

Ministry of Energy,
Northern Development
and Mines

Office of the Minister

4th Floor, Hearst Block
900 Bay Street
Toronto ON M7A 2E1
Tel.: 416-327-6758

Ministère de l'Énergie,
du Développement du Nord
et des Mines

Bureau du ministre

4^e étage, Édifice Hearst
900, rue Bay
Toronto ON M7A 2E1
Tél. : 416 327-6758



FEB 20 2019

Ms Rosemarie Leclair
Chair and Chief Executive Officer
Ontario Energy Board
PO Box 2319
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms Leclair:

As you know, the federal government has imposed a carbon tax on Ontario families and businesses, which will increase the cost of natural gas. The Government of Ontario is committed to lowering energy costs and providing transparency for energy consumers.

Ontario is currently challenging the constitutionality of the federal carbon tax. Should this issue not be resolved prior to the effective date of the new carbon tax in April 2019, the Ontario Energy Board (OEB) will be responsible for addressing the implications of this new charge for natural gas bills.

I am aware of the work the OEB undertook to address the cost consequences of the previous government's cap-and-trade carbon tax on natural gas bills. As part of a broader consultation to develop a regulatory framework for natural gas distributors' compliance with cap-and-trade, the OEB determined that the costs incurred by natural gas distributors to meet their cap-and-trade obligations would be included as part of the "delivery charge" on a customer's natural gas bill.

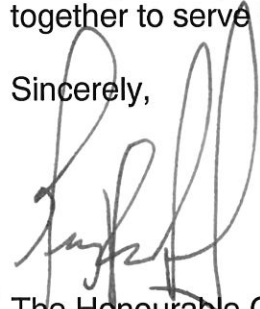
As the OEB acknowledged in its September 2016 *Regulatory Framework for the Assessment of Costs of Natural Gas Utilities' Cap and Trade Activities*, most stakeholders, particularly the natural gas utilities and large commercial and industrial natural gas customers who participated in the OEB's proceeding, had argued for a separate line item for cap-and-trade on the basis of greater transparency and appropriate pricing signals to customers.

I encourage the OEB to have regard to the government's objective of transparency for natural gas bills in any proceeding related to the implementation of the federal carbon tax, and to ensure that stakeholders have an opportunity to present their views to the OEB on the appearance of this new charge on natural gas bills. I also encourage the OEB to include this letter as part of the public record of any such proceeding.

.../cont'd

Thank you for your attention to this important matter. I look forward to continuing to work together to serve Ontario and its energy ratepayers.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Rickford", written over a large, faint watermark of the same signature.

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