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BY EMAIL

February 1, 2021

Syed Mir
VP Corporate Services & CIO
London Hydro
111 Horton Street
London, ON N6A 4H6
mirs@londonhydro.com

Dear Mr. Mir:

Re: London Hydro's Regulated Price Plan Pilot (Board File No. EB-2016-0201)

I am writing to advise that staff within the Ontario Energy Board's (OEB) Inspection and Enforcement Department have completed their review of London Hydro's final pilot costs. As indicated in our letter of April 21, 2020 accepting London Hydro's Final Results Report, that review was limited to costs incurred up to the budget maximum of \$2.371 million approved by the OEB by letter dated April 13, 2017. That review did not identify any expenses incurred by London Hydro that were not directly related to its RPP pilot project.

Therefore, the payment amount associated with the acceptance of London Hydro's Final Results Report is the balance remaining to be paid under Schedule B of London Hydro's Contribution Agreement with the Independent Electricity System Operator (IESO), being \$592,750 as invoiced by London Hydro. This brings the total payments up to the OEB-approved budget amount of \$2.371 million. A letter will be sent to the IESO requesting that it settle payment with London Hydro for this amount, which corresponds to Milestone 2 (Final Results Report) in Schedule B of that Contribution Agreement.

As detailed in previous correspondence, the OEB is aware that London Hydro, in the course of the delivery of its pilot, incurred costs (Over-budget Amount) beyond the budget maximum approved by the OEB. Both the IESO and the OEB have separately indicated to London Hydro that the IESO was unable to provide payment in excess of the OEB-approved budget maximum as a result of the discontinuance of the Conservation Fund in March 2019.

The OEB has now been advised by the IESO that, subject to obtaining the necessary internal approvals, there may be an opportunity for it to provide funding for some or all of the Over-budget Amount. To that end, the IESO has asked for OEB staff's assessment of the Over-budget Amount in terms of the linkage between that Amount and the pilot project, and of the extent to which the Over-budget Amount may have contributed to the value of and confidence in the pilot project results. .

The OEB is prepared to undertake a review of the Over-budget Amount for that purpose, and a member of our Inspection and Enforcement Department will be in touch to explain next steps in that process.

The initiation of this process should not be understood to imply that any of the Over-budget Amount will be funded by the IESO, irrespective of the results of OEB staff's review of that Amount. Such a decision is subject to IESO approval as outlined above.

Please direct any questions you might have regarding this letter to Ceiran Bishop, Director, Strategic Policy, at Ceiran.bishop@oeb.ca.

Sincerely,



Mary Anne Aldred
Chief Operating Officer & General Counsel
Ontario Energy Board

c. Terry Young, IESO