response: As the Financial Services Manager, OPG was tasked to operate the Trust in a transparent and commercial manner, in the best interests of ratepayers and taxpayers. OPG is owned by the province and the people of Ontario. Any net income derived from management fees and interest will flow through to the province as sole shareholder, who can use the revenue as it sees fit, for example potentially supporting other programs implemented as part of the FHP. The financial results will be reported transparently in OPG's quarterly financial results.

2. The Financial Accountability Office said that if the Fair Hydro Trust had been financed through government, instead of a Trust managed by OPG, it would have saved ratepayers up to $4B in estimated interest payments.

   Response: OPG was tasked by the province to manage the Fair Hydro Trust as a commercial entity because it has a proven track record in this area, with extensive experience and expertise in the electricity market, capital markets, regulation, and fund management. The benefit of the program and related costs will be borne by the ratepayer. The Fair Hydro Plan was a policy decision by government, and any questions regarding that decision are best answered by them.

A news release and internal employee message will be developed by mid-December, after the Fair Hydro Trust has closed its first debt offering. We will implement additional tactics (ie: a technical briefing) if it is warranted to best manage the issue at the time.

Submitted by:

____

Jennifer Rowe
Senior Vice President, Corporate Affairs

APPENDICES

None.

[note: bottom centre of page must be blank without text]

Appendix 1: Label Accordingly

[note: bottom centre of page must be blank without text]