

Minister of Energy

Hearst Block, 4th Floor
900 Bay Street
Toronto ON M7A 2E1
Tel.: 416-327-6715
Fax: 416-327-6754

Ministre de l'Énergie

Édifice Hearst, 4e étage
900, rue Bay
Toronto ON M7A 2E1
Tél.: 416-327-6715
Télééc.: 416-327-6754



February 25, 2008

Mr. Charlie Macaluso
President and CEO
Electricity Distributors Association
1100-3700 Steeles Avenue West
Vaughan ON L4L 8K8

Dear Mr. Macaluso:

I am writing you with regard to proposed changes to the Regulated Price Plan (RPP), which are scheduled to take place on April 1, 2008. I understand your membership would appreciate direction from the government regarding eligibility criteria for the RPP going forward.

Ministry of Energy officials and the Independent Electricity System Operator (IESO) have undertaken extensive due diligence on the state of readiness of the MUSH [municipalities, universities and colleges, schools, hospitals] sector. I am advised that there are significant variations across the sector with respect to awareness of the pending changes and that not all customers are ready for an April 1, 2008 implementation date. While significant MUSH load has already left the RPP, it is clear that others would benefit from additional education on the changes and on purchasing options and alternatives on exiting the RPP.

The government is sensitive to the need for customer stability and certainty with respect to electricity rates. To that end, and I know you appreciate that the ministry cannot bind Cabinet's decision-making, I can assure you that the ministry will be recommending that Cabinet make an amendment to O.Reg. 95/05 to extend the deadline for mandatory MUSH exit until May 1, 2009, which would be aligned with the Ontario Energy Board rate-setting schedule. In the interim, customers would still be able to exit the RPP with an interval meter or by signing a retail electricity contract.

To date, the IESO has conducted a significant outreach effort with a number of public sector entities, including municipalities, colleges and hospitals. I will look to their continued leadership, and to your members, to educate remaining MUSH customers over the coming year.

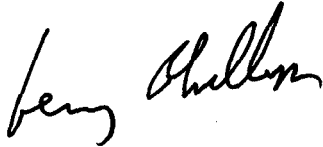
.../cont'd

In the same spirit, we will also be proposing amendments to O.Reg. 95/05 to allow for further consultation and education with the significant number of "designated" customers, such as long-term health facilities, homeless shelters, etc., that are prescribed in O.Reg. 161/99 to ensure they understand their eligibility under other rate classifications.

Finally, we will be recommending continued RPP eligibility, beyond May 1, 2009, for all farm and residential customers, including those who live in large multi-unit apartment buildings, condominiums and co-ops, and for consumers using up to 250,000 kWh per year, to ensure equitable treatment for all types of residential and small business customers.

We are well aware of your membership's timing and implementation concerns, and will be recommending these amendments at the earliest opportunity.

Sincerely,

A handwritten signature in black ink, appearing to read "Gerry Phillips". The signature is written in a cursive style with a large initial "G".

Gerry Phillips
Minister

c: Paul Murphy, CEO, IESO
Howard Wetston, QC, Chair, Ontario Energy Board