

**Ministry of Energy,
Northern Development
and Mines**

Office of the Minister

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**Ministère de l'Énergie,
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MC-994-2020-1142

December 15, 2020

Mr. Terry Young
Interim President and CEO
Independent Electricity System Operator
1600–120 Adelaide Street West
Toronto ON M5H 1T1

Ms Susanna Zagar
Chief Executive Officer
Ontario Energy Board
2300 Yonge Street, 27th Floor
PO Box 2319
Toronto ON M4P 1E4

Dear Mr. Young and Ms Zagar:

I am writing to you today in response to Mr. Young's letter of December 15, 2020, regarding the IESO cost forecasts in support of the government's *Comprehensive Energy Plan* set out in the *2020 Ontario Budget – Ontario's Action Plan: Protect, Support, Recover*.

As part of our *Comprehensive Energy Plan*, the government announced its intention to reduce electricity costs for commercial and industrial consumers by funding a portion of the Global Adjustment (GA) associated with non-hydro renewable energy contract costs arising under the procurement programs set out in Ontario Regulation 735/20. Under this initiative, GA will be reduced for all consumers effective January 1, 2021. At the same time, a corresponding reduction in the Ontario Electricity Rebate (OER) under Ontario Regulation 363/16 will offset the impact of this initiative for the average residential customer.

I would like to extend my thanks for your support throughout the development of this important initiative to lower the cost of electricity for commercial and industrial ratepayers. I have received the IESO's forecast of GA associated with the non-hydro renewable energy contracts over the next 20-year period. Please be advised that subject to the negotiation and execution of relevant agreements, the government will provide the IESO with the three monthly funding amounts set out in the attached Schedule A for fiscal year 2020/21. Payments will be provided in accordance with the terms and conditions of any transfer payment agreements (TPAs) made between the Province and the IESO.

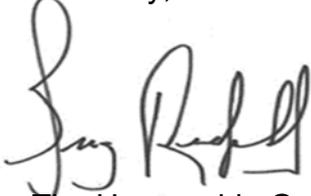
For 2021/22 and future fiscal years, the government intends to provide twelve equal monthly payments from April to the following March. Note that the funding amount for fiscal year 2021/22 and future fiscal years is subject to further decisions and approvals of Treasury Board / Management Board of Cabinet and may be adjusted.

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Please review Schedule A for a summary of the monthly payments from the Province in fiscal year 2020/21. While subject to change, forecasted amounts are also provided for fiscal year 2021/2022 and fiscal year 2022/23 (i.e., the fiscal year ending on March 31, 2023). The forecasts are intended to inform the twelve-month forecast horizon used by the Ontario Energy Board (OEB) when setting Regulated Price Plan (RPP) prices over the near-term.

Our government remains dedicated to putting downward pressure on electricity costs for Ontarians. I look forward to working with the IESO on this electricity cost reduction initiative.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Rickford". The signature is fluid and cursive, with a large initial "G" and "R".

The Honourable Greg Rickford
Minister of Energy, Northern Development and Mines

SCHEDULE A

The table below shows the monthly amounts the government will fund in fiscal year 2020/21.

Funding Period	Amount (\$ millions)
January 1, 2021 – January 31, 2021	258.10500
February 1, 2021 – February 28, 2021	258.10500
March 1, 2021 – March 31, 2021	258.10500

The table below shows the current forecast of the monthly amounts the government intends to fund in fiscal year 2021/22. Amounts are subject to change based on further decisions and approvals of Treasury Board / Management Board of Cabinet.

Funding Period	Amount (\$ millions)
April 1, 2021 – April 30, 2021	260.20335
May 1, 2021 – May 31, 2021	260.20335
June 1, 2021 – June 30, 2021	260.20335
July 1, 2021 – July 31, 2021	260.20335
August 1, 2021 – August 31, 2021	260.20335
September 1, 2021 – September 30, 2021	260.20335
October 1, 2021 – October 31, 2021	260.20335
November 1, 2021 – November 30, 2021	260.20335
December 1, 2021 – December 31, 2021	260.20335
January 1, 2022 – January 31, 2022	260.20335
February 1, 2022 – February 28, 2022	260.20335
March 1, 2022 – March 31, 2022	260.20335

The table below shows the current forecast of the monthly amounts the government intends to fund in fiscal year 2022/23. Amounts are subject to change based on further decisions and approvals of Treasury Board / Management Board of Cabinet.

Funding Period	Amount (\$ millions)
April 1, 2022 – April 30, 2022	260.29775
May 1, 2022 – May 31, 2022	260.29775
June 1, 2022 – June 30, 2022	260.29775
July 1, 2022 – July 31, 2022	260.29775
August 1, 2022 – August 31, 2022	260.29775
September 1, 2022 – September 30, 2022	260.29775
October 1, 2022 – October 31, 2022	260.29775
November 1, 2022 – November 30, 2022	260.29775
December 1, 2022 – December 31, 2022	260.29775
January 1, 2023 – January 31, 2023	260.29775
February 1, 2023 – February 28, 2023	260.29775
March 1, 2023 – March 31, 2023	260.29775