

December 15, 2020

The Honourable Greg Rickford
Minister of Energy, Northern Development and Mines
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Room 5630, 5th Floor
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Toronto, ON M7A 1W1

Independent Electricity System Operator

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The Honourable Bill Walker
Associate Minister of Energy
77 Grenville St., 10th Floor
Toronto, ON M7A 2C1

Re: Cost Forecasts for the Government's Comprehensive Energy Plan

Dear Minister Rickford and Associate Minister Walker,

The IESO is thankful for the opportunity to provide our insight and cost forecasts to the government in order to aid in the implementation of the *Comprehensive Energy Plan*, as recently announced as part of the *2020 Ontario Budget — Ontario's Action Plan: Protect, Support, Recover*.

The IESO shall, on an annual basis, submit updated cost forecasts to the Ministry of Energy, Northern Development and Mines, in order to continue to support the government's policy goals of reducing electricity prices for industrial and commercial employers. Following the first year of the implementation of this policy, the IESO will also share the actuals for the immediately preceding year.

In advance of January 1, 2021, when the new policy is anticipated to take effect, the IESO has enclosed as an Appendix, forecasted costs for contracted renewable generation for the following 20 years. Both the forecasts and actuals to be provided in future years will help the Minister determine the portion of Global Adjustment (GA) associated with non-hydro renewables that is to be funded out of money appropriated by the Legislature.

The IESO is aligned with your focus to reduce electricity costs for Ontarians and looks forward to assisting the Government with this policy goal in the years to come.

Yours truly,

A handwritten signature in black ink, appearing to read "Terry Young". The signature is stylized and cursive.

Terry Young
Interim President and Chief Executive Officer, IESO

Cc: Aaron Silver, Chief of Staff to the Hon. Greg Rickford, Minister of Energy, Northern Development and Mines
Dominic Roszac, Chief of Staff to the Hon. Bill Walker, Associate Minister of Energy
Stephen Rhodes, Deputy Minister of Energy, Northern Development and Mines
Susanna Zagar, Chief Executive Officer, Ontario Energy Board

Appendix

Year	Total Forecast Renewables Costs Less Capacity Value (\$ Billions)
2020	\$3.13
2021	\$3.12
2022	\$3.13
2023	\$3.10
2024	\$3.06
2025	\$3.02
2026	\$2.92
2027	\$2.83
2028	\$2.78
2029	\$2.70
2030	\$2.59
2031	\$2.33
2032	\$2.08
2033	\$1.82
2034	\$1.42
2035	\$0.79
2036	\$0.40
2037	\$0.22
2038	\$0.16
2039	\$0.08
2040	\$0.01

Note: The total renewables costs identified above include any amounts payable to entities under procurement contracts with the IESO, not including procurement contracts in respect of hydroelectric generation under the following programs/agreement:

- Renewable Energy Supply program
- Renewable Energy Standard Offer Program (RESOP)
- Feed-in Tariff (FIT) Program
- microFIT Program
- Large Renewable Procurement (LRP); and
- Green Energy Investment Agreement.

Collectively, these amounts are the amounts prescribed under the proposed Ontario Regulation to be made under the *Electricity Act, 1998*, less the capacity value.