City of Guelph Council
Shareholder of Guelph Municipal Holdings Inc.
Meeting Agenda

Wednesday, December 13, 2017 – 5:30 p.m.
Council Chambers, Guelph City Hall, 1 Carden Street

Please turn off or place on non-audible all electronic devices during the meeting.

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Authority to move into closed meeting
That the Council of the City of Guelph now hold a meeting that is closed to the public, pursuant to the Municipal Act, to consider:

C-GMHI-2017.5 Decision regarding the merger of Guelph Hydro with Alectra – Closed
Section 239 (2) (f) of the Municipal Act related to advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

Open Meeting - 6:30 p.m.

Closed Meeting Summary
Disclosure of Pecuniary Interest and General Nature Thereof

Items for Discussion:

The following items have been extracted from the Committee of the Whole Consent Report and the Council Consent Agenda and will be considered separately. These items have been extracted either at the request of a member of Council or because they include a presentation and/or delegations.

CON-GMHI-2017.6 Decision regarding the merger of Guelph Hydro with Alectra – Open

Presentation:
Derrick Thomson, Chief Administrative Officer
Jane Armstrong, Chair, GHESI Board of Directors
Delegations:
Richard Puccini
Dr. Ron East
David Estill
Steve Dyck
Paul Costello

Recommendation:
1. That the Guelph Municipal Holdings Inc. ("GMHI") Report GMHI-2017-12 titled “Decision regarding merger of Guelph Hydro with Alectra” be approved.

2. That the draft resolutions presented in Attachment 1 of staff report GMHI-2017-12, be adopted.

3. That the CEO of GMHI report back to Council as shareholder of GMHI in Spring 2018 with an update on the implementation of the transaction with Alectra.

By-laws
Resolution to adopt the By-laws (Councillor Downer).

Adjournment
Staff Report

To Council as Shareholder of GMHI

Service Area Office of the Chief Administrative Officer

Date Wednesday, December 13, 2017

Subject Decision regarding the merger of Guelph Hydro with Alectra

Report Number GMHI-2017-12

Recommendations


2. That the draft resolutions presented in Attachment 1 of staff report GMHI-2017-12, be adopted.

3. That the CEO of GMHI report back to Council as shareholder of GMHI in Spring 2018 with an update on the implementation of the transaction with Alectra.

Executive Summary

Purpose of Report

This report (together with its attachments) provides an overview of the work done by GMHI and its advisors, especially since the October 5, 2017 closed Council meeting, in negotiating a merger between Guelph Hydro Electric Systems Inc. (“Guelph Hydro”) and Alectra and establishing a supporting business case.

Key Findings

This report recommends proceeding with a merger between Guelph Hydro and Alectra.

Financial Implications

Potential financial benefits are identified in the attachments to this report.

Report
Background

The City of Guelph (the “City”), through GMHI, established the Strategies and Options Committee (the “SOC”) to investigate buy, sell, merge and maintain full ownership options for Guelph Hydro. The SOC replaced the former Mergers and Acquisitions Committee.

On October 24, 2016, the SOC presented a report to Council as shareholder of GMHI outlining the objectives of the SOC and presenting an overview of the SOC’s engagement and communications strategy. At that time, the SOC informed Council that it planned to make a recommendation to Council in early 2017.

The SOC reported back to Council on February 15, 2017 with further details on the various options and the decision-making criteria adopted by the SOC to assess the options. The options were evaluated taking into consideration community engagement results. Council directed the SOC to conduct an environmental scan for potential mergers with publicly-owned utility companies, and return to Council with the results and recommendations for next steps.

On June 12, 2017, Council was presented with the results of the SOC’s environmental scan, in which the SOC identified candidates for a merger with Guelph Hydro. Council directed the SOC to engage the candidates in discussions, conduct additional due diligence and prepare preliminary business cases to assess potential mergers between Guelph Hydro and the respective candidates.

Closed Council meetings followed on September 13, 2017 and October 5, 2017. Following the October 5, 2017 closed Council meeting, GMHI entered into merger negotiations with Alectra, and is now reporting back to Council.

Overview of Attachments

Most of the “substance” of this report is in its attachments, namely:

- **Detailed Resolutions.** Already referenced in the Recommendations above, Attachment 1 to this report provides the detailed resolutions GMHI recommends Council pass in support of a merger between Guelph Hydro and Alectra.

- **Advisors’ Presentation.** Aird & Berlis LLP and Grant Thornton LLP, legal and financial advisors, respectively, to GMHI in respect of the proposed merger with Alectra, have prepared the presentation attached as Attachment 2 to brief Council on the merger negotiations and ancillary work that has occurred with Alectra since October 5, 2017. This presentation includes discussion on the Merger Participation Agreement (“MPA”) and the Unanimous Shareholders’ Agreement (“USA”), the two “main” agreements which would give effect to a merger.

- **GRE&T Centre Strategic Business Plan.** A fundamental element of the proposed merger is the establishment of a GReen Energy & Techology
Centre in Guelph to foster the commercialization of promising energy solutions. The Strategic Plan for that GRE&T Centre agreed between GMHI and Alectra is attached as Attachment 3 to this report, and is summarized in the Advisors’ Presentation attached as Attachment 2 to this report.

- **Fairness Opinion.** In a transaction such as the proposed merger, it is customary to receive a fairness opinion as to value from a financial perspective. Attached as Attachment 4 to this report is a Grant Thornton LLP fairness report dated November 28, 2017, which while it should be read in its entirety, concludes that “the Merger Participation Agreement is fair, from a financial point of view, to the Shareholder”.

- **Alectra Comfort Letter on Privatization.** Attached as Attachment 5 is a letter from the Chair of Alectra’s board to Jane Armstrong, Chair of Guelph Hydro’s board, confirming that “there are no plans in place or contemplated that would result in the loss of municipal control of Alectra.”

- **Engagement Presentation and Engagement Report.** An engagement presentation and an engagement report have been attached as Attachment 6 and Attachment 7 respectively to this report. Further information is presented below under the heading “Communications and Engagement”.

- **Guelph Hydro Board Endorsement.** A letter of endorsement of the Guelph Hydro board including a copy of the board motion in support of a merger between Guelph Hydro and Alectra is expected to be provided to GMHI after Guelph Hydro’s December 5, 2017 board meeting. This letter will be provided by way of addendum as Attachment 8 to this report. Further information is presented below under the heading “Guelph Hydro Board Endorsement”.

Further information is provided below under these headings:

- Key Features of the Proposed Merger
- Envida Community Energy
- Communications and Engagement
- Guelph Hydro Board Endorsement
- Next Steps

**Key Features of the Proposed Merger**

Key features of the proposed merger include the following:

- Guelph Hydro and Alectra Utilities Corporation (“AUC”, Alectra’s electricity distribution company) will amalgamate, and GMHI will receive shares in Alectra Inc. (AUC’s parent company).

- GMHI will receive a 4.63% interest in Alectra consistent with the fairness opinion in Attachment 4. Among other things, this percentage interest determines what share of Alectra’s dividends GMHI will receive. The
percentage interests of Alectra’s other shareholders are shown in the advisors’ presentation in Attachment 2.

• Guelph Hydro will pay the City a special dividend of $18.5 million immediately prior to closing, without adversely affecting its regular annual dividend.

• Alectra will pay ongoing dividends equal to 60% of Alectra’s net income, subject to the provisions of the Business Corporations Act (Ontario). These dividends are projected to exceed dividends under the “maintain full ownership” option by $10.1 million.

• GMHI will receive one permanent seat on Alectra’s board, and will have the right to appoint an independent director.

• There are important restrictions on transferring shares, and therefore indirectly on privatization, in the USA. Moreover, currently, transfer taxes imposed under the Electricity Act (Ontario) and departure taxes imposed under the Income Tax Act (Canada) impose significant tax disincentives on privatization. Moreover, Alectra is 97% municipally owned, with the remaining 3% owned by a subsidiary of OMERS (Ontario Municipal Employees Retirement System).

• Rate increases are projected to be more moderate than they would be under the “maintain full ownership” scenario. Alectra will not harmonize distribution rates for its predecessor electricity distribution companies (including Guelph Hydro) until the differences between such rates are immaterial, subject to Ontario Energy Board (“OEB”) approval.

• A Southwest Operations Centre will be preserved at the location of Guelph Hydro’s current offices with a minimum commitment of 10 years, including a senior employee based in Guelph to oversee local operations and commitments to Guelph around service and reliability.

• Guelph Hydro employs about 130 people. About 70 of those existing positions have been identified as needing to remain in Guelph. About half of the remaining positions would be offered relocation opportunities starting in 2019, with the majority of moves happening between 2020 and 2022. The other positions are expected to be addressed through attrition, voluntary retirement, or voluntary separation wherever possible.

• Alectra will establish the GRE&T Centre in Guelph as a platform for supporting transformation in the electricity industry by accelerating integrated energy solutions. The GRE&T Centre will have eight to ten new full-time positions, with $5 million of capital spending in the first three to five years of the merger, and $3 million in annual operating spending within two years of the merger.
For the merger to “close”, approval of the OEB of a Mergers, Acquisitions, Amalgamations and Divestitures (“MAADs”) application will be required. This approval is dependent on the parties demonstrating that the proposed merger satisfies the “no harm” test.

Alectra will meet or exceed service standards and reliability for electricity distribution customers in Guelph Hydro’s current service territory.

The Guelph Hydro brand will be used for one year following the merger.

**Envida Community Energy**

As part of the overall merger transaction, Envida Community Energy’s (“Envida’s”) assets, other than its Eastview and Southgate assets, will be transferred to the City for further disposition. GMHI will then sell Envida to Guelph Hydro, and Envida and Guelph Hydro will then amalgamate, which will bring the Eastview and Southgate assets into Guelph Hydro.

Guelph Hydro’s subsequent amalgamation with Alectra will then bring the Eastview and Southgate assets into Alectra. This is important because the value of the Eastgate and Southgate assets has been taken into account in the valuation exercise that determined Guelph Hydro’s ownership share in Alectra.

The detailed terms of the foregoing have been integrated into the MPA.

**Communications and Engagement**

The City developed and activated a long-term, multi-phase public engagement and communication program to support this important issue. The overarching goal of the program is to **ensure people have a voice when it comes to the future of Guelph Hydro.** This endeavour is among the most comprehensive public engagement initiatives the City has undertaken. The findings from the engagement program have been one important input in the SOC’s recommendations, and now of GMHI’s recommendations.

As noted above, an Engagement Presentation and an Engagement Report have been attached as Attachment 5 and Attachment 6 respectively.

**Guelph Hydro Board Endorsement**

Guelph Hydro’s board has been actively involved in the assessment and recommendation of a potential merger partner and in the negotiation of a potential merger with Alectra. As members of the SOC, board Chair Jane Armstrong, board Vice Chair Robert M. Bell and GMHI CEO Derrick Thomson have participated in several Guelph Hydro board meetings on this matter. Moreover, as co-chairs of GMHI’s Negotiation Steering Committee, Ms. Armstrong and Mr. Thomson have met on multiple occasions with Alectra’s CEO, CFO, General Counsel and other executives. The Guelph Hydro board met on November 23, 2017 to receive an update on negotiations and plans to meet on December 5, 2017, when it expects to pass motions in support of the merger and provide a letter of endorsement to
GMHI. That letter is expected to be provided as Attachment 8 to this report by way of addendum.

**Next Steps**

Should Council approve the recommendations made in this report, the following would occur:

- **Execution of MPA.** Any outstanding issues in the MPA would be resolved to the satisfaction of the City Solicitor, and GMHI and Guelph Hydro would enter into the MPA with Alectra without returning to Council beforehand. Execution is anticipated to occur in February 2018. Upon execution, GMHI and Alectra will be legally obligated to merge, subject to the terms of the MPA.

- **OEB application.** Alectra and Guelph Hydro would make a MAADs application to the OEB seeking approval for the merger. It is anticipated that the application would be made in March 2018 and the approval would be received in Fall 2018.

- **Closing of MPA.** Once all closing conditions are satisfied (such as receipt of the above-noted approval from the OEB), then the parties would “close” the merger. Alectra and Guelph Hydro would amalgamate, GMHI would receive shares in Alectra, and the USA would be executed. It is anticipated that closing would happen on January 1, 2019. Until that time, Guelph Hydro would continue to operate as before, subject to obligations it will have under the MPA.

- **Transition.** Transition plans developed between execution of the MPA and closing of the MPA would be put into effect.

**Financial Implications**

Potential financial benefits are identified in the attachments to this report.

**Consultations**

GMHI, directly and through its legal and financial advisors, has consulted extensively with Alectra in the development of some of the attachments to this report.

**Attachments**

- ATT-1  Detailed Resolutions
- ATT-2  Advisors’ Presentation
- ATT-3  GRE&T Centre Strategic Plan
- ATT-4  Fairness Opinion
- ATT-5  Alectra Comfort Letter on Privatization
- ATT-6  Engagement Presentation
ATT-7  Engagement Report
ATT-8  Guelph Hydro Board Endorsement *(forthcoming)*

Derrick Thomson  
Chief Executive Officer  
Guelph Municipal Holdings Inc.  
519-822-1260 ext. 2221  
derrick.thomson@guelph.ca
Detailed Council Resolution

WHEREAS The Corporation of the City of Guelph (the “City”) is the sole shareholder of Guelph Municipal Holdings Inc. (“GMHI”);

AND WHEREAS, pursuant to a shareholder declaration executed by the City, dated October 24, 2016 (the “GMHI Shareholder Declaration”), GMHI requires the approval of the City for certain actions with respect to GMHI and its subsidiaries;

AND WHEREAS GMHI is the sole shareholder of each of Guelph Hydro Electric Systems Inc. (“GHESI”), Envida Community Energy Inc. (“Envida”) and GMHI Development Corporation;

AND WHEREAS, pursuant to a shareholder declaration executed by the City on October 24, 2016, and by GMHI on October 25, 2016 (the “GHESI Shareholder Declaration”), GHESI requires the approval of the City and GMHI for certain actions with GHESI;

AND WHEREAS GMHI and GHESI intend to enter into a merger participation agreement with each of Alectra Inc. (“Alectra”) and Alectra Utilities Corporation (“AUC”), substantially in the form of the draft merger participation agreement previously presented to Council for review (the “Merger Participation Agreement”);

AND WHEREAS Envida intends to sell certain assets to the City, GMHI Development Corporation or one or more of the City’s subsidiaries (such purchaser entity, whether currently existing or to be incorporated, referred to as “PurchaseCo”) pursuant to and as set out in an asset purchase agreement (the “Envida Asset Purchase Agreement”), substantially in the form previously presented to Council for review (the “Envida Asset Transaction”);

AND WHEREAS GMHI intends to sell to GHESI the debt owed to it by Envida pursuant to and as set out in a debt transfer agreement (the “Envida Debt Agreement”), substantially in the form previously presented to Council for review (the “Envida Debt Transaction”);

AND WHEREAS GMHI intends to sell to GHESI all of the issued and outstanding shares it holds in Envida, pursuant to and as set out in a share purchase agreement (the “Envida Share Purchase Agreement”), substantially in the form previously presented to Council for review, in consideration for which GHESI will issue additional shares to GMHI (the “Envida Share Purchase Transaction”);

AND WHEREAS, pursuant to the terms and conditions of articles of amalgamation, substantially in the form of the draft articles of amalgamation previously presented to Council for review (the “Envida Articles of Amalgamation”), and in accordance with Section 177(1) of the Business Corporations Act (Ontario) (the “Act”), Envida and GHESI intend to amalgamate and continue as Guelph Hydro Electric Systems Inc. (“GHESI Amalco”) (the “Amalgamation”, and together with the Envida Asset Transaction, the Envida Debt Transaction and the Envida Share Purchase Transaction, the “Envida Transactions”);

AND WHEREAS, following the completion of the Envida Transactions, pursuant to the terms and conditions of the Merger Participation Agreement, GMHI will sell all of the issued and outstanding shares in the capital of GHESI Amalco to Alectra in exchange for shares in the capital of Alectra (the “Share Transaction”, and together with the other transactions
contemplated by the Merger Participation Agreement and the Envida Transactions, the “Transactions”;

AND WHEREAS Section 9.01 of the GMHI Shareholder Declaration requires the approval of the City for GMHI to (i) enter into the Merger Participation Agreement and carry out the Share Transaction, (ii) authorize the Envida Transactions, and (iii) otherwise authorize, approve and carry out the Transactions, all in its own capacity and as sole shareholder of each of GHESI, GHESI Amalco, Envida and PurchaseCo (as applicable);

AND WHEREAS Section 10.01 of the GHESI Shareholder Declaration requires the approval of the City and GMHI for GHESI to (i) enter into the Merger Participation Agreement and carry out the transaction contemplated therein, and (ii) carry out the Transactions;

AND WHEREAS GMHI, GHESI (or GHESI Amalco, as applicable), Envida and PurchaseCo (as applicable) will, after execution of the Merger Participation Agreement, be required to satisfy various conditions precedent prior to the closing of the Transactions (the “Closing”) and enter into, execute and deliver various agreements and documents with respect to each of the Merger Participation Agreement and the Envida Transactions (the “Transaction Documents”), all as further contemplated therein;

AND WHEREAS, on Closing, the City and GMHI intend to enter into a unanimous shareholder agreement with, Alectra, AUC (or its successor, following its amalgamation with GHESI Amalco as contemplated in the Merger Participation Agreement) and each of the existing Alectra shareholders, OMERS Infrastructure Corporation and their municipal shareholders, substantially in the form of the unanimous shareholder agreement attached as a schedule to the Merger Participation Agreement (the “Alectra USA” and together with the Merger Participation Agreement, Envida Asset Purchase Agreement, the Envida Debt Agreement, the Envida Share Purchase Agreement and the Envida Articles of Amalgamation, the “Principal Agreements”).

NOW THEREFORE BE IT RESOLVED THAT:

(a) Council hereby authorizes and approves entry into the Principal Agreements and the Transaction Documents by each of the City, GMHI, GHESI, GHESI Amalco, Envida and PurchaseCo, as applicable;

(b) Council hereby authorizes and approves the Transactions to be carried out by each of the City, GMHI, GHESI, GHESI Amalco, Envida and PurchaseCo, as applicable;

(c) Council hereby authorizes and directs the Chief Executive Officers (each a “CEO”) of GMHI, GHESI, GHESI Amalco, Envida and PurchaseCo, or each such officer’s designate, for and on behalf of each such corporation, and the Mayor or the Chief Administrative Officer, or their respective designates, for and on behalf of the City, to execute and deliver each of the Principal Agreements and the Transaction Documents, with such amendments to such Principal Agreements as may be acceptable to the City Solicitor in his discretion;

(d) Council hereby authorizes and directs the Mayor or the Chief Administrative Officer, or their respective designates, to execute and deliver, in the City’s capacity as sole shareholder of GMHI, a resolution authorizing and approving the Principal Agreements, the Transaction Documents and the Transactions; and
(e) Council hereby authorizes and directs each CEO, or the CEO’s designate, and the Mayor or the Chief Administrative Officer, or their respective designates, to do all such other things or acts necessary to effect the Transactions, or otherwise to carry out the intention of this resolution, the doing of any such other act or thing by such person being conclusive evidence of such determination.
Proposed Merger of Guelph Hydro Electric Systems Inc. and Alectra Utilities Corporation

Council Meeting
Introduction

The purpose of this report is to summarize the analysis done by Guelph Municipal Holdings Inc. (“GMHI”) and its advisors regarding the proposed merger of Guelph Hydro Electric Systems Inc. ("Guelph" or "GHESI") and Alectra Inc. ("Alectra") (the “Proposed Merger”).

This document is based upon the work completed with the respective leadership groups for each organization over the past several weeks and their respective advisors. This report provides a summary for discussion purposes in addition to detailed analysis, documentation and reporting prepared by the parties during this period.

Sincerely,

Troy MacDonald
Partner
Grant Thornton LLP

Ron W. Clark
Partner
Aird & Berlis LLP

Agenda
1. Executive Summary
2. Overview
3. Financial Matters
4. Customer Matters
5. Legal Matters
6. Operational Matters
7. Human Resources
8. Due Diligence
9. Communications & Engagement
10. Recommendation

Appendices
Executive Summary
Process Recap – Where are we?

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<td>Environmental Scan (April to June 2017)</td>
<td>Preliminary Business Case (June to August 2017)</td>
<td>Due Diligence, Detailed Legal Agreements &amp; Shareholder Approval (Fall 2017)</td>
<td>OEB MAAD Process, Post-merger Integration and Closing (Mid-2018)</td>
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<td>▪ Confirm objectives / key considerations</td>
<td>▪ Core values / strategic rationale</td>
<td>▪ Announcement of exclusive negotiating partner</td>
<td>▪ Completion and execution of merger agreement before MAAD application</td>
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<td>▪ Confirm partners</td>
<td>▪ Preliminary financial model with partner involvement (shareholder &amp; ratepayer impact vs maintaining full ownership).</td>
<td>▪ Enter into MOU</td>
<td>▪ MAAD Application</td>
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<td>▪ Preliminary discussion with partners (under NDA)</td>
<td>▪ Discuss governance and shareholder agreement</td>
<td>▪ Complete detailed business case</td>
<td>▪ Post Merger Integration Planning / Implementation</td>
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<td>▪ Evaluate process</td>
<td>▪ High level synergy analysis</td>
<td>▪ Fairness Opinion / Valuation</td>
<td>▪ Closing adjustments</td>
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<td>▪ Recommendations for SOC / Council</td>
<td>▪ Recommendation</td>
<td>▪ Financial, operational, legal and regulatory due diligence</td>
<td>▪ Setup leadership &amp; governance</td>
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<td>▪ Continued confidentiality of negotiating partners</td>
<td>▪ Continued confidentiality of negotiating partners</td>
<td>▪ Merger Agreement</td>
<td>▪ Completion and execution of shareholder agreement with closing.</td>
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**SOC / Board / Council Decision Point:** Decision to enter into further discussions with selected parties based on environmental scan (June 2017)

**SOC / Board / Council Decision #2:** Decision to enter into exclusive discussions with Alectra (October 2017)

**Board / Council Decision #3:** Decision to approve merger or not (December 13, 2017)

**Closing:** Upon OEB approval

Today’s decision point is a result of a robust exploration of the alternatives available to Guelph with thorough consideration of the changing industry and future needs to the community and GHESI’s key stakeholders.
Recommendation

On October 5, 2017, Council approved the recommendation from the Strategies and Options Committee that GMHI enter into exclusive discussions with Alectra regarding a merger between Alectra and GHESI, which was also approved by the Boards of GMHI and GHESI.

• Since that time, the Parties have advanced the following:
  – formal valuations;
  – financial modelling of the shareholder and customer impact from the Proposed Merger;
  – financial, legal and operational due diligence;
  – preparation & negotiation of legal agreements;
  – development of a business case for the GRE&T Centre;
  – operational planning; and
  – continued community engagement.

• The GHESI Board of Directors received an update on November 23, 2017 and are to meet on December 5, 2017 for final approval.
Recommendation

The Proposed Merger would allow GHESI to achieve the following as part of Alectra:

- **Total cost savings**
  
<table>
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<tr>
<th>Total cost savings</th>
<th>Beneficiary</th>
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<tr>
<td>OM&amp;A synergies from GHESI (sitout – 8 years)</td>
<td>$28.5M</td>
</tr>
<tr>
<td>Capital synergies from GHESI (sitout – 8 years)</td>
<td>$3.8M</td>
</tr>
<tr>
<td>OM&amp;A synergies from GHESI (15 years beyond sitout)</td>
<td>$73.7M</td>
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<tr>
<td><strong>Total cash savings from Alectra merger with GHESI</strong></td>
<td><strong>$106M</strong></td>
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<tr>
<td>Total cash savings from original Alectra merger during sitout</td>
<td>$426M</td>
</tr>
<tr>
<td><strong>Total cash savings</strong></td>
<td><strong>$532M</strong></td>
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- **More moderate distribution rate increases than customers would experience if Guelph Hydro maintained full ownership**
- Development of **Green Energy & Technology Centre** in Guelph
- Become Alectra **regional operating hub** for Southwest Ontario
- **Stronger and more sustainable dividend**
- Alectra will help enhance Guelph Hydro as **strong energy and infrastructure partner** for our local business and the community
Overview
Ontario LDC Consolidation Activity

50% interest being sold to EPCOR

Goderich merging with Erie Thames

Merging with Entegrus

Southwestern Ontario LDC Map

Merging

Being acquired by HONI
Understanding Utility 2.0

The industry is in a period of rapid change as we move from a traditional centralized model into a dynamic decentralized model ("Utility 2.0").

- The modern grid will be dynamic with more distributed components and higher responsiveness.
- There will be far greater access to information and data allowing all actors to be more aware of, and better able to manage, their energy use.
- The modern grid will change fundamentally how consumers, producers and service providers interact – bringing more entities into the game, enhancing their capacity and blurring the lines between them. Its repercussions will extend beyond the realm of technology and into our social and economic behaviors.

Based on current pace of change, the Utility 2.0 concept is expected to be well advanced by 2025.
# Understanding Utility 2.0 – Changing Behaviors

## People using less electricity
- 1) Smart appliances and apps help people save energy
- 2) Better building efficiency
- 3) NetZero, and smart-homes, energy controls and dashboards
- 4) Incentives and rebates

## People using more electricity at night
- 1) Electric vehicles becoming more popular and affordable
- 2) Most people will charge at night – could create a second “peak” time for energy use

## People generating their own electricity
- 1) Solar panels and energy storage becoming affordable
- 2) Combined heat and power systems: industrial users invest in generation, buy less from grid
- 3) Micro-grids; network of buildings completely independent from grid

## People using more electricity
- Need to upgrade infrastructure as there will be less time for equipment to cool down
- Need to invest in building, maintaining and managing intelligent charging stations to prevent spikes in power consumption

## People using less electricity
- Utility revenues decline, costs are shared among fewer ratepayers, rates increase
- Demand for modern services, consumer-friendly tools (dashboards, apps, etc.)
- Demand for advanced energy services: home automation services, smart-home development, smart city data and systems management etc.
Choosing a path forward – understanding risk

Both paths have risk and reward and impact the ability to achieve success through industry change. The choice of a merger partner can amplify or mitigate these risks and rewards.

**Risks of choosing a stand-alone path to achieve Utility 2.0:**

- Lack of scale and financial capacity hinders ability to develop core or new services and/or respond to industry change in an uncertain future.
- Customers have full exposure to 2021 and 2026 rate resets.
- Risk of provincial government policy or regulatory change that forces merger or imposes penalties for not merging.
- Missed or delayed opportunity to realize merger savings for customers and shareholders.
- Inability to continue paying current levels of dividends in the long-term.
- Loss of first mover advantage to become lead consolidator in Southwestern Ontario.

**Risk of choosing to merge to achieve Utility 2.0:**

- Achieving less savings than projected for customers and shareholders due to integration challenges.
- Loss or dilution of control moving from single shareholder model to multi-shareholder models.
- Cultural alignment challenges between organizations.
GHESI Stand-alone Business Case Summary

As a standalone entity, GHESI is under the full control of the City. It can focus on a Guelph centric innovation plan to become the utility of the future, but the full investment burden and risk profile will fall on the City.

See detailed business case in Appendix B.

Merits
- City retains full control and can drive a Guelph centric strategy.
- Avoided transaction costs.
- Avoided merger risks.
- GHESI can develop and execute its own strategy for innovation.

Concerns
- Need to determine if this provides sufficient scale to enable innovation.
- Savings and efficiencies are limited to those that can be achieved on a standalone basis without regulatory incentives.
- Guelph customers exposed to rate resets in 2021 and 2026 which could increase distribution rates by 5% or higher in each of those years.
- Funding for innovation may need to be provided by shareholder either through reduced dividends or an infusion of new equity.
- GHESI lacks specific skillsets within the organization to proactively address the significant industry change in the near-term.
- Long-term damage to ability to realize future value through sale or merger due to decision not to merge.
- Risk of decline in value of LDC.
Mission Statement
Committed to providing customers with smart and simple energy choices, while creating sustainable value for our shareholders, customers, communities and employees.

Vision Statement
Committed to creating a future where people, businesses, and communities will benefit from energy’s full potential.

Alectra’s Story
Alectra Utilities is shaping the future of energy. The energy industry in Ontario is in the midst of change, and our organization is moving forward with the support of the unique communities we serve. Our focus is to provide safe, reliable and innovative energy solutions to families and businesses across the Greater Golden Horseshoe area.

Alectra Utilities is the culmination of four progressive and innovative electricity distributors that came together with a common vision – to be Canada’s leading electricity distribution and integrated energy solutions provider, creating a future whereby people, businesses and communities will benefit from energy’s full potential.
Alectra Corporate Structure

1 Util-Assist and PowerStream Energy Holdings Trust ("PEHT") subsidiaries not shown.

2 Brampton Hydro and Alectra Real Estate Holdings Inc. subsidiaries not shown. All of Brampton Hydro’s assets were transferred to AUC on March 2, 2017. Alectra Real Estate Holdings Inc. is the registered (but not beneficial) holder, as nominee and bare trustee for AUC, of real estate formerly owned by Brampton Hydro.
Organized operationally along three service areas within the Greater Toronto Hamilton Area (GTHA):

**Eastern Region** (Alliston, Aurora, Barrie, Beeton, Bradford West Gwillimbury, Markham, Penetanguishene, Richmond Hill, Thornton, Tottenham, and Vaughan), **Central Region** (Mississauga and Brampton), and **Western Region** (Hamilton and St. Catharines)

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<thead>
<tr>
<th>Region</th>
<th>Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Region</td>
<td>Alliston, Aurora, Barrie, Beeton, Bradford West Gwillimbury, Markham, Penetanguishene, Richmond Hill, Thornton, Tottenham, and Vaughan</td>
</tr>
<tr>
<td>Central Region</td>
<td>Brampton, Mississauga</td>
</tr>
<tr>
<td>Western Region</td>
<td>Hamilton, St. Catharines</td>
</tr>
</tbody>
</table>

**Infrastructure**
- 160 substations and >110,000 distribution transformers
- > 17,000 km of distribution lines
- Two call centres (St. Catharines and Vaughan)
- Two control rooms (Hamilton and Vaughan)
MISSION
Guelph Hydro will be ranked as one of Ontario’s top electrical utilities; trusted by stakeholders to provide continually increasing value while playing a role in the rapidly transforming energy sector.

VISION
Powering community well-being.

VALUES
1) Safety, Reliability and Efficiency
2) Caring Relationships
3) Innovation and Leadership
4) Environmental Stewardship

By pursuing this merger, GHESI is taken a further step forward to realize its vision.
GHESI Corporate Structure

City of Guelph

Guelph Municipal Holdings Inc.

Guelph Hydro Electric Systems Inc.

Envida Community Energy

Guelph Municipal Holdings Inc.
- The holding company for the business and corporate functions of GHESI and non-regulated entities
- No operating assets – only investments in subsidiaries

Guelph Hydro Electric Systems Inc.
- Regulated electricity distribution company that delivers electricity safely and reliably to more than 55,000 homes and businesses in the City of Guelph and the village of Rockwood, Ontario.
- 127 employees
- 420 KM of overhead lines with 712 KM of underground cable
GHESI

Serving the City of Guelph and the Village of Rockwood.

**Infrastructure**

- 5,903 transformers, 1 transformer station and 2 substations
- 10,765 poles
- 42 fleet vehicles
- 1,132 kms of line
- 1 rooftop solar MicroFit facility
Financial Matters
Valuation and Ownership Share

Process

• The Parties worked together to advance and refine the financial modelling of the merger and the valuation of each entity.

• Grant Thornton LLP has acted as financial advisor to GMHI throughout the process and has prepared a fairness opinion which confirms that the Proposed Merger is fair from a financial point of view.

• Grant Thornton LLP has also completed financial due diligence on Alectra, which is described later in this document.
Valuation and Ownership Share

Key Financial Outcomes for Guelph

- GMHI will become a 4.63% shareholder in Alectra.
- GMHI will receive a special dividend of $18.5M upon closing.
- GMHI will benefit from greater dividends as a shareholder in Alectra than it would have expected to realize on a stand-alone basis.
- GMHI will benefit from greater growth in the value of its investment due to the scale of Alectra and its focus leading industry change.
## Transaction Summary: Comparing Standalone to Merger

<table>
<thead>
<tr>
<th>Financial Position</th>
<th>Standalone</th>
<th>Merger</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Value at Closing</td>
<td>$129.4M</td>
<td>$129.4M</td>
<td>Current equity value – same under either scenario.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Growth in equity value in a merger with Alectra should be more robust than</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>on a standalone basis due to scale and significant innovation investment</td>
</tr>
<tr>
<td>Closing Adjustments</td>
<td>N/A</td>
<td>~$18.2M</td>
<td>To compensate GHESI for its more favourable expected Net Debt and working</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>capital positions relative to Alectra</td>
</tr>
<tr>
<td>Incremental Dividends</td>
<td>N/A</td>
<td>$10.1M</td>
<td>Guelph's estimated incremental dividends as a result of incremental</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>synergies and share of original Alectra synergies</td>
</tr>
<tr>
<td>Standalone Dividends (20 years from 2019-2038)</td>
<td>$91.2M</td>
<td>$91.2M</td>
<td>Base dividends same under either scenario (calculated as greater of $3M or</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>50% of Net income)</td>
</tr>
<tr>
<td>Total</td>
<td>$220.6M</td>
<td>$249.9M</td>
<td>Guelph is better off financially under a merger with Alectra than on a</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>standalone basis with ~$29 in additional cash through closing adjustments</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>and dividends, as well as greater potential equity value appreciation.</td>
</tr>
</tbody>
</table>
Ownership

Guelph will have a 4.63% ownership interest in Alectra resulting from the merger.

Alectra (post GHESI merger):

- City of Vaughan: 20.50%
- City of Mississauga: 26.60%
- City of Hamilton: 17.31%
- City of Markham: 15.00%
- City of Barrie: 8.37%
- City of St. Catharines: 4.63%
- City of Guelph: 4.63%
- OMERS Infrastructure: 2.96%
Guelph can expect significantly stronger total dividends (~$10.1M) over the 20 year forecast period due to the merger savings from the Guelph and original Alectra merger, level of customer growth and 60% dividend payout ratio that Alectra has adopted.
Relative to standing alone and undergoing two cost of service applications in 2021 and 2026, in a merger with Alectra, an average GHESI customer could expect to save approximately $45/year.
The efficiencies of the GHESI-Alectra merger and the original Alectra merger drive savings that allow Mergeco to realize reduced OM&A costs per customer than GHESI on a standalone basis.
Customer Matters
Customer benefits

**2019 to 2027**
Rate Increases Below Inflation

Overall, customers would be better off than the standalone option during the same period.

**Post 2027**
Cost savings

Every year thereafter, more than $5M of annual OM&A and capital synergies from GHESI, and approximately $50M in annual OM&A and capital synergies from the original Alectra merger will flow through entirely to the customers.

**Benefit to All Customers:** As a result of sharing in the significant savings, all customers of a consolidated utility are expected to benefit from lower distribution rates than what they would have to pay as customers of their respective utilities.

**Scale, Growth & Density:** Longer-term as rates are harmonized, Guelph will benefit as part of Alectra due to the high growth and customer density of the Alectra service territory as these demographics help keep rates lower, especially with the economies of scale generated by being part of a larger entity.
Ratemaking Considerations

During Sit-out Period

• **GHESI Stand-Alone Rate Zone:** GHESI will continue in its own stand-alone rate zone.

• **Alectra Legacy Rate Zones:** The other Alectra service territories will also continue in their own stand-alone rate zones.

• **Increases below Inflation:** During this time rates will continue under an Incentive Rate Mechanism ("IRM") which limits increases to inflation less an efficiency factor.

• **Significant Capital:** Alectra would have the option to ask the regulator to include additional amounts for larger specific capital projects that exceed a certain threshold, but it's unclear if Alectra will pursue these amounts or if the regulator will accept these requests.

After Sit-out Period

• **Re-base:** At the end of the sit-out period, rates will be reset to pass along all savings from the merger to customers. Re-basing is expected to pass through annual savings of $4.3M to Guelph customers, which result in an average annual distribution cost savings of approximately $45 per customer.

• **Harmonization:** Harmonizing rates across the Alectra service territories is a key Alectra objective, but will only be undertaken when it is clear there is no harm to customers (including industrial and commercial). The eventual harmonization of rates with the high growth, dense urban service territory will help further lower rates for Guelph customers relative to stand-alone expectations.
Customer benefits

Customer Experience and Service Benefits

• Access to greater resources when responding to major outage events.
• Improvements in overall customer experience through leveraging best practices of both utilities.
• **Reliability**: Committed to maintain or improve local reliability.
• **Infrastructure Upgrades**: Committed to local infrastructure upgrades identified in GHESI's system plan.
• **Southwest Ontario Operational Centre**: Preserve and enhance community presence by maintaining the existing operational centre for a minimum of 10 years.
• **Local Crews**: Local crews to respond to local outages.
• **Emergency Support**: Access to additional support (i.e. line crews, forestry crews, etc.) in the cases of high impact localized storms (e.g. 2013 Ice Storm).
• **Risk Mitigation**: Risk mitigation through geographic diversity of resources.
• **Future Proofing**: Future proofing our distribution systems with business continuity planning.
Customer benefits

Customer Experience and Service Benefits (continued)

- **Enhance services to customers:**
  - 24/7 Control Room with day-time staffed backup control room
  - Night time “technical” call centre to address outage calls
  - Night time social media support to keep customers and local politicians informed
  - 24/7 access to Customer Self-Serve

- **Committed to safety:** Safety is paramount within Alectra. Each of its legacy utilities have impressive histories. At the end of 2016, the consolidated results were 7.7M hours without a Loss-Time Injury.
Legal Matters
The planned merger will be effected as follows:

1. GMHI will transfer its shares in GHESI to Alectra Inc. (the parent company).
2. Alectra Inc. will issue shares to GMHI in exchange for the share transfer above.
3. GHESI and Alectra Utilities Corporation (Alectra’s regulated LDC) will amalgamate.
GMHI will get one permanent seat for an independent director on the Alectra Board. Board representation after a merger will be as shown in the table below.

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Appointees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enersource (Mississauga, OMERS)</td>
<td>4</td>
</tr>
<tr>
<td>Vaughan</td>
<td>3</td>
</tr>
<tr>
<td>Markham</td>
<td>2</td>
</tr>
<tr>
<td>Hamilton</td>
<td>2</td>
</tr>
<tr>
<td>Barrie.</td>
<td>1</td>
</tr>
<tr>
<td>St. Catharines</td>
<td>1</td>
</tr>
<tr>
<td>Guelph</td>
<td>1</td>
</tr>
</tbody>
</table>

Note that all of Alectra’s governance happens at the parent company (Alectra Inc.) level.
Protection Against Privatization

There are three types of protections against privatization in a proposed merger with Alectra:

1) **Unanimous Shareholders’ Agreement (USA) provisions:**

Alectra advises that its existing USA was the result of prolonged negotiation among the parties, none of whom planned to privatize, but who wanted to allow shareholders to sell their shares to the private sector should circumstances change in the future, provided a significant number wanted to do so.

2) **Tax disincentives:**

A transfer tax of 22% is payable on the fair market value of a transferred interest in an electricity distribution company unless the transferee is municipally- or provincially-owned. The USA places the burden of any tax impacts on shareholders selling to the private sector (where they are permitted to do so under the USA).

3) **Municipal Shareholders:**

All but one of Alectra’s seven ultimate shareholders is a nearby Ontario municipality (the other shareholder is OMERS). OMERS currently holds about 3% of Alectra’s shares, and the municipalities the other 97% – an overwhelming majority. Given the municipal character of Alectra’s shareholders, the GHESI Board may wish to place confidence in potentially coincident interests with respect to privatization.
Overview

There are two “main” contracts that would give effect to a merger:

- A Merger Participation Agreement (MPA) which defines how the merger will take place.
- A Unanimous Shareholders’ Agreement (USA) which defines the rights and obligations among the shareholders and the merged entity.

To facilitate negotiations with Alectra and the preparation of the Merger Participation Agreement and the Shareholders Agreement, GHESI, GMHI and the City have entered into arrangements with Alectra that require it to maintain the confidentiality of these documents. In addition, should the contemplated Alectra transaction not proceed, disclosure of the terms of these documents could result in considerable harm to the City’s future negotiating position with respect to GHESI.

The USA that would apply to a merger between Guelph Hydro and Alectra would be substantially similar to the USA that was entered into by Alectra’s founding shareholders, with the necessary changes in the particulars and a small number of negotiated changes.
Unanimous Shareholders' Agreement

The USA lays out the following:

- Guiding principles;
- Board representation;
- Dividend policy;
- Matters requiring unanimous and special shareholder approval;
- Share transfers and restrictions;
- Ability to reorganize into a limited partnership;
- Financing the corporation;
- Representations and warranties;
- Tax matters; and
- Shareholdings as at execution.
The MPA lays out the following:

• The overall transaction structure as noted above.
• GMHI’s percent ownership and the approach to closing adjustments.
• Closing deliveries by the respective parties.
• Representations and warranties of the respective parties.
• Covenants of the respective parties (both before and after the merger), including:
  − Rate harmonization by class
  − Job impacts and protection
  − Reliability and customer service
  − Branding
• Provisions relating to exclusivity.
• Provisions relating to the GRE&T Centre and the Southwest Ontario Operations Hub.
• Closing conditions of the respective parties.
• Indemnification.
• Termination.
Operational Matters
Southwest Operations Hub

Operating Philosophy
• Alectra’s operating strategy focuses on improving service delivery to customers, increasing shareholder value through growth and productivity improvements, improving internal operational efficiencies and asset utilization, and developing and maintaining highly skilled and motivated employees.

Operations Facility
• Alectra is committed to preserving and enhancing community presence in the City of Guelph by maintaining the existing operational centre for a minimum of 10 years. Alectra believes that local crews should respond to local outages, with the added support of Alectra’s other operating hubs in cases of emergency, severe storms, or specialized expertise. The Guelph Hydro facility is also ideally positioned for the Green Energy and Technology (GRE&T) centre.

• Alectra currently operates in three regions to service the legacy LDC territories:
  • Western Region: Horizon service territories
  • Central Region: Hydro One Brampton and Enersource service territories
  • Eastern Region: PowerStream service territories
Southwest Operations Hub

Operations Facility (continued)

- The proposed Southwest Operations Hub is ideally located in a separate community from Alectra’s existing facility locations.

- The SWO Hub will be a region on its own.

- At this office, a strong local leadership presence will exist to ensure the successful operation. This Guelph location is ideally situated based on practical considerations for both current and future operations in the region.
Green Energy & Technology ("GRE&T") Centre
GRE&T Centre

Change is needed

✓ The Local Distribution Companies (LDC) sector is experiencing a generational change from a centralized to decentralized energy delivery system that is moving away from fossil fuels and moving towards renewable distributed energy resources (DERs).

✓ These changing times call on industry for new ideas and a more integrated approach to providing solutions for customers. Ontario’s energy sector needs a new business model to adapt to future needs and stay ahead of the curve economically, environmentally, and socially.

✓ Alectra recognizes the industry is evolving. As part of the solution, Alectra is proposing to develop a new Green Energy & Technology Centre (GRE&T Centre) in Guelph.

✓ The GRE&T Centre will be a platform for supporting industry in this transformation by accelerating integrated energy solutions, and shaping the business model that we know today to align with tomorrow’s energy sector needs.
GRE&T Centre

GRE&T Centre Mandate

✓ The GRE&T Centre will identify, evaluate and develop emerging, green and customer-friendly energy solutions that will position Alectra as a next generation utility to help redefine the current LDC business model. The Centre will focus on engaging and building capacity for its customers, and will support businesses in bringing their green technologies to market.

✓ As a hub for green technology solutions, the GRE&T Centre will catalyze the commercialization and mass consumer adoption of green technology, serving as a bridge between the Research and Development (R&D) phase and the full commercialization of these technologies. This process will focus on: Energy efficiency; Conservation; Renewable energy; and Sustainable energy solutions for residential customers.

✓ Located at the existing Guelph Hydro Electric Systems Inc. (GHESI) head office building, the GRE&T Centre will be the centre of excellence for green solutions to be tried, tested and socially accepted in Guelph and the broader Alectra community.

Community Energy Initiative

✓ The GRE&T Centre will also be embedded in a culture determined to build economic clusters in areas of climate change mitigation and environmental sustainability. In turn, the Centre will support the City of Guelph’s strategies for environmental stewardship, job creation, innovation and prosperity.
Alignment Between the CEI and the GRE&T CENTRE

- Guelph is at the forefront of innovation in energy and climate change action – produced first-of-its-kind Community Energy Initiative (CEI), which is currently undergoing a 10-year update.
- The GRE&T Centre will work to compliment Guelph’s Community Energy Initiative by attracting new ventures and opportunities to adopt innovative technologies that will help shape a new LDC business model.
- The CEI aims to reduce per-capita energy consumption by 50% and per-capita greenhouse gas emissions by 60% over 2006 levels by 2031, by:
  - Using less energy, through increased efficiency
  - Making more energy, through local renewable energy generation
  - Using energy wisely, through integrated solutions for electricity, heating, and transportation
  - Building neighbourhoods that are energy smart by design, through intelligent urban planning

<table>
<thead>
<tr>
<th>GRE&amp;T Centre Benefits for the CEI</th>
<th>CEI benefits for the GRE&amp;T Centre</th>
</tr>
</thead>
<tbody>
<tr>
<td>An attractor for energy innovation and investment in the community</td>
<td>Clear municipal commitment to engage strategically in the transition to a post-carbon energy economy</td>
</tr>
<tr>
<td>A source of technology innovations that can help achieve CEI goals to reduce energy consumption and GHG emissions</td>
<td>Programs (e.g. energy efficiency) with similar objectives to LDC programming and potential synergies</td>
</tr>
<tr>
<td>Potential to expand CEI programs to other municipalities in Alectra service territory, reducing program overhead costs, increasing benefits, and increasing attractiveness to potential business partners</td>
<td>Programs (e.g. GEERS) which could provide a marketing channel to introduce products and services coming through the GRE&amp;T Centre</td>
</tr>
</tbody>
</table>
Objectives and Commercialization Process

As part of its decision-making process for determining the viability of green technology solutions for customers, the GRE&T Centre will look at the following:

- **Mega Trends** *(i.e. Artificial Intelligence, Internet of Things and Blockchain Technology)*
- **Technology Domains** *(i.e. EV Integration, Low Carbon Community and Accelerator)*
- **Pillars** *(i.e. Building Expertise, Engagement and Experience)*

<table>
<thead>
<tr>
<th>GRE&amp;T Centre Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Talent:</strong> Attract and grow talent in Guelph by providing entrepreneurs and start-ups with a platform for success.</td>
</tr>
<tr>
<td><strong>Community:</strong> Focus on community engagement for green solutions through education and awareness.</td>
</tr>
<tr>
<td><strong>Innovation:</strong> Position the GRE&amp;T Centre as a hub for eco-entrepreneurship and cutting-edge energy solutions to help evolve Ontario’s business model and advance Alectra’s goal of becoming a next generation utility.</td>
</tr>
</tbody>
</table>
GRE&T Centre

GRE&T Centre Budget

✓ The GRE&T Centre will be staffed by approximately eight to ten professionals, and will operate on an estimated capital budget of $5 million to remodel the legacy GHESI headquarters for demonstration, laboratory or showrooms.

✓ It is projected that the GRE&T Centre will also have a annual operating budget of $3 million for pilots, demonstrations, salaries, general administration, marketing, and partnerships.

Stakeholder Engagement

✓ Alectra and the City of Guelph hosted four GRE&T Centre consultation sessions over the month of November 2017. These sessions engaged well over 75 stakeholders representing Guelph community organizations, Guelph Hydro, City of Guelph, as well as technology and innovation companies, energy experts, consultants, and academics. The consultation sessions highlighted customer outreach as the most important theme for the Centre, with an emphasis on engaging with and building capacity for customers and homeowners.

➢ Next steps will include the establishment of a transitional working group to build on the details outlined in the GRE&T Centre Strategic Business Plan, starting in early 2018.
GRE&T Centre

SUCCESSFUL OUTCOMES
- Skill set / talent hub in community
- Successful start-ups in community
- New revenue / business models for Alestra
- Intellectual property
- Social / ecosystem acceptance
- Regulatory acceptance

Proof of concept
Demonstration
Integration
Training, education & awareness
Accelerator for start-ups

Stakeholder & community engagement

Solar + Storage
Integrator
POWER.HOUSE

Solar + Storage + EV Charging + Energy Efficiency
POWER.HOUSE

Solar + Storage + Demand Response
Accelerator
Virtual Power Plant

Microgrid + Storage
Microgrid as a Service

Collaboration Process
Concept to Reality
Real Solutions
For All Customers

Intangible: Build Expertise
Tangible: Build Experience
Community Engagement
Human Resources
Alectra Employee Philosophy

Overview

During the development of the Alectra deal and thereafter during integration, people issues were a key component of all integration matters. Alectra’s top leadership took a strong stand and made commitments to delivering the following key People related activities with excellence:

• Developing Values for the company to live by
• Articulating the culture Alectra should be built on
• Seeking synergies through many avenues, not only headcount reductions
• Targeting to reduce all vacant jobs before staffed jobs
• Developing fair and targeted voluntary severance packages (VSPs)
• Minimizing the volume of involuntary severances as much as possible
• Developing a fair and transparent job selection process
• Staffing the organization as quickly as possible
• Ensuring to the degree possible, corporate balance while staffing leadership roles
• Communicating frequently, accurately and with integrity
Organizational Impact

• Guelph Hydro employs about 130 people. About 70 of those existing positions have been identified as needing to remain in Guelph to ensure the smooth operation of the Southwestern Regional Operations Centre. These are operations-type positions, and they would remain unchanged.

• About half of the remaining positions would be offered relocation opportunities starting in 2019, with the majority of moves occurring between 2020 and 2022. We expect the other positions to be addressed through attrition, voluntary retirement, or voluntary separation wherever possible.

• Guelph Hydro employees will be treated equitably and with respect. Fair programs will be developed to support employees should they wish to transition from the organization voluntarily.
Due Diligence
Due Diligence Process

Financial
Financial due diligence was performed by Grant Thornton LLP, in collaboration with GHESI leadership, based upon an agreed scope of work that was risk focused. Given the recent merger which formed Alectra, efforts were made to leverage any legacy material from that merger.

Grant Thornton prepared a financial due diligence report, which identified no critical issues. A summary of the report is summarized in the following pages. Further detail has been provided and reviewed with GHESI management.

Legal
Legal due diligence is being performed by Aird & Berlis LLP, in collaboration with GHESI leadership. Given the recent merger which formed Alectra, efforts were made to leverage any legacy material from that merger.

Aird & Berlis is in the process of reviewing information and will issue an interim due diligence report as an addendum to Council which summarizes its findings. No critical issues have been identified to date.

Operational
Financial due diligence was performed by MetsCo, in collaboration with GHESI leadership, based upon an agreed scope of work that was risk focused. Given the recent merger which formed Alectra, efforts were made to leverage any legacy material from that merger.

METSCO Energy Solutions Inc. ("Metsco") has prepared an interim technical due diligence report (see attached appendix for further detail). Further detail has been provided and reviewed with GHESI management. A summary of the report is summarized in the following pages.
Conclusion
The Proposed Merger better positions GHESI, as part of Alectra, to realize the opportunity created in this rapidly changing industry, provides clear value for customers, and significant new investment in Guelph that's aligned with the Community Energy Plan.

The Proposed Merger would allow GHESI to achieve the following as part of Alectra:

- **Total cost savings**
  - OM&A synergies from GHESI (sitout – 8 years) $28.5M Shareholders & Customers
  - Capital synergies from GHESI (sitout – 8 years) $3.8M Shareholders & Customers
  - OM&A synergies from GHESI (15 years beyond sitout) $73.7M Customers only
  - Total cash savings from Alectra merger with GHESI $106M
  - Total cash savings from original Alectra merger (during sitout) $426M Shareholders & Customers
  - Total cash savings $532M

- More moderate distribution rate increases than customers would experience if Guelph Hydro maintained full ownership
- Development of **Green Energy & Technology Centre** in Guelph
- Become Alectra **regional operating hub** for Southwest Ontario
- **Stronger and more sustainable dividend**
- Alectra will help enhance Guelph Hydro as **strong energy and infrastructure partner** for our local business and the community
Recommendation

On October 5, 2017, Council approved the recommendation from the Strategies and Options Committee that GMHI enter into exclusive discussions with Alectra regarding a merger between Alectra and GHESI, which was also approved by the Boards of GMHI and GHESI.

- Since that time, the Parties have advanced the following:
  - formal valuations;
  - financial modelling of the shareholder and customer impact from the Proposed Merger;
  - financial, legal and operational due diligence;
  - preparation & negotiation of legal agreements;
  - development of a business case for the GRE&T Centre;
  - operational planning; and
  - continued community engagement.

- The GHESI Board of Directors received an update on November 23, 2017 and are to meet on December 5, 2017 for final approval.
Appendix A

Key Concepts in Ontario LDC Mergers
Key Concepts in Utility Mergers

- **Sit out period**: Period of up to 10 years where LDC shareholders are allowed to retain the cost savings arising from the merger prior to having these savings go to customers under reduced rates.

- **No Harm test**: Ontario Energy Board ("OEB") defined ‘hurdle’ for mergers to be allowed where customers are unharmed from the perspective of rates and services. Rates would be expected to be equal to or lower than they otherwise would be without the merger AND service levels (customer services, reliability and other OEB standards) would be equal to or better than they otherwise would be without the merger.

- **MAADs approval process**: After the shareholders agree to a merger, an application is filed with the OEB for approval (Merger, Acquisition, Amalgamation and Divestitures application). The application must provide evidence of meeting the ‘no harm test’ for customers and explain the cost savings that result from the merger.

- **IRM Rate Adjustment**: Incentive Rate Setting Mechanism (IRM) is one form of rate setting under the OEB rules where rates are increased roughly equal to inflation with a reduction for expected improvements in productivity. The IRM distribution rate increase for GHESI in 2017 was 1.6%. GHESI (and other LDCs on IRM in 2018) have just received their IRM increases for 2018 – 0.9%.

- **Rate Harmonization**: During the 10 year sit out period, customers will have differing rates (based on their rates prior to the merger). After the 10 year sit out period, the OEB will require a proposal to harmonize distribution rates over a period of time. There is no ‘rule’ for that time period and each case is reviewed individually.
How is the value allocated to customers and shareholders?

**Sit-out Period**
(Year 0 to ~10)

Value created through efficiencies is distributed to **shareholders** through increased **dividends** and / or **re-invested** to fund Utility 2.0

**Post Sit-Out Period**
(Year ~10 and beyond)

Value created through efficiencies is used to **harmonize rates** into a common rate structure for all customers and **help lower costs to customers.**

Year 10 – Rates could be harmonized after the sitout period if merger synergies lead to lower overall rates compared with the pre sitout period.
Appendix B
Additional Alectra Background Information
Alectra was created through the amalgamation of PowerStream Holdings Inc. ("PowerStream Holdings"), Enersource Holdings Inc. ("Enersource"), and Horizon Holdings Inc. ("Horizon") on January 31, 2017.

Alectra Utilities Corporation ("AUC") was formed through the amalgamation of the predecessor electricity distributors: PowerStream Inc. ("PowerStream"), Enersource Hydro Mississauga Inc. ("Enersource Hydro"), and Horizon Utilities Corporation ("Horizon Utilities") on January 31, 2017. On February 28, 2017, AUC acquired all of the shares of Hydro One Brampton Networks Inc. ("Brampton Hydro"), with assets moved to AUC on March 2, 2017.

AUC is the second largest municipally-owned electric utility by customer base in North America, second only to the Los Angeles Department of Water and Power.

Organized operationally along three service areas within the GTHA¹: Western Region (Hamilton and St. Catharines), Central Region (Mississauga and Brampton), and Eastern Region (Vaughan, Markham, Barrie and eight other communities).

Alectra is indirectly owned by five municipal shareholders (the cities of Vaughan, Hamilton, Markham, Barrie and St. Catharines) and Enersource Corporation, which is owned by the City of Mississauga (90%) and OMERS Infrastructure Management Inc. ("OMERS Infrastructure") (10%).

Substantially a regulated utility with low earnings volatility.

AUC is regulated under a combination of cost of service and incentive regulation methodology by the Ontario Energy Board ("OEB").

Approximately 1,630 full time employees.
Alectra Snapshot

2016 Number of Customers

- Residential: 970,580 (91%)
- GS < 50kW: 8%
- GS >= 50kW: 1%
- Large User (less than 1%)

2016 Proportion of Distribution Revenue

- Residential: 51%
- GS < 50kW: 14%
- GS >= 50kW and Large User: 33%
- Unmetered Scattered Load Connections: 2%

$508MM

Alectra Historical Capital Expenditures

- 2012: $228.8
- 2013: $219.2
- 2014: $235.6
- 2015: $343.0
- 2016: $251.0
- 2017F: $295.1

1 For illustrative purposes, historical capital expenditures were derived by summing up the annual capital expenditures net of capital contributions of each of the predecessor distributors.
## Alectra Operating Statistics

### Comparison of 2016 Operating Statistics

<table>
<thead>
<tr>
<th></th>
<th>2015 Ontario LDC Average(^1)</th>
<th>PowerStream</th>
<th>Enersource Hydro</th>
<th>Brampton Hydro</th>
<th>Horizon Utilities</th>
<th>AUC(^4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Customers</td>
<td>71,194</td>
<td>363,107</td>
<td>204,728</td>
<td>158,631</td>
<td>244,114</td>
<td>970,580</td>
</tr>
<tr>
<td>Average Peak KW</td>
<td>263,034</td>
<td>1,477,397</td>
<td>1,172,064</td>
<td>664,308</td>
<td>855,610</td>
<td>4,169,379</td>
</tr>
<tr>
<td>Total GWh Delivered</td>
<td>1,689</td>
<td>8,832</td>
<td>7,328</td>
<td>4,030</td>
<td>5,401</td>
<td>25,592</td>
</tr>
<tr>
<td>Distribution Losses as a</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of GWh Delivered</td>
<td>3.87%</td>
<td>3.20%</td>
<td>3.29%</td>
<td>2.94%</td>
<td>3.12%</td>
<td>3.17%</td>
</tr>
<tr>
<td>OM&amp;A per Customer</td>
<td>319</td>
<td>238</td>
<td>307</td>
<td>199</td>
<td>256</td>
<td>251</td>
</tr>
<tr>
<td>5 year Average SAIDI(^2)</td>
<td>4.64</td>
<td>3.21</td>
<td>0.85</td>
<td>2.55</td>
<td>2.16</td>
<td>2.45</td>
</tr>
<tr>
<td>5 year Average SAIFI(^3)</td>
<td>2.15</td>
<td>1.63</td>
<td>1.27</td>
<td>1.34</td>
<td>1.83</td>
<td>1.41</td>
</tr>
</tbody>
</table>

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1 Source: 2016 operating costs per customer estimated by Alectra management; 2015 Ontario LDC average based on OEB, Yearbook of Electricity Distributors 2015.

2 System Average Interruption Duration Index, the average outage duration for each customer served in hours.

3 System Average Interruption Frequency Index, the average number of interruptions that a customer would experience per year.

4 Alectra Utilities Corporation, developed by combining operating statistics of predecessor distributors as of December 31, 2016.
# Alectra Strategy

## Strategy Overview

<table>
<thead>
<tr>
<th>THEMES (What we do)</th>
<th>MANAGING THE TRANSITION</th>
<th>OPTIMIZING OPERATIONS AND ENHANCING CUSTOMER EXPERIENCE</th>
<th>GROWING THE BUSINESS</th>
<th>BUILDING CORPORATE RESILIENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOALS (What we want to achieve in the next 5 years)</td>
<td>Deliver the outcomes planned in the merger business case</td>
<td>Optimize the operation of assets and related processes and enhance customer experience</td>
<td>Grow the core business through mergers and acquisitions and regional and community planning initiatives Grow the non-regulated business</td>
<td>Invest in our people and processes to meet the needs of our customers and stakeholders</td>
</tr>
<tr>
<td>STRATEGIC OBJECTIVES (How we will achieve our goals)</td>
<td>• Achieve the post merger integration synergies and shareholder dividends outlined in the merger business case&lt;br&gt;• Maintain or exceed existing customer service levels, reliability performance and employee engagement&lt;br&gt;• Evolve the separate corporate cultures into a MergeCo culture&lt;br&gt;• Continue to make process improvements for best-in-class status</td>
<td>• Optimize operations and asset lifecycle management and related processes regarding asset rehabilitation and renewal&lt;br&gt;• Invest in and leverage emerging technologies to enable and enhance operations optimization&lt;br&gt;• Enhance grid integration to enable continued conservation &amp; demand management and distributed generation endeavors&lt;br&gt;• Enhance reliability through smart grid initiatives&lt;br&gt;• Advocate for more predictable and balanced rate regulation to protect existing revenue teams and to acquire new revenue streams&lt;br&gt;• Enhance customer engagement and leverage through various channels/technologies including social media</td>
<td>Core business:&lt;br&gt;• Service organic growth requirements by building integrated regional and community smart energy plans promoting sustainability, affordability and reliability&lt;br&gt;• Continue to explore and pursue merger and acquisition opportunities that are value accretive with a preference to greater urban density and geographic contiguity and expand our service area to the full extent of our municipal boundaries&lt;br&gt;Non-regulated business:&lt;br&gt;• Build on existing non-regulated lines of business in multiple jurisdictions to enhance the integrated energy solutions model (i.e. solar renewables, high voltage electrical servicing, sub-metering, meter service provider services)&lt;br&gt;• Explore and pursue emerging opportunities that have the appropriate risk profile and rate of return and are complimentary to the existing asset-based businesses. Explore the feasibility of future technologies and investments&lt;br&gt;• Develop market segmentation studies, financing plans and value propositions for each of the emerging lines of business</td>
<td>• Strengthen the development and engagement of our employees.&lt;br&gt;• Attract and retain the best talent.&lt;br&gt;• Be a focused, sustainable and flexible organization positioned to succeed in the evolving market and energy industry</td>
</tr>
</tbody>
</table>
Alectra Innovation Strategy

Within a Guelph Hydro – Alectra merger, Guelph will be part of a very motivated and active partnership exploring and showcasing emerging technologies. Alectra offers a stake in developing and commercializing the next generation of products, services and solutions for all customers.

Projects underway:

- Penetanguishene Utility-Scale Microgrid
- Cityview ICI Microgrid Demonstration site:
- Power.House Residential Solar & Storage Microgrid
- Power.House Feasibility Study with IESO – 20 Homes in pilot and planned for 30,000 units and 140 local MWs
- Net Zero Energy Emissions Initiative - Pre-Pilot Proposal
Within a Guelph Hydro – Alectra merger, Guelph will be part of a very motivated and active partnership exploring and showcasing emerging technologies. Alectra offers a stake in developing and commercializing the next generation of products, services and solutions for all customers.

Projects underway (continued):

- Smart EV Charging for Workplace
- Advantage Power Pricing
- Rogers Residential Energy Management Program
- OEB Regulated Price Plan Pilots
- Legacy: PowerStream operates 18.3MW in 88 Solar PV projects; has relationships with Markham District Energy and Hamilton Community Energy
- Board Commitment (April 2017) – Approved strategy to invest in new growth opportunities
Alectra Employee Impact Approach: Previous Mergers

- Alectra spent significant time developing its synergy strategy in order to minimize the impact on staff and maximize headcount synergies through attrition, job vacancies and self-selection via VSPs.
- The Alectra VSP program targeted staff close to retirement as well as recently hired staff via financial packages that were more generous than common law severance.
- Only jobs with more talent than job opportunities were offered VSPs thus it accepted 89% of employees' VSP applications.
- The few staff whose application was declined were quickly placed into permanent roles following career discussions to ensure their ultimate satisfaction.
- The Alectra staffing process considered the needs, preferences and career plans of participating employees balanced against the staffing needs of the organization.
- This process included both direct appointments as well as a competitive interviewing process when multiple qualified candidates existed for one role.
Appendix C

GHESI Stand-Alone
By continuing as a standalone independent utility, the City of Guelph will retain full control of GHESI and its strategic direction.

As a standalone entity, GHESI will be able to continue with the following:

- Pursue **cost savings** to improve its return on equity to the OEB allowed rate. Should these costs not be realized, an additional $1M in cash flow for re-investment or shareholder dividends.
- The ability to increase leadership focus on innovation and growth and develop **Guelph centric strategies to realize the opportunity** created by industry change.
- **A 100% locally-owned company fully located in Guelph** that creates continued local employment and economic benefits.
- GHESI can be a locally focused **strong energy and infrastructure partner** for the local community as well as Guelph and Rockwood businesses.
- Avoided transaction costs.
- Avoided merger risks.
Moving to the Utility of the Future

Stand Alone Path – Considerations

• *Operationally focused*: To date, GHESI's strategy has been focused on achieving its core operational objectives in the most cost efficient manner possible balanced with a low risk profile and protecting the dividend to the City.

• *GHESI Innovation*: In addition to its focus on operational excellence, GHESI has been able to develop and invest in research in new technologies, such as its flywheel and microgrid projects. This demonstrates its ability to innovate.

• *Pace of Change*: GHESI recognizes pace of industry change and the opportunity it creates.

• *Need to invest*: To move to the next level of innovation and be a strong and vibrant company for the long-term, GHESI needs to invest in dedicated innovation resources / people, as well as more significant capital projects to develop new technologies, assets and capabilities.
Strategies to achieve Utility 2.0 as an independent company

• *Achieve allowed ROE*: Focus on cost efficiencies to improve cash flow for investment by achieving allowed return on equity. Currently GHESI generates a return on equity below the allowed level due to capital expenditure timing and other factors. An increased focus on achieving significant efficiencies on a standalone basis could be used to achieve the allowed return on equity, but this would require decision-makers to accept a leaner operating model.

• *Focused innovation*: Target strategy and investment in areas that are already advancing rapidly and with most potential & impact:
  - **Clean technology & distributed generation**: energy efficiency, microgeneration, electric vehicle charging infrastructure and energy storage
  - **Information & systems management**: fault detection & mitigation technologies and green button standard to access to utility information.
  - **Service provision**: Provide enabling services and engage customers with pilot projects.
Moving to the Utility of the Future

Strategies to achieve Utility 2.0 as an independent company

- **Co-operatives**: Use co-operative models, such as Grid Smart City, to realize efficiencies.
- **Shared services**: Increase focus on achieving shared services with other utilities to create efficiencies and new revenue streams.
- **Build expertise**: Build in-house expertise in innovation and growth capability to develop and deliver innovation strategy.
- **Access funding**: Increase focus on accessing government funding to expand access to capital.
- **Partnerships**: Pursue partnerships to share risk and reward of new investments and business.
Moving to the Utility of the Future

GHESI strengths to build upon

• **Stability**: A stable core business and capability.
• **Community**: A community that is engaged and supportive of innovation and sustainability.
• **Shareholder**: A shareholder with strategies focused on innovation and sustainability.
• **Innovation**: A history of innovation and successful projects (solar, landfill gas, flywheel, etc.)
• **Leadership**: A highly engaged leadership group and workforce with a desire to create a "made in Guelph" platform for innovation
• **Learnings**: Learnings from this process on differing approaches to innovation and past challenges in new project development.
Moving to the Utility of the Future

GHESI challenges to overcome

• *Rate pressure:* Near-term upward rate pressure expected in 2021 and 2026 with next scheduled rate resets due to required capital investment in utility infrastructure.

• *Change & competition:* Rapid pace of industry change and competition from larger players with greater resources.

• *Skills Gap/Limited depth:* Limited organizational depth in innovation; not having the skills to assess, react, and manage the impending industry change.

• *Financial constraints:* Limited financial scale due to need to invest in core distribution capital and maintain a stable dividend to the shareholder.

• *Risk averse:* A shareholder who may be risk averse to investment in new projects.

• *Small Portfolio:* Less ability to take a portfolio approach to new investment due to limited capital (i.e. we have to pick the right places for investment).

• *Government relations:* Given GHESI’s current size, it doesn’t have the ability to significantly influence government relations at the provincial or federal level.
What resources does GHESI need?

- **Alignment with decision-makers**: An agreement with the Board of Directors and Shareholder that all parties want GHESI to pursue a strategy of becoming an innovation leader that will develop and execute a strategy to realize the opportunity created by industry change.

- **Patience**: Recognition that this will take time to achieve and require patience from all stakeholders.

- **Operating budget**: $1M to $2M annual operating budget to develop a strategy to become a leader in innovation in the region and build dedicated innovation leadership and capability.

- **Dividend**: Recognition that this could negatively impact GHESI's desire to grow the dividend.
What resources does GHESI need? (continued)

- **Capital:** Access to capital injections to support innovation projects of scale that would significantly build and enhance GHESI's position.

As an example, a community distributed generation pilot project of 50 homes and 2 large customers would require the following investment:

- ~ 10 fast charging EV chargers – $0.6M to $0.8M ($60K to $80K per unit);
- ~ 50 Solar/Battery home units – $2.0M ($40K per house plus operating costs);
- ~ 2 Large-scale battery storage costs – $4M;
- ~ Total required investment – $6M to $7M

In making some of the above investments, there would be an opportunity to alleviate or delay significant transformer investments.
What resources does GHESI need? (continued)

- GHESI recognizes that partners can be sought for these projects if they have sufficient likelihood of positive cashflow and that earlier staged innovation projects may be able to access government funding.

- It is important to recognize that its capital strategy as a standalone entity would require additional capital from the shareholder as part of its funding sources.

It is not unreasonable to expect $10M of equity investment could be needed over 5-10 years.
Moving to the Utility of the Future

What does success look like?

• GHESI customer expectations are met or exceeded.
• GHESI could be a successful and independent innovation company that realizes the opportunity created by industry change and creates value for Guelph as a shareholder and as a community.
• Value creation would be solely to the benefit of Guelph.
• Guelph could focus its strategy in the areas that are most meaningful to Guelph and aligned with other Guelph strategies (Community Energy Plan, Guelph Innovation District, etc.)
• All GHESI leadership and operations remain based in Guelph.
Moving to the Utility of the Future

What are the risks of moving to Utility 2.0?

- There is a likelihood that the dividend could be impacted in the near to medium term by investment in innovation. At a minimum, GMHI may need to continue paying the City $1.5 million in annual dividends and re-invest the remainder in innovation projects.

- There is a risk that the opportunities pursued may not be successful.

- There is a risk that the innovation strategy may not be sufficient or fast enough for GHESI to realize the opportunity created by industry change, which could impact the future value of the utility or strategic options available.

- Guelph customers exposed to higher power distribution rates, particularly in 2021 and 2026, which would impact economics of local businesses and community.

- There is a risk of decline in the market value of LDC businesses in Ontario.
What are the risks of not moving to Utility 2.0?

- There is a risk that the local economy and community could be challenged if the LDC is not aligned with new market expectations and needs as businesses may not choose to locate or stay in Guelph.

- There is a risk that community growth could decline if customers believe the LDC is not aligned with their expectations and needs, as some people may choose to live in another community.

- There is a risk that the value of the LDC could decline as it is not aligned with new market expectations and needs.

- There is a risk that the dividend could decline or become unsustainable if profitability declines because the LDC is not aligned with new market expectations and needs.
Conclusions

As a standalone entity, GHESI is under the full control of the City. It can focus on a Guelph centric innovation plan to become the utility of the future, but the full investment burden and risk profile will fall on the City.

**Merits**
- City retains full control and can drive a Guelph centric strategy.
- Avoided transaction costs.
- Avoided merger risks.
- GHESI can develop and execute its own strategy for innovation.

**Concerns**
- Need to determine if this provides sufficient scale to enable innovation.
- Savings and efficiencies are limited to those that can be achieved on a standalone basis without regulatory incentives.
- Guelph customers exposed to rate resets in 2021 and 2026 which could increase distribution rates by 4% to 5% in each of those years.
- Funding for innovation may need to be provided by shareholder either through reduced dividends or an infusion of new equity.
- GHESI lacks specific skillsets within the organization to proactively address the significant industry change in the near-term.
- Long-term damage to ability to realize future value through sale or merger due to decision not to merge.
- Risk of decline in value of LDC.
GRE&T CENTRE

STRATEGIC BUSINESS PLAN

Monday, November 27, 2017
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INTRODUCTION

Unprecedented changes in Ontario’s electrical utility industry have given Local Distribution Companies (LDCs) exciting new opportunities to evolve their business models. Within this context of change, LDCs are well positioned to connect customers with energy services that will help them manage both their usage and their costs.

Alectra’s goal is to transform from a traditional electrical utility into an integrated, innovative, energy solutions provider that plans, designs and implements on and off-grid services with a focus on green energy. This transformation will contribute to a new LDC business model that evolves in concert with the changing times.

As part of its desire to collaborate with the City of Guelph, Alectra is proposing the advent of a new Green Energy & Technology Centre (GRE&T Centre) in the community. The Centre will strive to assist businesses in bringing their green technology solutions to market through its accelerator services, while raising customer awareness and helping to integrate these solutions within Guelph and the broader Alectra community.

Accordingly, the GRE&T Centre will play a substantial role in helping evolve the LDC business model. This high-level strategic business plan outlines how the Centre will accomplish these objectives to provide its entire customer base with better service.
EXECUTIVE SUMMARY

- **PROBLEM STATEMENT:** The current business model for Ontario’s energy sector is quickly becoming outdated, especially within the context of Local Distribution Companies (LDCs). These changing times call on industry to provide customers with new green solutions.

- **ADDRESSING THE PROBLEM:** The GRE&T Centre will be the centre of excellence where new green solutions will be tried, tested and socially accepted. The Centre will identify, evaluate and develop emerging, green and customer-friendly energy solutions that will position Alectra as a next generation utility.
  - The GRE&T Centre will focus on engaging and building capacity for its customers, and supporting businesses in bringing green technologies to market.
  - The GRE&T Centre will be located at the existing Guelph Hydro Electric Systems Inc. (GHESI) head office building in Guelph.

- **PARTNERING WITH GUELPH:** Guelph is a perfect fit and host for Alectra’s GRE&T Centre given its significant community assets, such as recycling initiatives (Blue Box program), water conservation efforts (Royal Flush), the Guelph Energy Efficiency Retrofit Strategy (GEERS), and the Energy, Water and Climate Change (EWaCC) working group, among other assets. The GRE&T Centre will work to compliment Guelph’s Community Energy Initiative by attracting new ventures and opportunities to adopt innovative technologies that will help shape a new LDC business model. The GRE&T Centre will also be embedded in a culture determined to build economic clusters in areas of climate change mitigation and environmental sustainability. In turn, the Centre will support the City of Guelph’s strategies for environmental stewardship, job creation, innovation and prosperity.

- **STRATEGY:** The GRE&T Centre’s decision-making process will be guided by an Advisory Committee on what green technology solutions should be brought to market. The decision-making process will be comprised of the following:
  - **Mega Trends:** The Centre will get its direction from Alectra for analyzing mega trends when identifying qualifying technologies or projects, such as Artificial Intelligence (AI) and Big Data, Internet of Things (IoT), and Blockchain and Transactive Energy.
- **Technology Domains:** The Centre will initially look to champion green energy projects that fit into three domains that promote managed Electric Vehicle (EV) Integration, Low Carbon Community and Eco-Entrepreneurship (Accelerator).

- **Pillars:** The Centre’s strategy for evaluating emerging technologies and integrating solutions into Guelph and Alectra communities abroad will revolve around three pillars of building expertise, engagement and experience.

- **PILOT PROJECTS:** Alectra currently has many pilot projects in the communities it serves. Guelph customers can expect the GRE&T Centre to roll out similar projects, such as:
  - **Managed EV Charging Infrastructure Expansion** in workplaces and residential areas.
  - **POWER.HOUSE** pilot is Alectra’s first Virtual Power Plant – an aggregate fleet of 20 distributed energy resources (DERs) located at customer homes that can be autonomously controlled through intelligent software to simulate a single, larger generating facility.
  - **Promoting Markham’s Net-Zero Energy Emission (NZEE) community.** Alectra, the City of Markham and Enbridge Gas Distribution Inc. are pursuing a project to test and offer optimal integrated solutions for residential, commercial and industrial (C&I), and community-scale sectors that are integrating land use, electrical energy, thermal energy, and a smart EV charging network to move towards Markham’s NZEE community.
  - **Advantage Power Pricing** is an alternate pricing program layered in with smart thermostat technology to offer customers a convenient way to save money on electricity, while also reducing peak demand – with a much more significant impact than regular Time-of-Use pricing.

- **ALIGNING WITH GOVERNMENT PRIORITIES:** The Ontario government recently released its Long-Term Energy Plan (LTEP). The LTEP sets the government’s vision for grid modernization in Ontario, which focuses on “providing LDCs the right environment to invest in innovative solutions that make their systems more efficient, reliable, and cost-effective, and provide more customer choice.”¹ Alectra will ensure that the Centre is aligned with federal and provincial government policy objectives. Further, Alectra will develop comprehensive communications and marketing strategies to engage the community of Guelph, the broader Alectra service territory, Ontario government, federal government, and industry.

- **FINANCIAL BUDGET:** The GRE&T Centre will be staffed by approximately seven to fifteen professionals, and will operate on an estimated budget of $5 - $7 million to remodel the South West Operations Centre for demonstration, laboratory or showrooms. It is projected that the Centre will also have a budget of $3 - $6 million in annual expenditure for pilots, demonstrations, salaries, general administration, marketing, and partnerships.

• **POTENTIAL PARTNERSHIPS:** The GRE&T Centre will seek to collaborate with industry, academic and knowledge partners to integrate and test customer acceptance of new, innovative technology solutions. Examples include, but are not limited to:

  o **Industry:** companies involved in solar photovoltaic energy, wind energy, energy storage, micro grids, smart grids, and electric vehicles (EVs).

  o **Academic:** working with academic institutions, such as the University of Guelph, University of Waterloo, McMaster University, and Ryerson University, among others.

  o **Knowledge:** working with organizations like Plug’n Drive, the Electric Power Research Institute (EPRI), Advanced Energy Centre and MaRS.

• **STAKEHOLDER ENGAGEMENT:** Alectra hosted four GRE&T Centre consultation sessions over the month of November 2017. These sessions engaged well over 75 stakeholders representing Guelph community organizations, Guelph Hydro, City of Guelph, as well as technology and innovation companies, energy experts, consultants, and academics. The consultation sessions highlighted customer outreach as the most important theme for the Centre, with an emphasis on engaging with and building capacity for customers and homeowners.

• **NEXT STEPS:** This high-level strategic business plan is an early conceptual guiding document that will to continue to evolve in subsequent phases of work. As a next step, Alectra will establish a transitional working group to build on the details outlined in this plan starting in early 2018.
OVERVIEW

The GRE&T Centre will identify, evaluate and develop emerging, green and customer-friendly energy solutions that will position Alectra as a next generation utility to help redefine the current LDC business model. The Centre will focus on engaging and building capacity for its customers, and will support businesses in bringing their green technologies to market.

PROBLEM STATEMENT

The current business model for Ontario’s energy sector is quickly becoming outdated, especially as it relates to Local Distribution Companies (LDCs). The sector is experiencing a generational change from a centralized to a decentralized energy delivery system; one moving away from fossil fuels and moving towards renewable distributed energy resources (DERs). Low-cost renewable DERs and storage, combined with digital intelligence and communication are reshaping the landscape. Customers want more sustainable options from their energy suppliers, leading to a more decentralized energy ecosystem. These changing times call on industry for new ideas and a more integrated approach to providing solutions for customers. Ontario’s energy sector needs a new business model to adapt to future needs and stay ahead of the curve economically, environmentally, and socially.
ADDRESSING THE PROBLEM
Alectra recognizes the industry is evolving. As part of the solution, Alectra will work with the Guelph community to advance a shared vision for the transforming industry. The GRE&T Centre will support the industry in this transformation by accelerating socially accepted and integrated energy solutions, creating a platform to engage customers, and shaping the industry business model to align with tomorrow’s energy sector needs.

MANDATE
The GRE&T Centre’s mandate is to identify, evaluate, develop and deploy emerging, green and customer-friendly energy solutions that will position Alectra as a next generation utility to help redefine the current LDC business model. The Centre will focus on engaging and building capacity for its customers. The Centre will also support businesses in bringing green technologies to market. As a hub for green technology solutions, the GRE&T Centre will catalyze the commercialization and mass consumer adoption of green technology, serving as a bridge between the Research and Development (R&D) phase and the full commercialization of these technology solutions. The GRE&T Centre will focus on the following for residential customers:

- Energy efficiency and conservation
- Renewable energy
- Integrated, sustainable energy solutions

OBJECTIVES AND GUIDING PRINCIPLES
Located at the existing Guelph Hydro Electric Systems Inc. (GHESI) head office building, the GRE&T Centre will be the centre of excellence for green solutions to be tried, tested and socially accepted in Guelph and the broader Alectra community. In order to bring its mandate to fruition, the Centre will adhere to the objectives and guiding principles listed below.

GHESI Building in Guelph, within which the GRE&T Centre will be located
The GRE&T Centre Objectives

1. **Talent:**  
   Attract and grow talent in Guelph by providing entrepreneurs and start-ups with a supportive environment for developing and selling energy solutions.

2. **Community:**  
   Focus on community engagement for green solutions that help customers manage their bills and their carbon footprint through education, awareness and opportunities to use new energy solutions.

3. **Innovation:**  
   Position the GRE&T Centre as a hub for eco-entrepreneurship and cutting-edge, customer-friendly energy solutions to support Alectra’s goal of becoming a next generation utility.

The GRE&T Centre will adhere to five guiding principles:

<table>
<thead>
<tr>
<th>Sustainable</th>
<th>Ensuring all activities reflect conservation, energy efficiency, and developing green technology solutions that address climate change concerns. In turn, these activities will cater to preserving the planet and people’s wellbeing in a fiscally sustainable manner.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaborative</td>
<td>Working with Guelph and the broader Alectra community, subject-matter experts, entrepreneurs and start-ups to drive innovation and green technology solutions forward, and leveraging research and technology demonstrations already underway in the community and in other institutions.</td>
</tr>
<tr>
<td>Innovative</td>
<td>Serving as a hub that champions collaborative and innovative green technology solutions through accelerator services.</td>
</tr>
<tr>
<td>Integrated</td>
<td>Ensuring that green technology solutions are integrated in a way that meets the needs of Guelph and the broader Alectra community.</td>
</tr>
<tr>
<td>Customer Engagement</td>
<td>Engaging customers through education, awareness and direct outreach to demonstrate new green technologies.</td>
</tr>
</tbody>
</table>
GOVERNANCE STRUCTURE

The governance structure of the GRE&T Centre will be comprised of an Advanced Planning Group and Advisory Committee:

**Advanced Planning Group**
Alectra’s Advanced Planning Group will manage the GRE&T Centre, and will report to Alectra’s Executive Management. The Group’s mandate will be to identify, evaluate and develop next generation utility business models. The Group will also be responsible for analyzing and evaluating mega trends as well as providing management, operational and financial oversight for the GRE&T Centre.

**Advisory Committee**
The Advisory Committee will be tasked with stakeholder engagement and providing guidance to the Advanced Planning Group on the strategy, objectives and future direction of the GRE&T Centre. Additionally, the committee will monitor the progress of the Centre. The composition of the committee will be diverse, featuring Guelph community and municipal representatives, Alectra executives, and subject-matter experts from energy, start-up, product commercialization, product launch, consumer product, and investment sectors.
WHY GUELPH?

Guelph is a perfect fit and host for Alectra’s GRE&T Centre. The municipality is home to significant community assets that will enhance the Centre’s effectiveness, and make the city uniquely qualified to collaborate with Alectra.

The GRE&T Centre can benefit from the municipality’s culture of innovation as it deploys products and services that align with the Community Energy Initiative (e.g. the Guelph Energy Efficiency Retrofit Strategy or GEERS). The community’s engagement and support for the City’s deployment of innovative approaches is considered advantageous for the introduction of the GRE&T Centre’s new technologies.

Guelph’s unique community assets include:

- **Trailblazing on community energy planning.** The City of Guelph produced Canada’s first municipality-wide community energy plan in 2007. This track record of innovation continues with the update to the Community Energy Initiative, currently being developed with funding support from the Federation of Canadian Municipalities under the Municipalities for Climate Innovation Program, and from the Ontario Ministry of Energy through its Municipal Energy Planning Program. This update is led by Our Energy Guelph, a volunteer task force with representation from the City, the University of Guelph, Guelph Hydro, Union Gas, multiple local innovative energy companies including Canadian Solar, local environmental non-governmental organization eMERGE Guelph, the Ontario Ministry of Energy, and Natural Resources Canada.

Guelph’s Community Energy Initiative aims to reduce energy use and greenhouse gas (GHG) emissions, while bolstering local economic development by enticing investment and demand for local businesses. The GRE&T Centre will compliment Guelph’s Community Energy Initiative by attracting new ventures and opportunities to adopt innovative technologies that will help shape a new LDC business model.

- **Community and municipal experience with large-scale innovation.** The citizens of Guelph have a history of embracing municipal innovation. Examples include:
  - “Blue box” recycling program in the late 1980s pioneered by the University of Guelph.
  - Adoption of three-stream waste separation (organics, recyclables, and general waste in 2003) - to the point that the city boasts one of the highest rates of waste diversion in the province.
  - Development and deployment of the “Royal Flush” water conservation program, which commenced in 2003, offers rebates for property owners purchasing highly water-efficient toilets.
  - Civic Accelerator program, first launched in 2016, removes procurement policy barriers to partnerships between the City and innovative entrepreneurial ventures.

- **Municipality experience with education, outreach, and building awareness.** The City of Guelph leads a multi-department education program called Planet Protector Academy. This superhero-themed interactive adventure targets Grade 3 to 6 students and encourages them to engage in behaviours consistent with City
policy priorities, such as water conservation (taking shorter showers), active transportation (driving less), air quality improvement (idling less, and speeding less), and reduction of energy waste (turning unused lights off). In addition to influencing student behaviour, this program encourages children to foster these behaviours among family members. Similar programs are planned for high school students, as well as post-secondary students, community groups, faith-based organizations, and workplace education channels. Such programs would be very helpful to building awareness of GRE&T Centre products and services that offer energy conservation benefits.

- **Community experience with residential energy efficient innovation.** Guelph is home to a large number of companies that are innovating to introduce sustainability into the residential building market. The Building Group of Transition Guelph is made up of a number of people from homeowners, builders, renovators, home auditors, engineers, planners, landscape architects, trades people, material suppliers to architects and designers. This Group strives to ensure structures are constructed and upgraded in a healthy, energy efficient, affordable and sustainable manner. This community of innovative housing enterprises offers an ideal channel to introduce the sort of energy technologies that the GRE&T Centre will be developing.

- **Citywide culture of community engagement.** The City of Guelph has a well-developed approach to community engagement, including established methodologies and highly experienced staff. Members of the community have come to expect they will be consulted on significant matters, including policy direction, program formulation, and major decisions.

- **Citywide culture of community volunteer leadership on significant issues.** Members of the Guelph community have a long track record of taking a leadership role on specific issues on a voluntary basis, including Our Energy Guelph, which is leading the update to the Community Energy Initiative.

- **Municipal culture of cross-department, multidisciplinary collaboration.** The City of Guelph has established a Climate Change Office as well as an Energy, Water and Climate Change (EWaCC) working group to manage sustainability matters. This approach helps ensure that all relevant stakeholder departments participate in the development of responses to new federal and provincial program proposals, submission of applications for funding programs, and comments on regulatory changes, such as the Ontario Building Code. EWaCC, and the mindset that led to its creation, will be valuable to the GRE&T Centre as new products, services, and marketing approaches are developed and deployed.
The GRE&T Centre’s strategic plan for success consists of an intertwined triad, namely: Mega Trends (Artificial Intelligence, Internet of Things and Blockchain Technology); Technology Domains (EV Integration, Low Carbon Community and Accelerator); and Pillars (Building Expertise, Engagement and Experience).

MEGA TRENDS

Prior to determining what technologies the Centre will support, each project in the pipeline will need to be evaluated to determine its viability for the customers it would service. As part of these selection criteria for identifying qualifying technologies or projects, Alectra’s Advanced Planning team would provide market intelligence to evaluate current “mega trends” to guide its decision-making.

Current mega trends include:

| Artificial Intelligence (AI) and Big Data | AI is among the fastest-growing technology sectors in the market today. AI signifies the ability of a machine to perform at the level of a human expert. This domain includes machine learning, natural language processing, pattern recognition, search interference and planning. |
| Internet of Things (IoT) | IoT incorporates machine learning and big data technology, harnessing sensor data, machine-to-machine communication and automation technologies. The market for IoT devices is poised to grow dramatically and is projected to reach nearly 21 billion connected devices by 2020. |
| Blockchain and Transactive Energy | The Blockchain Technology Market is currently growing at a 61.5% compound annual growth rate (CAGR) out to 2021. The technology can be used to update and improve centralized systems with a distributed ledger system made up of both large power plants and microgrids powered by distributed energy resources (DERs) that deliver efficient, reliable and mostly renewable energy. |
TECHNOLOGY DOMAINS

The advancement of sustainable technologies will be one of the key distinguishing features of the GRE&T Centre. Alectra plans to leverage its successful track record of identifying and nurturing disruptive market technologies in order to create a world-class technology demonstration centre. The Centre will engage customers when bringing these technologies to market.

The following three domains reflect the kinds of technologies the GRE&T Centre will champion for the purpose of commercialization, particularly within the first five years of Centre operations:

| Electric Vehicle (EV) Integration | The Centre will develop Electric Vehicle (EV) charging infrastructure and EV Conversion for personal vehicles, and will demonstrate the value of intelligently managing EV charging stations at workplaces, buildings and homes. The Centre will collaborate with municipalities within the Alectra community to install EV charging infrastructure and to develop business models to make them a sustainable asset/service. The Centre will also work with academic institutions to advance the state of knowledge, publish the research, and provide students with real-world experience on EV issues. |
| Low Carbon Community | The Centre will focus on low carbon homes (new builds and retrofits), home automation and green technologies for residential customers. The Centre will work with local and regional agencies, developers and home builders to promote net-zero buildings, and build automation and green technologies for commercial and industrial customers. The Centre will host dedicated spaces to showcase home technologies, including the latest in controllable devices, home energy management software platforms, and residential generation technologies, such as solar and storage. A dedicated space will showcase the monitoring and analytics capabilities of the larger, commercial scale technologies that will be deployed on site. This will serve a dual benefit of both visualizing the potential of the various technologies and gaining valuable insights on how they must be integrated to satisfy various use cases. |
| Accelerator | The Centre will promote eco-entrepreneurship and accelerator services to support start-ups in the clean energy space looking to address climate change issues through energy innovation. The cohort of start-ups at the Centre will be split into two tracks, namely a demonstration track and a go-to-market track. Demonstration track companies will be those seeking support at the proof of concept stage and looking for utility insight into how to develop their initial product roadmaps. The go-to-market track will focus on companies seeking advice and support to scale and attract customers. The Centre will foster an ecosystem where disruptive new clean technologies can thrive and mature. In turn, this will support the Centre’s mandate for developing local innovation, engaging customers and providing Guelph and the broader Alectra community with benefits. |

In combination with the mega trends, the GRE&T Centre’s technology domains will guide a structured approach to identifying new technology that has the potential to disrupt the green energy space.
PILLARS: BUILDING EXPERTISE, ENGAGEMENT AND EXPERIENCE

In its most granular phase, the GRE&T Centre’s strategy for evaluating emerging technologies and integrating solutions into Guelph and Alectra communities abroad will revolve around three major pillars, namely building expertise, engagement and experience.

These three overlapping pillars are tantamount to one another. The pillars will serve as a strong foundation for the day-to-day operation of the Centre in its endeavour to grow its expertise and produce innovative, automated and green technologies. In addition to developing green technologies, the Centre will seek to engage the Guelph community and Alectra customers to raise awareness and educate them on the emerging trends, future needs and new developments within Ontario’s LDC sector.

<table>
<thead>
<tr>
<th>Build Expertise</th>
<th>Build Engagement</th>
<th>Build Experience</th>
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<tbody>
<tr>
<td>In order to be at the leading edge of green technology solutions, the GRE&amp;T Centre will build the necessary expertise in Guelph.</td>
<td>Adequate community and stakeholder engagement are key for the GRE&amp;T Centre to nurture strong community and customer involvement in Guelph.</td>
<td>Building experience will foster pilot green technology solutions that are tangible and experiential for customers in Guelph.</td>
</tr>
<tr>
<td>As a hub for green energy technology expertise, the Centre will:</td>
<td>Engagement will lead to education awareness and social acceptance of the Centre’s green technology solutions. Engagement entails:</td>
<td>The GRE&amp;T Centre will build experience through a series of activities aimed at:</td>
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<tr>
<td>• Attract subject-matter experts, entrepreneurs and start-ups</td>
<td>• Conducting public demos</td>
<td>• Converting existing spaces into community accessible showrooms for green solutions</td>
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<td>• Establish partnerships with relevant corporations, academic institutions and industry associations</td>
<td>• Giving tours of the Centre</td>
<td>• Demonstrating the net-zero concept in action through pilot projects in and around the community</td>
</tr>
<tr>
<td>• Feature an accelerator space for entrepreneurs and start-ups to use</td>
<td>• Organizing open house sessions, focus groups, seminars, workshops and training for customers and businesses</td>
<td>• Retrofitting homes and buildings, and ensuring new builds meet sector standards</td>
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<td></td>
<td>• Engaging with and leveraging community groups, such as Innovation Guelph and Our Energy Guelph Task Force; and municipal entities, such as the Climate Change Office and the Energy, Water and Climate Change working group.</td>
<td>• Potentially expanding into the broader community and development sites, such as the Guelph Innovation District</td>
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Based on the aforementioned technology domains and pillars, the matrix chart below captures a consolidated overview of the GRE&T Centre’s strategic process for evaluating the viability of emerging technologies concerning commercialization.

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<tbody>
<tr>
<td>GRE&amp;T Centre</td>
<td>The GRE&amp;T Centre</td>
<td>Build experience</td>
<td>Engagement will entail:</td>
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<tr>
<td></td>
<td>will catalyze mass</td>
<td>through a series of activities:</td>
<td>• Conducting public demos and tours of the Centre</td>
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<td></td>
<td>consumer adoption</td>
<td></td>
<td>• Organizing open house sessions, focus groups, seminars and workshops for customers and relevant trade/ businesses</td>
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<td></td>
<td>of green energy and technology, serving as a bridge between R&amp;D and full commercialization.</td>
<td></td>
<td>• Engaging with community groups</td>
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<td></td>
<td>as well as expertise on:</td>
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<tr>
<td></td>
<td>• Green energy and technology solutions</td>
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<td></td>
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<tr>
<td></td>
<td>• Social and customer behaviour and preferences</td>
<td></td>
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<tr>
<td>1. Electric Vehicle (EV) Integration</td>
<td>Become hub of expertise</td>
<td>Expand Alectra’s existing EV related studies and projects:</td>
<td>Collaborate with academic partners and Plug n’ Drive for:</td>
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<tr>
<td></td>
<td>for EV integration</td>
<td>• Vehicle-to-Grid demonstration</td>
<td>• EV demonstrations</td>
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<td></td>
<td>• Leverage Alectra expertise in EV Integration</td>
<td>• Workplace charging</td>
<td>• Test drives</td>
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<tr>
<td></td>
<td>• Partner with organizations such as EPRI, Smart Grid Consumer Collaborative, Electric Mobility Canada, and Plug n’ Drive</td>
<td>• DC Quick Charging</td>
<td>• Surveys</td>
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<tr>
<td></td>
<td>• Leverage local and regional agencies towards these goals</td>
<td>• Residential charging in low carbon homes</td>
<td>• Focus groups</td>
</tr>
<tr>
<td>2. Low Carbon Community</td>
<td>Become hub of expertise</td>
<td>Expand Alectra’s existing low carbon related studies and projects:</td>
<td>Partner with Canadian Home Builders’ association, community-based sustainability and environmental groups.</td>
</tr>
<tr>
<td></td>
<td>for low carbon, sustainable solutions for communities</td>
<td>• POWER.HOUSE pilot and feasibility study</td>
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<td></td>
<td>• Leverage Alectra expertise in driving Net-Zero Energy Emissions (NZEE)</td>
<td>• NZEE Concept and Pilot</td>
<td></td>
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<td></td>
<td>• Partner with organizations such as EPRI and NRCan</td>
<td>• Penetanguishene Community scaled storage micro grid</td>
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<td></td>
<td>• The Centre will host a dedicated space to showcase home technologies</td>
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<tr>
<td>3. Accelerator</td>
<td>Develop an Accelerator Program to host start-up companies that address climate changes issues through sustainable, green energy innovation</td>
<td>Include start-ups in pilots, demonstrations, and showrooms.</td>
<td>Include start-up needs for customer surveys, focus groups and community engagement, as needed.</td>
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<tr>
<td></td>
<td>The Accelerator will be physically located in the GRE&amp;T Centre in the Guelph Hydro Building and will support start-ups by:</td>
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<tr>
<td></td>
<td>• Demonstrating emerging solutions</td>
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<td></td>
<td>• Mentoring for product roadmap</td>
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<td></td>
<td>• Advising on mass commercialization</td>
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<tr>
<td></td>
<td>• Partnering with existing incubators and accelerators, such as Communitech, Innovation Guelph and MaRS</td>
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FINANCIAL BUDGET

The GRE&T Centre will be staffed by approximately seven to fifteen professionals, and will operate on an estimated budget of $5 - $7 million to remodel the South West Operations Centre for demonstration, laboratory or showrooms. It is projected that the Centre will also have a budget of $3 - $6 million in annual expenditure for pilots, demonstrations, salaries, general administration, marketing, and partnerships.

<table>
<thead>
<tr>
<th>Number of Staff</th>
<th>7 - 15</th>
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<tbody>
<tr>
<td>Design, Construction &amp; Remodelling- Demos, Showrooms ($M)</td>
<td>5 - 7</td>
</tr>
<tr>
<td>Recurring Annual Expenditure ($M)</td>
<td>3 - 6</td>
</tr>
</tbody>
</table>
ALECTRA’S PILOT PROJECTS AND INITIATIVES

Alectra has engaged in several pilot programs that could be included in the GRE&T Centre. Examples of these programs include EV vehicle infrastructure expansion, POWER.HOUSE, Residential Net-Zero Energy Emissions (NZEE) pilot, home automation, residential technologies, and blockchain technology.

In order to provide an adequate platform to showcase the potential of selected green technologies, the GRE&T Centre intends to create a vibrant ecosystem that will act as a proving ground for promising green technologies. This ecosystem will serve as a test bed for pilot projects, provide showroom space for developed pre-market technologies, and carve out space and resources to support an on-site accelerator space for entrepreneurs and start-ups.

Alectra has engaged in several pilot programs to date that could serve as illustrative examples of what would be included in the GRE&T Centre.

Some of these examples include:

- **Electric Vehicle (EV) Infrastructure Expansion**: Alectra has been a leading player in the field of electric vehicles (EVs) since 2011, when it delivered the first two Nissan Leafs in Canada.
Since then, Alectra has been a significant contributor in developing EV charging infrastructure. In 2014, Alectra installed a Level 3 charger, available for public use at no charge, at its head office in Vaughan. In 2015, it installed North America’s first Vehicle-to-Grid charger at its head office, which is integrated into the facility’s micro grid. Across the utility’s various work locations, there are a total of eight Level 2 chargers, which support a number of employees who commute every day to work driving EVs.

Alectra partnered with the City of Markham to install the first municipally-owned Level 3 DC fast charger for EVs at the Markham Civic Centre, which is open to the public 24 hours a day.

Alectra is supporting Brampton Transit in a project to demonstrate the viability of using electric buses in a public transit fleet. This project is part of the Pan-Ontario Electric Bus Demonstration and Integration Trial led by the Canadian Urban Transit Research and Innovation Consortium. Brampton Transit will operate up to ten electric buses on two routes, and each route will have charging stations at each end of the route. Charging stations will be supplied by an overhead pantograph charger providing power up to 450 kW, which can provide the battery with sufficient charge in a matter of minutes. Alectra is supporting Brampton Transit by installing the infrastructure needed for this large demand, and will also seek to apply lessons from this experience to assist other communities to electrify their fleets.

Alectra is also leading a project to demonstrate the value of intelligently managing EV charging stations at workplaces. The project will balance and schedule electricity consumption of charging stations and from the building to limit electricity costs while providing a reliable service for drivers. Funding is being provided by the Independent Electricity System Operator (IESO) and Natural Resources Canada. Participating sites include the Markham Civic Centre and the Alectra head office. Different technology platforms to control charging stations and interface with building automation systems will be tested to provide insight into the range of performance that can be expected from this novel technology.
• **Green Homes - POWER.HOUSE:** The POWER.HOUSE pilot is Alectra’s first Virtual Power Plant – an aggregate fleet of 20 distributed energy resources (DERs) located at customer homes that can be autonomously controlled through intelligent software to simulate a single, larger generating facility. The technology being used is a combination of rooftop solar PV (between 3-5 kW per site) and a lithium-ion battery installed “behind the meter” at the home of each participating customer. Customers benefit through load displacement, leading to bill reductions and mitigated exposure to costly peak rates. Customers also receive clean and renewable energy that is not subject to the classic intermittency issues that typically limits the use of solar power.

As a result, customers are able to use their systems when connected to the grid, with the option to leverage the solar system in the case of an outage. This allows customers to benefit from increased reliability throughout the day by drawing power from a combination of stored and generated solar energy.

From a utility perspective, leveraging carbon-free generating resources and fast-responding storage assets can play a pivotal role in several grid-supporting functions. These resources have the potential to reduce peak system loads, regulate frequency, and even defer capital costs associated with substation construction that would result from load growth or capacity constraints. Coordinating a group of distributed assets to reinforce the grid serves as a true win-win proposition for customers and utilities alike.

• **Residential Net-Zero Energy Emissions (NZEE) Pilot:** Alectra, the City of Markham and Enbridge Gas Distribution Inc. are pursuing a project to test and offer optimal solutions for residential, commercial and industrial (C&I), and community-scale sectors that are integrating land use, electrical energy, thermal energy, and the smart EV charging network to move towards Markham’s Net-Zero Energy Emission (NZEE) community.

A NZEE community reflects greatly reduced energy needs through efficiency gains such that the annual balance of energy for vehicles, thermal energy, and electrical energy within the city is met by sustainable and non-fossil fuel sources. In other words, the objective of a NZEE community is to offset any carbon intensive sources of energy with an equal or greater amount of non-emitting energy sources.

A key element to the program will be the deployment of NZEE home technologies. The objective will be to identify, design, and demonstrate a comprehensive solution, for seven to ten existing single-family houses. These houses will be retrofitted with an integrated package of technologies that can be centrally controlled to optimize GHG reduction. The homes will be provided with electrical and thermal technologies to achieve deep carbon reductions as well as charging infrastructure to support electrification of personal transportation.
The residential solution includes:

- Electrical and thermal energy efficiency measures
- Solar and battery storage system
- Hybrid heating system including micro combined heat and power (mCHP) and air source heat pump (ASHP); a primary Home Energy Management System (HEMS)
- EV Supply Equipment (EVSE)

- **Internet of Things (IoT) - Home Automation**: Alectra has been active in the field of home automation since 2006, when it first began to offer a residential load control program. Since then, Alectra’s offers have evolved to provide customers with a relevant and useful service that provides both customers and the utility with a meaningful benefit. These programs provide customers with opportunities to save money on their electricity bill, enjoy new ways to control their home environment, and integrate multiple services into a convenient solution.

  **Advantage Power Pricing**: Specific innovations include developing an alternate pricing program – Advantage Power Pricing – that is layered in with a smart communicating thermostat program, to offer customers a convenient way to save money on electricity, while also reducing peak demand – with double the impact than the previous load reduction program had. Advantage Power Pricing began as a pilot study for 1,000 customers in 2015 to test customers’ willingness to participate in an alternative rate plan. The variable peak pricing structure features a variable peak period that occurs from 3:00-9:00 pm on weekdays, with a low off-peak rate at all other times. The peak period prices vary between High, Medium and Low, depending on system conditions. Low prices are comparable to standard Time-of-Use prices, while Medium and High are substantially higher.

  The plan also featured a critical peak price period that occurred approximately ten times per year for four hours, with prices set at ten times those of the off-peak period. Customers benefitted from the low off-peak rate, which was in effect over 80% of the time; the convenience of having a limited number of hours during which prices were higher; and the opportunity to have smart thermostats and other home technology
automatically adjust their energy consumption. In the first two years, over 70% of the customers consistently saved money relative to standard Time-of-Use rates. The pilot is now part of an OEB-sponsored pilot program looking at the future of regulated rates in Ontario, with two additional price treatments, a greater variety of thermostat technology to choose from, and more sophisticated reporting. Approximately 10,000 customers will participate in the study. The project is scheduled to run until December 2018.

**Residential Energy Management Program:** Another innovation in the smart home energy management space was run in partnership with Rogers, which integrated its home security system with a smart thermostat and energy analytics to offer customers more awareness of how much electricity they are using, and greater control over their home’s operations. The Residential Energy Management (REM) pilot program was designed to test the effectiveness of a suite of technologies in delivering energy conservation (gas and electricity) and demand response impacts. The energy management tool that forms the core of the program was built on top of Rogers’ existing Smart Home Monitoring platform. The tool was designed to provide customers with greater control over their electricity use, leading to energy savings. These were expected to be provided through customer-friendly technology that allowed customers to program and communicate with home heating/cooling equipment and plug loads, provided tips to encourage energy savings, and provided a degree of automated modifications to thermostat settings to reduce energy consumption.

The project was funded by the Ontario Ministry of Energy’s Smart Grid Fund and through contributions (in resources and in kind) by Rogers and Alectra (legacy utility, PowerStream). The pilot was launched to a limited group of employees from Alectra and Rogers, and was later extended to 500 non-employee customers. Altogether, the program included 503 participants at the end of September 2016. The program is scheduled to end in November 2017.

The project provided insight into customers’ response to a holistic home energy management system that featured customer and utility technology control as well as behavioural prompts. The technology features are being incorporated into the standard customer platform that would make it more accessible to all customers.

Both programs have provided valuable insight from customers on what they find most appealing about these services, what additional elements they would like to see and how they understand the underlying system issues that these programs are meant to address.
**Blockchain and Transactive Energy:** Alectra is currently pursuing a leading edge pilot in collaboration with IBM and Interac around managing energy market services using blockchain technology. The pilot will leverage the existing fleet of 20 POWER.HOUSE customers to participate in what is essentially a marketplace powered by the Linux Foundation’s hyper ledger fabric – an open source blockchain technology.

POWER.HOUSE participants currently have a combination of solar and lithium ion storage installed on their property, along with a centralized control platform that can be monitored by the utility. Each solar storage system will be equipped with the capability of reading and writing energy transactions to a blockchain ledger. These transactions would be initiated by grid signals that would be simulated by Alectra and would represent hypothetical market services (i.e. demand response). All aspects of market participation – availability, response time, duration – will be measured and instantly verified on the blockchain. The contractual terms and financial settlements would also be recorded on the blockchain and instantly cleared through smart contracts.

The pilot will be enhanced further through the participation of Interac, who would provide the payment rail and merchant relationships that would allow for the next phase of the project – the issuance of energy coins. Effectively, once a customer participates in a market service, the network operators would provide them with the option of compensation through either cash or a virtual currency called energy coins. Alectra and Interac would recruit other merchants to sign up for the free exchange of such coins for goods and services, thus allowing a customer to transfer the value of their energy into a medium other than currency. This would demonstrate the ability for a complete blockchain enabled, end-to-end market contracting, settlement, measurement and verification framework that provides the additional benefit of being able to cross-market verticals to convert value derived by energy generation from one format to another.

**Residential Technologies for Market Services:** Alectra is looking forward to bidding on the IESO-operated demand response auction for the summer 2018 commitment period, using a combination of different residential technologies, primarily smart thermostats. If successful, this will mark the first year that residential loads have participated in the demand response auction, rather than the separate peak saver program. Through its participation, Alectra is looking to validate the business model and provide insight into the differences in managing residential loads in a market-based program.
ALIGNING THE GRE&T CENTRE WITH GOVERNMENT PRIORITIES

The GRE&T Centre will align its activities with federal and provincial government policy objectives, and will seek to leverage opportunities to collaborate with both levels of government.

The GRE&T Centre will be a hub for leading critical thought, building customer awareness, deploying cutting-edge technologies into market, attracting subject-matter experts, growing talent, and showcasing the benefits of entrepreneurs and start-ups coming together to create something extraordinary. To achieve its goals, the Centre will align its activities with federal and provincial government policy objectives, and will seek to leverage opportunities to collaborate with both levels of government.

The GRE&T Centre’s corporate and government relations (GR) staff will develop comprehensive communications and marketing strategies to engage the community of Guelph, the broader Alectra service territory, Ontario government, federal government, and industry. The Centre is likely to attract significant attention from these stakeholders. Accordingly, GR and marketing plans will be in place to ensure effective public facing engagement efforts are proactively organized.

COMMUNITY OF GUELPH AND ABROAD

Located in the existing GHESI building, the GRE&T Centre will become integral to the fabric of life in the community. The Centre will be a source of employment, green technology innovation and a source of pride for the community and corporate citizens.

Alectra’s ongoing work on residential solar-storage technology, pricing models, utility-scaled microgrids and EV charging are helping the utility build smart communities, supported by a strong, flexible grid and customized energy services and programs for customers. These efforts have generated significant good will in the 15 communities Alectra services. Alectra’s GRE&T Centre in Guelph will be embedded in a culture determined to build economic clusters in areas of climate change mitigation and environmental sustainability. In turn, the Centre will support the City of Guelph’s strategies for environmental stewardship, job creation, innovation and prosperity.
PROVINCIAL GOVERNMENT AND THE GRE&T CENTRE

As a centre of excellence located in one of Ontario’s greenest and most sustainable communities, the GRE&T Centre will attract significant interest from provincial politicians and policy-makers.

Alignment with provincial government will include the following areas:

- As per their recently released Long Term Energy Plan (LTEP), the government is committed to working with LDCs and the Ontario Energy Board (OEB) to remove any barriers to innovation and ensure LDCs are at the forefront of identifying, evaluating and developing the next generation utility business models. The government will welcome a new GRE&T Centre that will support their vision of cutting-edge green energy management technologies.

- The government is also keen to support centres of excellence that showcase presence of highly-skilled jobs based right in the heart of a supportive community.

- The GRE&T Centre will be an attractive destination for government decision-makers to leverage for energy innovation related announcements, and is sure to be highly competitive when it comes to applying for government sources of funding.

- Finally, the government routinely seeks out third party thought leadership when setting its policy directions. As such, the GRE&T Centre will be well positioned to influence future provincial energy policy.

Key areas of convergence with provincial policy initiatives include:

- Grid modernization including energy storage, vehicle to grid integration, microgrids and storage, net-zero communities, net metering and virtual net metering.

- Electric vehicle infrastructure and electrification of transportation.

- GHG reduction technologies, consumer empowerment and choice regarding energy use.

- Mandate to support world-class research and innovation leading to commercialization opportunities at the national and international levels.

- Although the initial focus of the GRE&T Centre will be on Residential Energy Solutions, this could later be expanded to include other areas such as agricultural technologies.

- Commercialization opportunities and high-skilled jobs.

- Engaging with municipalities to empower them to take action to fight climate change and provide them with the tools to support GHG reductions.

In sum, the GRE&T Centre’s provincial government relations goals entail creating a general awareness throughout the provincial government of the Centre, its important role in the energy innovation space, and Alectra’s ability to
be a reputable green technology solutions provider. Government relations activities will also seek to identify funding opportunities, and application timelines and processes.

**FEDERAL GOVERNMENT AND THE GRE&T CENTRE**

At the federal level, government is placing significant focus on areas pertaining to energy and infrastructure, especially within the context of climate change. As such, a tremendous opportunity exists to create awareness around the GRE&T Centre and solidify its position as a leader in green technology solutions.

The federal government will be interested in LDC innovation, attracting and growing highly-skilled labour, and leveraging the Centre’s green technology expertise. The federal government will also be interested in the replicability of the technologies developed at the Centre.

Given the federal government’s commitments and the GRE&T Centre’s focus on facilitating the commercialization of green energy technologies, the initial federal government relations plan for the GRE&T Centre will focus on the following key departments:

- Environment and Climate Change
- Natural Resources Canada
- Infrastructure and Communities
- Innovation, Science & Economic Development

Overall, the GRE&T Centre’s federal government relations goals will be to foster a general sense of awareness throughout key federal government target areas. In turn, this awareness will highlight the GRE&T Centre’s important role in energy innovation and ability to be a reputable solutions provider. Government relations tactics will also seek to identify areas of key alignment with the federal government and determine a process for accessing federal funds.
The GRE&T Centre will seek to collaborate with industry, academic and knowledge partners to integrate and test customer acceptance of new, innovative technology solutions.

**INDUSTRY PARTNERS**

The GRE&T Centre will benefit from partnerships with industry players delivering goods and services related to Ontario’s transition to a green energy economy.

Potential industry partners include companies involved in:

1. Solar photovoltaic energy
2. Energy storage (thermal and electrical)
3. Microgrids and smart grids
4. Thermal energy
5. Heat pumps
6. Electric vehicle charging, including electric vehicle supply equipment (EVSE)
7. Solar thermal
8. Run-of-river hydro
9. Wind energy

Canadian Solar is the only top-tier (i.e. in the global top three in terms of annual sales) solar PV module manufacturer with headquarters located outside of the Peoples’ Republic of China. This is a unique asset not just for Guelph, but also for Ontario and for Canada as a whole. The GRE&T Centre could collaborate with Canadian Solar to attract not just new businesses, but existing businesses that would benefit from a relationship with such a significant entity.
ACADEMIC PARTNERS

There are substantial opportunities for the GRE&T Centre to collaborate with various academic institutions in Ontario to leverage their research and entrepreneurial ideas from students for new business models.

Potential partners include, but are not limited to:

1. University of Guelph
2. University of Waterloo
3. Ryerson University
4. York University
5. McMaster University
6. Georgian College
7. Conestoga College

KNOWLEDGE PARTNERS

The GRE&T Centre could collaborate with a number of non-profit entities to further its knowledge and expertise in developing green technology solutions.

These organizations could include, but are not limited to:

1. Community Energy Knowledge Action Partnership (CEKAP): This collaboration of academia, industry, and government identifies trends in successful community energy planning and offers recommendations to assist communities new to this discipline.
2. Quality Urban Energy Systems of Tomorrow (QUEST): This organization promotes smart energy communities, and recognizes organizations that demonstrate leadership in the energy transition.
3. Clean Air Partnership (CAP): This organization assists municipalities with implementing programs that promote the transition to clean energy, as well as providing advocacy leadership on such matters.
4. Ontario Sustainable Energy Association: This organization promotes renewable and distributed energy systems (DERs) in Ontario.
5. Plug’n Drive: This organization created Ontario’s first EV Discovery Centre, assisting drivers with understanding electric vehicles and making the decision to adopt this technology.
6. Electric Power Research Institute (EPRI): This organization provides thought leadership, industry expertise, and collaborative value to help the electricity sector identify issues, technology gaps, and broader needs that can be addressed through socially beneficial research and development programs.
7. Medical and Related Sciences (MaRS): This organization works with an extensive network of partners to help entrepreneurs launch and grow the innovative companies that are building future technologies.

8. Advanced Energy Centre (AEC), MaRS: The AEC’s mission is to foster the adoption of innovative energy technologies in Canada, and to leverage those successes and experiences into international markets.

The GRE&T Centre could stand to benefit from partnering with organizations like these and more. Such partnerships would contribute to improvements in the Centre’s community energy planning, adoption of green energy technologies and advocacy when promoting policies favourable to the endorsement of these technologies.
STAKEHOLDER ENGAGEMENT

Stakeholder feedback on the GRE&T Centre’s objectives and activities largely confirmed what Alectra expected and envisioned for the Centre – there is general support and an identified need for the Centre to help customers adopt new technologies.

Alectra hosted four GRE&T Centre consultation sessions over the month of November 2017. Two sessions were held in Guelph, one in Ottawa and the other by teleconference. Organizations that attended the sessions included:

- Advanced Energy Centre
- Brookfield Residential
- City of Guelph
- Consultants in Clean Technology, Sustainability, and Community Space
- Clean Air Foundation
- Convergent Energy and Power LP
- Electricity Distributors Association
- Electrical Safety Authority
- eMERGE Guelph
- Enbridge Gas Distribution
- Gateway Advisors Ltd.
- Guelph Hydro Electric Systems Inc. (GHESI)
- General Electric Power
- International Business Machines (IBM)
- iGEN Technologies Inc.
- Innovation Guelph
- Markham District Energy Inc.
- MaRS
- Ministry of Energy
- Natural Resources Canada (NRCan)
- Ontario Climate Consortium
- Power Advisory LLC
- Ramboll
- Ryerson University
- s2e Technologies
- Sheridan College Institute of Technology & Advanced Learning
- Spark Power Corp
- Toronto and Region Conservation (TRCA)
- Union Gas
- University of Guelph
- Upper Grand District School Board
The purpose of these sessions was to get input from the attendees regarding the GRE&T Centre’s objectives and activities. To get the discussion going, Alectra made an introductory presentation outlining the GRE&T Centre concept, and putting forward a number of suggested activities for consideration, organized by three main pillars: expertise, engagement and education. Attendees were encouraged to provide their feedback through roundtable and plenary discussions, as well as by filling out discussion guides that were collected by session organizers.

The feedback on the GRE&T Centre’s three pillars and associated activities was compiled and categorized into seven themes, ordered below by priority importance to participants.

According to the participants, one theme stood out as being most important:

<table>
<thead>
<tr>
<th>1. Customer Outreach: Emphasis on engaging with and building capacity for customers and homeowners. Many suggestions related to having a presence outside of Guelph Hydro’s physical building.</th>
<th>Suggested Activities:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Technology showroom, user experience</td>
<td></td>
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<tr>
<td>• Web, social media, apps</td>
<td></td>
</tr>
<tr>
<td>• Customer focused content</td>
<td></td>
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<tr>
<td>• Helping customers navigate options</td>
<td></td>
</tr>
<tr>
<td>• Portable trailer or physical presence outside of the Centre</td>
<td></td>
</tr>
</tbody>
</table>

The next six themes were all of similar, lower importance, as scored by participants:

<table>
<thead>
<tr>
<th>2. Leverage Existing Assets: Numerous suggestions for partnering with other centres, linking with Guelph (and other community) initiatives. This would also entail making use of the organizations and activities in Guelph and across Alectra’s service territory.</th>
<th>Suggested Activities:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Act as hub for community initiatives and organizations (e.g. eMERGE Guelph)</td>
<td></td>
</tr>
<tr>
<td>• Connect and partner with other centres (e.g. MaRS, WISE, Communitech, OCE)</td>
<td></td>
</tr>
<tr>
<td>• Build on current innovation and outreach efforts, including leveraging existing relationships with local and regional agencies</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Business Assistance: A broad category aimed at helping innovative companies get their technology and process closer to commercialization.</th>
<th>Suggested Activities:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Screen and assess new technologies</td>
<td></td>
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<tr>
<td>• Connect businesses with funding sources, assist with applications</td>
<td></td>
</tr>
<tr>
<td>• Provide mentorship, business assistance to start-ups and technology firms</td>
<td></td>
</tr>
<tr>
<td>• Help companies understand policy and work within regulatory parameters</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4. Centre Organization: Emphasis on ensuring the Centre had the right mix of staff/capacity and had a long-term business model.</th>
<th>Suggested Activities:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Focus on having the right staff with a mix of competencies</td>
<td></td>
</tr>
</tbody>
</table>
Consider focus on retrofit vs. new build. Avoid duplication with other organizations, too broad a scope.

5. Policy and Regulation: There was some support for identifying and addressing policy and regulatory barriers, particularly an applied approach solving real technology adoption barriers.

Suggested Activities:
- Work with city councils, permit offices to bring new technology into homes
- Showcase international examples and best practices
- Identify and address policy and regulatory barriers to innovation

6. Pilots: Suggestions for the Centre to focus on establishing and expanding pilot and demonstration projects.

Suggested Activities:
- Act as hub for developing and expanding pilots
- Focus on solving problems associated with pilots
- Identify business models and financing options to scale up from pilots

7. Education & Training: There were many suggestions for engaging children of all ages (school tours), professional development and skills training for trades.

Suggested Activities:
- Host tours for children and youth of all ages
- Engage with community colleges and professional development centres
- Establish skills development programs for trades, students, young professionals
STAKEHOLDER FEEDBACK

Participants were also asked to provide input on potential organizations and initiatives for the GRE&T Centre to collaborate with. Stakeholder feedback from the sessions on the Centre’s objectives and activities largely confirmed what Alectra expected and envisioned for the GRE&T Centre – there is general support and an identified need for the Centre to help customers adopt new technologies. Accordingly, the top themes put forward by participants are reflected in the GRE&T Centre’s mandate.

In terms of partnerships, there was an emphasis on working with and leveraging the efforts of local organizations focused on energy and related activities, as well as partnering with specific organizations and initiatives located outside of Guelph that would bring expertise and capacity that would help the Centre achieve its objectives.

Below are the organizations that provided feedback:

<table>
<thead>
<tr>
<th>Local to Guelph:</th>
<th>Other Partners:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• eMERGE Guelph</td>
<td>• NRCan Local Energy Efficiency Partnerships (LEEP)</td>
</tr>
<tr>
<td>• Guelph Business Enterprise Centre</td>
<td>• Ontario Centres of Excellence (OCE)</td>
</tr>
<tr>
<td>• Guelph Energy Efficiency Retrofit Strategy (GEERS)</td>
<td>• REEP House (Kitchener)</td>
</tr>
<tr>
<td>• University of Guelph</td>
<td>• TRCA Archetype House</td>
</tr>
<tr>
<td>• Co-ops, local businesses</td>
<td>• MaRS Advanced Energy Centre</td>
</tr>
<tr>
<td></td>
<td>• Espanola Ontario retrofit strategy</td>
</tr>
<tr>
<td></td>
<td>• General Electric, Siemens</td>
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</tbody>
</table>
CONCLUSION

This high-level strategic business plan has outlined how the GRE&T Centre will serve Guelph customers and the rest of Alectra’s communities in helping drive positive change in Ontario’s LDC industry. To effect this change, the Centre will help the industry in its overall transformation by accelerating integrated green technology solutions and raising awareness around these developments with customers. The Centre will emphasize engaging and building capacity for both its residential and commercial customers.

Ontario’s LDC sector needs a new business model to adapt to future needs and stay ahead of the curve economically, environmentally, and socially. With a new GRE&T Centre, Alectra will work with the City of Guelph to assist the industry in shaping a new business model that aligns with tomorrow’s needs. The GRE&T Centre will identify, evaluate and develop emerging, green and customer-friendly energy solutions that will position Alectra as a next generation utility.

As a hub for green technology solutions, the Centre will appraise these emerging solutions based on its decision-making criteria, which will look at the following mega trends, technology domains and pillars:

<table>
<thead>
<tr>
<th>Mega Trends</th>
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</thead>
<tbody>
<tr>
<td>• Artificial Intelligence (AI) and Big Data</td>
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<tr>
<td>• Internet of Things (IoT)</td>
</tr>
<tr>
<td>• Blockchain and Transactive Energy</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Technology Domains</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Electric Vehicle (EV) Integration</td>
</tr>
<tr>
<td>• Low Carbon Community</td>
</tr>
<tr>
<td>• Accelerator</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pillars</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Building Expertise</td>
</tr>
<tr>
<td>• Building Engagement</td>
</tr>
<tr>
<td>• Building Experience</td>
</tr>
</tbody>
</table>

This process will be integral for the Centre when determining what technologies to commercialize, which will ultimately focus on energy efficiency, conservation, renewable energy and sustainable energy solutions for residential customers. This high-level strategic business plan has served as an early conceptual guiding document that will continue to evolve in subsequent phases of work. As a next step, Alectra will establish a transitional working group to build on the details outlined in this plan starting in early 2018.
The GRE&T Centre will be a leading centre of excellence and innovation hub, benchmarked against relevant organizations within the sector. The national and international centres below serve as examples of successful benchmarks.

**RET-Centre Windsor**
WINDSOR, ON
([Website](#))

The Renewable Energy Technology Center was established as a learning and education Center for the community. It was launched in August 2009, converting a 3,300 square foot shuttered part of the old Windsor Tool & Die factory in central Windsor, to showcase the best in renewable technologies – with a focus on solar technologies (PV and solar thermal). With Green Sun Rising Inc. as the driving force behind the facility, the RET-Centre has become a community-based institute for understanding sustainability and renewable energy.

The RET-Centre offers a drop-by showroom and offers educational seminars and training workshops for solar PV as well as for solar thermal technologies. All of the solar systems showcased are available through a turn-key program management approach.
The mission of the N.C. Clean Energy Technology Center advances a sustainable energy economy by educating, demonstrating and providing support for clean energy technologies, practices, and policies. It also administers the Database of Incentives for Renewables & Efficiency (DSIRE), a resource providing financial incentives and policies.

The N.C. Clean Energy Technology Center is a UNC System-chartered Public Service Center administered by the College of Engineering at North Carolina State University. The Center provides service to the businesses and citizens of North Carolina and beyond relating to the development and adoption of clean energy technologies. Through its programs and activities, the Center promotes the development and use of clean energy in a manner that stimulates a sustainable economy while reducing dependence on fossil fuel use.

The Center currently focuses on three technological areas. They include:

1. Alternative fuels/clean transportation

Diversifying fuel supplies and support cleaner, more vibrant local and state economies through a wide range of technologies including:

- Biofuels
- Electric Vehicles
- Hybrid Electric Vehicles
- Plug-in Hybrid Vehicles
- Natural Gas Vehicles (CNG and LNG)
- Propane Vehicles
- Heavy Duty Vehicles
- Diesel Retrofit Technologies
2. Clean power and energy efficiency

In North Carolina, industry comprises about one-third of the state’s energy usage. The Centre promotes energy efficiency and provides energy efficiency assessment services to industrial facilities across the Southeast. The Centre also has initiatives to promote more efficient Combined Heat and Power Cogeneration.

3. Renewable energy

Through the N.C. Renewable Energy and Energy Efficiency Portfolio Standards Act passed in 2007, North Carolina became the first state in the Southeast to require that energy needs be met in some part by solar, wind, biomass, and other renewable technologies. Some of the programs that the Center has worked on include: promoting research in canola oil for biofuels, supporting biomass energy generation, and providing solar PV feasibility assessments.
The Innovation Center is RMI’s state-of-the-art beyond net-zero energy office and convening center in Basalt, CO.

The Innovation Centre is 15,610 sf office building and state-of-the-art convening center, completed in December 2015. To advance RMI mission and propel the industry, RMI developed the Innovation Center to demonstrate how deep green buildings are designed, contracted, constructed, and occupied. The Innovation Center is the highest-performing building in the coldest climate zone in the U.S., producing more clean energy than it uses on an annual basis plus enough to power six electric vehicles.

The Innovation building is similar in size to 90% of U.S. commercial offices. Over half of all commercial buildings are owner occupied and office space is the largest use type.

The Innovation Center is intended to serve as a ‘living lab’ with which RMI will share how the building was contracted, designed, constructed, commissioned, and operated; and what RMI learned in the process so that it can be replicated. Therefore, RMI’s experience will serve as a practical model to inform thousands of buildings that would otherwise contribute significantly to the climate crisis.
The Green Growth Knowledge Platform (GGKP) is a global network of international organizations and experts that identifies and addresses major knowledge gaps in green growth theory and practice. By encouraging widespread collaboration and world-class research, the GGKP offers practitioners and policymakers the policy guidance, good practices, tools, and data necessary to support the transition to a green economy (cities, climate change, market mechanisms, risk and resilience, transportation, and so on).

The GGKP was established in January 2012 by the Global Green Growth Institute.

The GGKP’s first three years were focused on launching the initiative, establishing its core work areas, developing a robust web platform, and building a global partnership of leading green growth institutions. The GGKP’s next three years (2016-2018), will be focused on maximising its impact by:

• Establishing the GGKP as the global leader in collaboratively translating, communicating, and addressing the knowledge and data needs of green growth practitioners and policymakers;

• Significantly increasing outreach and engagement with developing country institutions and experts;

• Producing synthesised reports, and learning products that build on the GGKP’s accumulated knowledge and data;

• Promoting and supporting green growth and green economy national-level activities led by its partner organizations (including development of national green growth development strategies, or more targeted activities to support, for instance, climate change resilience, eco-innovation or green jobs); and

• Expanding the frequency of in-person and virtual meetings in order to empower the green growth community to share knowledge and expertise.
Established in 2010, CUE is an academic-industry partnership that is exploring, developing and commercializing sustainable, innovative, cost-effective and practical clean energy solutions and technologies.

The vision of CUE is to be a world-class research and innovation centre dedicated to solving urban energy challenges with the following mission:

- Build academic, public and private sector partnerships.
- Conduct research, development and demonstration, leading to commercialization.
- Create the next generation of energy entrepreneurs.
- Encourage multidisciplinary and collaborative approaches.
- Provide scholarship and learning opportunities.

CUE brings together industry and government partners, and top researchers from across Canada and around the world to undertake a collaborative, multidisciplinary approach to the study of urban energy. CUE combines engineering, science, environmental issues and infrastructure management to tackle immediate challenges such as development of clean energy technologies; the advancement of smart grid technologies; the integration of energy storage, electric vehicles and renewables; energy conservation and demand management; alternative local energy generation; carbon footprint reduction; and net-zero buildings and infrastructure.
MaRS Advanced Energy Centre (AES)
TORONTO
(Website)

The Advanced Energy Centre (AEC) is a public-private partnership founded in 2014, with the MaRS Discovery District, the Ontario Ministry of Energy and Siemens Canada as founding partners. Its partnership network has since grown and diversified to include representatives from across the energy sector, both in Canada and internationally.

The Advanced Energy Centre’s mission is to foster the adoption of innovative energy technologies in Canada, and to leverage those successes and experiences into international markets.

Recognizing the difficulty of adopting innovation in a highly regulated energy sector, the AEC works through its partnership network to enact change.

Using strategic programming to overcome the systemic barriers to market entry, scale-up and export, the AEC is a catalyst for the adoption of advanced energy technologies.

The AES has programs in the following areas: building energy efficiency, utility transformation, energy data access (Green Button), community energy and global services.
The purpose of the Ontario Centres of Excellence (OCE) is to drive the development of Ontario’s economy by helping create new jobs, products, services, technologies and businesses.

OCE, a not-for-profit program, was formally established in 1987 with seven independent centres that evolved and amalgamated into the Ontario Centres of Excellence Inc. in 2004.

In partnership with industry, OCE co-invests to commercialize innovation originating in the province’s publicly funded colleges, universities and research hospitals. It also supports and invests in early-stage projects, where the probability of commercial success and potential total return on innovation are substantial. Another expanding focus for OCE is the development of the next generation of innovators through our entrepreneurship fellowships and programs for students and youth across Ontario.

Its efforts are focused on sectors of the economy with the greatest potential to drive Ontario’s future prosperity and global competitiveness: energy and environment (including water); advanced manufacturing; advanced health technologies; and information, communications technologies and digital media.

Funded by the Government of Ontario, OCE fosters the training and development of the next generation of innovators and entrepreneurs and is a key partner with Ontario’s industry, universities, colleges, research...
hospitals, investors and governments. OCE is committed to advancing a whole-of-government approach as a means of streamlining funding application processes for companies and entrepreneurs.

OCE works directly with academia and industry to bring prospective partners together to turn ideas into income. OCE deploys an experienced 40-person team of Business Development Managers to all corners of the province. They find out what is needed by industry and literally explore the halls and labs of academe to find out about the latest breakthroughs from researchers. Together, they work through OCE’s tailored programs to commercialize innovations, transfer technologies and develop promising talent.
The Faculty of Environmental Studies Sustainable Energy Initiative has been established to build and strengthen the teaching, research and partnerships needed to create new green energy economies in Canada and around the world. Focused on energy efficiency and conservation, renewable energy sources and combined heat and power, the Initiative is designed to:

- Advance sustainable energy solutions through research;
- Educate and train the new cohort of sustainable energy practitioners needed to respond to the demand created by the Ontario Green Energy Act and similar initiatives in other jurisdictions;
- Build sustainable energy partnerships among educational institutions, government agencies, business and industry, and non-governmental organizations; and
- Enhance learning opportunities for professionals working in the sustainable energy industry.
The International Renewable Energy Agency (IRENA) is an intergovernmental organization that supports countries in their transition to a sustainable energy future, and serves as the principal platform for international cooperation, a centre of excellence, and a repository of policy, technology, resource and financial knowledge on renewable energy. IRENA promotes the widespread adoption and sustainable use of all forms of renewable energy, including bioenergy, geothermal, hydropower, ocean, solar and wind energy in the pursuit of sustainable development, energy access, energy security and low-carbon economic growth and prosperity.

With a mandate from countries around the world, IRENA encourages governments to adopt enabling policies for renewable energy investments, provides practical tools and policy advice to accelerate renewable energy deployment, and facilitates knowledge sharing and technology transfer to provide clean, sustainable energy for the world’s growing population.

In line with these aims, IRENA provides a full range of products and services, including:

- An annual review of renewable energy employment;
- Renewable energy capacity statistics;
- Renewable energy cost studies;
- Renewables Readiness Assessments, conducted in partnership with governments and regional organisations, to help boost renewable energy development on a country by country basis;
- The Global Atlas, which maps renewable energy potentials by source and by location;
- Renewable energy benefits studies;
• REmap, a roadmap to achieving a 36% share of renewable energy worldwide by 2030;

• Renewable energy technology briefs;

• Facilitation of renewable energy planning at regional levels;

• Renewable energy project development tools like the Project Navigator, the Sustainable Energy Marketplace and the ADFD Project Facility.

With more than 170 countries, and the European Union actively engaged, IRENA helps countries achieve their clean energy potential and promotes renewable resources and technologies as the key to a sustainable future.
CanmetENERGY mission is to be Canada’s leading research and technology organization in the field of clean energy. In order to best serve Canadians in matters relevant to energy, Natural Resources Canada (NRCan) has offices and labs dedicated to various aspects of Energy. The collaboration between the Office of Energy Efficiency, the Office of Energy Research and Development, and CanmetENERGY ensures that NRCan is better able to focus on multiple programs and projects at once thereby benefiting the industries, organizations, and individuals who rely on our expertise.

Key areas of focus include, but not limited to, renewable energy, smart grid, transportation, buildings and efficiency and industrial processes.
IEA Photovoltaic Power Systems Programme (PVPS) is one of the collaborative R&D Agreements established within the IEA and, since its establishment in 1993, the PVPS participants have been conducting a variety of joint projects in the application of photovoltaic conversion of solar energy into electricity.

The 31 PVPS members are: Australia, Austria, Belgium, Canada, Chile, China, Denmark, Solar Power Europe, European Union, Finland, France, Germany, International Copper Association, Israel, Italy, Japan, Korea, Malaysia, Mexico, the Netherlands, Norway, Portugal, the Solar Energy Industries Association (SEIA), the Solar Electric Power Association (SEPA), South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, United States.

The mission of the IEA is "to enhance the international collaborative efforts which facilitate the role of photovoltaic solar energy as a cornerstone in the transition to sustainable energy systems"
The Advanced Energy Centre (AERTC) is located in the Research & Development Park at Stony Brook University and is a partnership of academic institutions, research institutions, energy providers and industrial corporations. The Center’s mission is innovative energy research, education and technology deployment with a focus on efficiency, conservation, renewable energy and nanotechnology applications for new and novel sources of energy.

The goals of AERTC are to:

- Establish a broad based interdisciplinary research program which integrates fundamental science, nanotechnology, and engineering to design the next generation of advanced energy systems. This involves exploring renewable energy sources, enhancing the performance of traditional fuels through molecular engineering, and employing cutting edge solid state and polymeric polyelectrolyte fuel cell technology.

- Build a state-of-the-art laboratory to model power generation that can test new technologies, such as biomass, hydrogen fuels, fuel cells, carbon sequestration, and power cogeneration. This facility will be able to quantitatively evaluate the economic factors of zero emissions power generation and will enable the Center to be a national leader in establishing universal standards for safety and environmental impact for the energy industry.

- Engineer full scale demonstration and testing facilities to accurately simulate the power generation grid and which will optimize the distribution network, provide alternatives in case of local failures, and provide early warning of sabotage, leaks, or terrorist infringements.

- Design a program of public outreach to the community in order to explain energy policy and emerging technologies. This includes:
  - Sponsorship of national and international conferences for leaders in energy research
  - Organizing workshops to inform the public of energy policies
  - Outreach to schools through special programs designed for K-12 teachers and their students.
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Communitech was founded in 1997 by a group of entrepreneurs who wanted to raise the profile of the Waterloo Region tech community. The vision was and is to create more tech talent, a globally-recognized tech sector and better support for companies.

Today, Communitech is an industry-led innovation centre that supports, fosters and celebrates a community of nearly 1,000 tech companies. It supports companies at all stages of growth and development—from start-ups to rapidly-growing mid-sized companies and large global players.

The Communitech Hub is 80,000+ square feet dedicated to collaboration and innovation. Communitech brings together key players—from start-ups and global brands, to government agencies, academic institutions, tech incubators and accelerators. The facility is able to host to events and serves as collaborative office space for a mix of tech and non-tech companies.
# Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Accelerator</td>
<td>A fixed-term, cohort-based program, that includes mentorship and educational components and culminate in a public pitch event or demo day.</td>
</tr>
<tr>
<td>Advanced Planning Group</td>
<td>A group managed by Alectra that is responsible for business and management, financial oversight, and providing guidance on all relevant activities to the GRE&amp;T Centre.</td>
</tr>
<tr>
<td>Artificial Intelligence</td>
<td>The theory and development of computer systems able to perform tasks that normally require human intelligence, such as visual perception, speech recognition, decision-making, and translation between languages.</td>
</tr>
<tr>
<td>Blockchain Technology</td>
<td>A decentralized and distributed digital ledger that is used to record transactions across many computers so that the record cannot be altered retroactively without the alteration of all subsequent blocks and the collusion of the network.</td>
</tr>
<tr>
<td>Distributed Energy Resources (DERs)</td>
<td>Smaller power sources that can be aggregated to provide power necessary to meet regular demand. As the electricity grid continues to modernize, DER such as storage and advanced renewable technologies can help facilitate the transition to a smarter grid.</td>
</tr>
<tr>
<td>Eco-Entrepreneurship</td>
<td>Represents the process of principles of entrepreneurship being applied to create businesses that solve environmental problems or operate sustainably.</td>
</tr>
<tr>
<td>Electric Vehicle</td>
<td>A vehicle that uses one or more electric motors for propulsion.</td>
</tr>
<tr>
<td>Integrated Solutions</td>
<td>Green technology solutions that will fit well within Alectra’s communities and work for customers.</td>
</tr>
<tr>
<td>Internet of Things (IoT)</td>
<td>The interconnection via the Internet of computing devices embedded in everyday objects, enabling them to send and receive data.</td>
</tr>
<tr>
<td><strong>Green Efforts</strong></td>
<td>Efforts that seek to improve the sustainability of energy production in a manner that is environmentally-friendly and addresses issues of climate change.</td>
</tr>
<tr>
<td><strong>Local Distribution Companies (LDCs)</strong></td>
<td>An electricity distribution company that builds and maintains the portion of the utility supply grid that is closest to the residential and small commercial consumer.</td>
</tr>
<tr>
<td><strong>Micro Grid</strong></td>
<td>A small network of electricity users with a local source of supply that is usually attached to a centralized national grid but is able to function independently.</td>
</tr>
<tr>
<td><strong>Net Metering</strong></td>
<td>Allows consumers who generate some or all of their own electricity to use that electricity anytime, instead of when it is generated. This is particularly important with wind and solar.</td>
</tr>
<tr>
<td><strong>Net-Zero Energy Emissions (NZEE) Community</strong></td>
<td>A net-zero emissions community produces and uses at least as much emissions-free renewable energy as it uses from emissions-producing energy sources annually.</td>
</tr>
<tr>
<td><strong>Smart Grid</strong></td>
<td>An electricity supply network that uses sensors and other digital communications technology to detect and react to local changes in usage.</td>
</tr>
<tr>
<td><strong>Start-up</strong></td>
<td>An entrepreneurial venture which is typically a newly emerged, fast-growing business that aims to meet a marketplace need by developing a viable business model around an innovative product, service, process or a platform.</td>
</tr>
<tr>
<td><strong>Subject-Matter Expert</strong></td>
<td>A person who is an authority in a particular area or topic.</td>
</tr>
<tr>
<td><strong>Transactive Energy</strong></td>
<td>Refers to the economic and control techniques used to manage the flow or exchange of energy within an existing electric power system in regards to economic and market based standard values of energy.</td>
</tr>
</tbody>
</table>
Fairness Opinion

Proposed Amalgamation of Guelph Hydro Electric Systems Inc. and Alectra Utilities Corporation in exchange for shares of Alectra Inc.

Report Date: November 28, 2017
FAIRNESS OPINION – GUELPH MUNICIPAL HOLDINGS INC.

1 Grant Thornton LLP (“GT”, “we”, “us”, or “our”) understands that Guelph Municipal Holdings Inc. (the “Shareholder”, “GMHI”, or the “Corporation”) proposes to enter into a Merger Participation Agreement (the “Agreement”) which would result in a merger between Alectra Utilities Corporation (“AUC”) and Guelph Hydro Electric Systems Inc. (“GHESI”) in return for shares of Alectra Inc. (“Alectra”) (the “Transaction” or the “Offer”) with a targeted closing date of December 31, 2018. GMHI and Alectra are both municipally-controlled OBCA corporations whose subsidiaries provide electricity distribution and other non-regulated services as permitted by the Affiliate Relationships Code. As part of the Agreement, the subsidiaries of GMHI and Alectra that hold electricity distribution licenses from the Ontario Energy Board (the “OEB”), GHESI and AUC, will be amalgamated to form a single OEB-licensed electricity distributor.

2 Upon completion of the Transaction, GMHI will receive such shares in the capital of Alectra, which will equate to an ownership percentage of approximately 4.63%, with the other shareholders of Alectra, being Enersource Corporation, Hamilton Utilities Corporation, St. Catharines Hydro Inc., Vaughan Holdings Inc., Markham Enterprises Corporation, and Barrie Hydro Holdings Inc., collectively holding the remaining 95.37%.

3 The ownership percentages were determined based on the fair market value of GHESI and Alectra, including their respective subsidiaries, immediately prior to the completion of the Transaction, as determined in the valuation models prepared by GT and supporting analysis, research and discussions.

4 The Shareholder has retained GT to provide a fairness opinion report (the “Fairness Opinion”) setting out our opinion as to whether the Offer is fair, from a financial point of view, to the Shareholder.
Guelph Municipal Holdings Inc.

5 The Corporation is a holding company with the following corporate structure:

![Corporate Structure Diagram]

6 GHESI is a licensed electricity distributor, formed in 1903 under the Hydro-Electric Power Commission of Ontario, and is now wholly owned by GMHI.

7 GHESI serves over 55,000 customers across the Township of Guelph-Eramosa, the Township of Puslinch, downtown City of Guelph, and the village of Rockwood. The service area spans 93 square kilometers. GHESI's customers consumed 1,719 gigawatt-hours in 2016 and has total assets of $228 million. The majority of GHESI's customers (over 90%) are residential customers. GHESI owns the following generation assets:

a 1 transformer station and 2 substations;

b 5,903 transformers;

c 10,765 poles;

d 42 fleet vehicles;

e 2 rooftop solar facilities that generated 139 megawatt hours in 2016; and

f 420 km of overhead lines and 712 km of underground cables.

8 GMHI also owns two non-regulated assets currently housed in Envida Community Energy (“Envida”). These two assets will be acquired by GHESI prior to completion of the Transaction and have been considered in our determination of fairness. The Eastview Landfill Gas Site and Generation facility is a solid waste disposal facility. The facility is a 2,775 kW electricity generation plant consisting of three gas-fired Caterpillar model 3516 units that were installed in 2005. One of the three units was removed in 2012. The Southgate Solar facility is located on the roof at 395 Southgate Drive and has been in operation since 2010. The facility consists of 100 kW of fixed position solar panels supplied
by Canadian Solar. The inverter converts the DC power provided by the solar panels into 600 VAC.

9 The Transaction will not include the district energy assets of Envida.

**Alectra Inc.**

10 Alectra is a holding company with the following corporate structure:

11 Alectra Utilities Corporation is a regulated LDC created through the amalgamation of Powerstream Inc., Enersource Hydro Mississauga Inc., and Horizon Utilities Corporation on January 31, 2017. On February 28, 2017, AUC acquired all of the shares of Hydro One Brampton Networks Inc. with assets moved to AUC on March 2, 2017. AUC is the second largest municipally-owned electric utility by customer base in North America. Organized operationally along three service areas within the Greater Toronto and Hamilton Area – Western Region (Hamilton and St. Catharines), Central Region (Mississauga and Brampton), and Eastern Region (Vaughan, Markham, Barrie and eight other communities).

12 Collus Powerstream Utility Service Corporation is 50% owned by AUC and the Town of Collingwood. It distributes electricity in Collingwood, Thornbury, Stayner and Creemore. We understand that this investment will be divested prior to closing and has been considered in our determination of fairness. As a result of the pending sale, this has not been reflected in the corporate structure above.

13 Alectra Energy Solutions Inc. provides non-regulated energy services to residential, commercial and industrial customers. It operates renewable energy generation and storage assets owned by AUC, servicing approximately 20,000 customers.

14 Alectra Energy Services Inc. provides sub-metering services and home energy management services to approximately 35,000 customers. This affiliate wholly owns Util-Assist Inc., an energy services and consulting company that provides services to mid-size utilities throughout North America, including advanced metering infrastructure consulting, billing and customer care, CDM delivery, as well as an after-hours outage management call centre.

15 Alectra Power Services Inc provides street lighting and maintenance services.
Solar Sunbelt General Partnership is a partnership between AUC and Horizon Solar Corporation. This affiliate sells electricity to the IESO pursuant to long-term power purchase agreements under the Feed-In Tariff program.

**Engagement of Grant Thornton LLP**

GT was retained by the Shareholder as a financial advisor effective April 4, 2017, to review, report, and make recommendations to the Shareholder on GMHI and its subsidiaries.

Subsequent to GT’s review of GMHI and the related subsidiaries, GT acted as GMHI’s exclusive financial advisor in connection with the proposed merger of GHESI with a third party merger partner.

The fee to be received in relation to GT’s preparation of the Fairness Opinion is based on the professional time required for GT to render the Fairness Opinion. GT’s compensation for rendering the Fairness Opinion is not contingent on the result of, or on any action or event resulting from the use of, the Fairness Opinion. The effective date of our Fairness Opinion is November 28, 2017 (the “Report Date”).

**Credentials of Grant Thornton LLP**

Grant Thornton LLP (“GT”) is the Canadian member firm of Grant Thornton International Ltd (“GTIL”), one of the world’s leading organizations of independent audit, tax, and advisory firms.

In Canada, we serve a broad range of clients, including privately-held and publicly-listed companies, financial institutions, governmental agencies, and civic and religious organizations. Our core industry focuses include financial services; charity and not-for-profit; manufacturing and distribution; energy; construction, real estate and hospitality; mining; and professional services.

Locally, GT is also a leading financial advisor to LDCs and related businesses in Ontario.

Internationally, we are a firm with revenues of US$4.2 billion, employ in excess of 35,000 people, have over 2,800 partners, which are spread out over approximately 500 offices.

The valuation practitioners involved in providing the Fairness Opinion are professionally trained, and hold Chartered Accountant and Chartered Business Valuator designations.

**Independence of Grant Thornton LLP**

This report was prepared in conformity with the Practice Standards of the Canadian Institute of Chartered Business Valuators (“CICBV”), and in doing so the authors have acted independently and objectively.

GT has completed an internal search of its records and determined that we are independent of GMHI and Alectra. GT has informed the Shareholder that based on a conflict search,
GT is not aware of any actual or perceived conflicts that could affect our ability to act impartially.

27 Our search concluded that, except for as noted herein, neither GT, nor any of our affiliates, is an insider, associate, or affiliate of GMHI, Alectra, or any of their respective subsidiaries, or affiliates.

28 There are no understandings, agreements or commitments between GT, Alectra, and GMHI, or any of their respective associates, subsidiaries, or affiliates with respect to any future business dealings.

Scope of Review
29 The Scope of Review describes the extent of and the process of collecting, confirming and reporting data. In connection with rendering our Fairness Opinion, we have reviewed and relied upon, or carried out, among other things, those items listed in Appendix A. We were provided full access to records and personnel, with no restrictions to information requested.

Assumptions and Limitations
30 In arriving at our Fairness Opinion, we have relied upon the following statements:

a The financial statements referred to under “Scope of Review” are complete in all material respects. The financial statements contain all, and reflect only those, revenues, expenses, assets and liabilities of GMHI, Alectra, and the relevant operating subsidiaries;

b The consolidated ownership valuation model referred to under “Scope of Review” is complete in all material respects. The consolidated ownership valuation model includes all relevant entities, including all assets and liabilities;

c We understand that the closing adjustments are structured in a manner that will result in a $18.5 million closing adjustment in favour of GMHI;

d GT has relied upon the completeness, accuracy and fair presentation of all the financial and other factual information, data, advice, opinions or representations obtained from public sources and management of GMHI and Alectra (collectively, “Management”). Our conclusions are conditional upon the completeness, accuracy and fair presentation of such information. Subject to the exercise of professional judgment, GT has not attempted to verify independently the accuracy, completeness or fair presentation of the information obtained. The Fairness Opinion is conditional upon such completeness and accuracy; and

e At the date of this report, there were no contingent or unrecorded liabilities, environmental liabilities, litigation pending or threatened, other than in the ordinary course of business, disclosed by GMHI or Alectra, or contained in the public record.
We have made assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of GT and any party involved in the Transaction. We have rendered our Fairness Opinion on the basis of prevailing market and industry conditions and expectations, and on the condition that prospects, financial and otherwise, have been represented to GT in discussions with Management and their representatives and factored into information and analysis provided.

The preparation of a fairness opinion is a complex process and our opinion was arrived at giving consideration to our analyses viewed as a whole and is not susceptible to partial analysis.

We understand that our opinion will form a portion of the basis for GMHI’s decision in favour of, or against, the Transaction. We have consented to our Fairness Opinion being referred to and included in a City of Guelph Council presentation to be sent to Council members. We also understand that the board of directors of both GESI and GMHI (the “Boards”) will be relying upon our Fairness Opinion to form a portion of the basis for their recommendation to their respective shareholders regarding the Transaction. We have consented to our Fairness Opinion being referred to and included in a Board package to be sent to the Board members. Our report has been prepared to provide an opinion as to whether the Offer is fair, from a financial point of view, to the Shareholder. Our report is to be used in contemplation of this stated purpose only, and may not be used or relied upon by any other person, or for any other purpose without our prior written consent. The Fairness Opinion is not intended for general circulation or publication, except as noted above. We do not assume any responsibility or liability for losses occasioned by the Corporation (including its subsidiaries), the City of Guelph, Alectra (including its subsidiaries), the Boards, or any other parties as a result of the circulation, reproduction, or use of our report, or its contents, in a manner contrary to the provisions of this paragraph.

The Fairness Opinion does not constitute a recommendation as to how any City of Guelph Council member nor any Board member should vote or act on any matter relating to the Transaction.

No opinion, advice or interpretation is intended in matters that require legal or other appropriate professional advice, and we have not provided such advice to the Shareholder or to the Boards.

It is assumed that such opinions, counsel or interpretations have been or will be obtained from the appropriate professional sources.

The Fairness Opinion is not to be interpreted as a recommendation to any director of the Boards or Shareholder representative to accept or reject the Offer. The Fairness Opinion does not provide assurance that the best possible financial terms were obtained.

GT disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Fairness Opinion which would have been known or expected to be
known as at the date of the Fairness Opinion, but which may come to our attention after the Report Date. We reserve the right (but will be under no obligation) to review our Fairness Opinion and, if we consider it necessary, to revise, modify, or withdraw our conclusion in light of any information existing at our Report Date that becomes subsequently known to us, or if we learn that any information we relied upon in preparing our conclusions was inaccurate, incomplete or misleading in any material respect.

Methodology Applied and Factors Considered in Performing our Fairness Analysis

39 The assessment of the fairness of the Agreement, from a financial point of view, must be determined in the context of the Transaction. Briefly described, in considering the fairness of the Agreement, from a financial point of view to the Shareholder, we have considered a number of matters including, but not limited to, the following:

a. GT has collaborated with Management to complete a valuation model and analysis for each of GHESI, as well as selected other GMHI assets, and Alectra. The valuation model and analysis included both the LDCs, as well as the respective affiliate businesses included as part of the Transaction, as at December 31, 2018. A component of the work underlying the completion of the Fairness Opinion, consisted of evaluating our conclusions against the terms set out in the Agreement;

b. reviewed and analyzed the proposed draft Unanimous Shareholders Agreement to be dated as of the Transaction closing date;

c. reviewed and analyzed the draft Merger Participation Agreement;

d. reviewed, analyzed, and recalculated the respective ownership percentages attributable to GMHI and the other shareholders of Alectra in relation to the post-merger entity based on the valuation conclusions of our aforementioned valuation analysis;

e. researched the industries in which GMHI and Alectra do business and assessed the impact of economic trends and outlook on the performance of GMHI, Alectra, and the relevant operating subsidiaries;

f. reviewed valuation metrics implied in transactions involving companies we deemed to be reasonably comparable to GMHI, Alectra and their operating subsidiaries; and

g. considered our experience in valuing businesses similar to GMHI and Alectra.

Conclusion

40 Based upon and subject to the foregoing, we are of the opinion that, as at the date hereof, the Merger Participation Agreement is fair, from a financial point of view, to the Shareholder.

Yours sincerely,
Troy MacDonald, CPA, CA, CBV
Partner, Transactions
Appendix A – Scope of Review


b  Draft Alectra Inc. Unanimous Shareholders’ Agreement to be dated as of the Transaction closing date.

c  Draft Merger Participation Agreement.

d  Externally prepared annual financial statements of GMHI, Alectra, and their respective subsidiaries.

e  Valuation analysis completed by Grant Thornton.

f  Internally prepared financial statements for the fiscal years ended December 31, 2014 to December 31, 2016 prepared by Management.

g  Unaudited income statement and balance sheet projections prepared in fiscal 2016, for the 5-year period from fiscal 2017 to fiscal 2021 for AUC.

h  Unaudited projections calculating the forecasted rate bases of GHESI and AUC as at December 31, 2017.

i  General research pertaining to the economy, industry, and companies. This research included a number of Capital IQ searches, as well as a review of industry reports related to electricity distribution in Canada.

j  Discussions with Management.

k  We discussed with Management the past and future operations of the LDCs and other subsidiaries, pricing, cost, and the state of each entity’s respective industry. In keeping with our terms of reference, we completed limited review, analysis and corroboration of this information provided by Management.

l  Various contracts relating to the operations of GMHI and Alectra (including subsidiaries).

m  Ontario Places to Grow Study 2017.
November 22, 2017

Ms. Jane Armstrong, Chair  
Guelph Hydro Electric Systems Inc.  
395 Southgate Drive  
Guelph, ON  
N1G 4Y1

Dear Ms. Armstrong,

Over the course of the past several weeks as we have been working on the proposed merger of Guelph Hydro Electric Systems Inc. with Alectra Inc., the matter of the possible privatization of Alectra at some time in the future has been raised as a public concern in Guelph.

On behalf of the Board of Directors of Alectra Inc., I would like to confirm, and reassure you, that consistent with our Strategic Plan approved by all of our shareholders, there are no plans in place or contemplated that would result in the loss of municipal control of Alectra.

I trust that this information will help to address any concerns relating to the future ownership of Alectra.

Sincerely,

Norm Loberg  
Chair  
Alectra Inc.
ENGAGEMENT FINDINGS

OCTOBER 2016-NOVEMBER 2017

A summary of public engagement activities and findings
MULTI-PHASE PROCESS

Phase 1
Raise awareness of process; seek public input on priorities, decision-making criteria

Phase 2
Raise awareness of two scenarios Council directed SOC to further explore: merge and maintain full ownership

Phase 3
Measure awareness and support for components of proposed Guelph Hydro-Alecetra merger

Phase 4
If Council approves merger, help customers, employees understand what to expect during regulatory process
PHASE ONE
DECISION-MAKING CRITERIA

Value for Customers
- Protect consumers with respect to electricity distribution rates
- Meet or exceed current quality, safety and reliability of service
- Meet or exceed current customer service standards
- Maintain or enhance service and systems through innovation and technology

Value for Community
- Continue or enhance conservation and demand management programs
- Support development of provincial smart grid
- Encourage use and generation of electricity from renewable sources
- Advocate for local interests among regulators, industry and other levels of government
- Provide local jobs

Value for the City of Guelph
- Realize the best financial return and overall value
- Supply electricity efficiently and cost-effectively
- Contribute capital funds for reinvestment
- Support long-term community planning and economic development
68% of respondents supported the decision-making criteria

Most important criteria:
- Rates
- Service
- Community planning
- Environment
- Local jobs

Many said ‘no’ to privatization and sale
PHASE TWO
ACTIVITIES

- Pop-up information tables
- Energizingtomorrow.ca
- Educational video
- Municipal websites and social media
- Local media relations
- Guelph Hydro bill insert
- Guelph Hydro employees communications
PHASE THREE
ACTIVITIES

- Telephone consultation survey
- Web survey
- Open houses
- Pop-up information tables
- Community stakeholder outreach
- Municipal websites and social media
PHASE THREE
ACTIVITIES (Continued)

- Local advertising and paid social
- Media relations and public announcements
- Editorial
- Dedicated community email address / phone line
- Energizing Tomorrow booklet (Updated version)
- Energizingtomorrow.ca
People support the benefits of the merger

Residents value:
- Lower rates
- High-quality service
- Local jobs
- Environmental sustainability
- Information and transparency
Q1. “ARE YOU AWARE OF GUELPH HYDRO'S CURRENT MERGER NEGOTIATIONS WITH ALECTRA?”

<table>
<thead>
<tr>
<th></th>
<th>Phone Survey</th>
<th>Web Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>398</td>
<td>52</td>
</tr>
<tr>
<td>No</td>
<td>102</td>
<td>1</td>
</tr>
</tbody>
</table>
Q2. "WOULD YOU SUPPORT A MERGER OF GUELPH HYDRO AND ALECTRA IF IT RESULTS IN MORE MODERATE DISTRIBUTION RATE INCREASES THAN WOULD OCCUR IF GUELPH HYDRO REMAINED A STANDALONE UTILITY?"
Q3. “WOULD YOU SUPPORT A MERGER OF GUELPH HYDRO AND ALECTRA IF IT WILL MAINTAIN AND GENERATE NEW LOCAL JOBS IN GUELPH?”

<table>
<thead>
<tr>
<th>Option</th>
<th>Phone Survey</th>
<th>Web Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>384</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>99</td>
<td>28</td>
</tr>
<tr>
<td>Don't Know</td>
<td>17</td>
<td>7</td>
</tr>
</tbody>
</table>
Q4. “GIVEN THIS, DO YOU STRONGLY AGREE, AGREE, DISAGREE OR STRONGLY DISAGREE THAT SERVICE WOULD REMAIN THE SAME OR IMPROVE UNDER A GUELPH HYDRO-ALECTRA MERGER?”

<table>
<thead>
<tr>
<th>Response</th>
<th>Phone Survey</th>
<th>Web Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>strongly agree</td>
<td>79</td>
<td>2</td>
</tr>
<tr>
<td>agree</td>
<td>150</td>
<td>8</td>
</tr>
<tr>
<td>disagree</td>
<td>90</td>
<td>35</td>
</tr>
<tr>
<td>strongly disagree</td>
<td>52</td>
<td>8</td>
</tr>
<tr>
<td>don't know/unsure</td>
<td>129</td>
<td>8</td>
</tr>
</tbody>
</table>

Legend:
- **phone survey**
- **web survey**
Q5. “DO YOU STRONGLY AGREE, AGREE, DISAGREE OR STRONGLY DISAGREE THAT THE PROPOSED INVESTMENT RESOURCES WOULD RESULT IN INNOVATION FOR THE LOCAL ELECTRICITY DISTRIBUTION SYSTEM?”
Q6. “WOULD YOU SUPPORT A MERGER OF GUELPH HYDRO AND ALECTRA IF IT MEANT DIVIDENDS TO THE CITY OF GUELPH WOULD INCREASE AND THAT MONEY COULD BE INVESTED BACK INTO THE COMMUNITY?”
Q7. “WOULD YOU SAY THAT YOU STRONGLY AGREE, AGREE, DISAGREE OR STRONGLY DISAGREE THAT THE ESTABLISHMENT OF A GREEN ENERGY & TECHNOLOGY CENTRE IS A GOOD DIRECTION FOR GUELPH?”
COLLATERAL

Bill inserts

Booklet

Newspaper ads
Handout

Question

Will I be paying more or less for hydro?

Ask us anything.

Ontario’s electricity sector is changing.

It’s time to review options for Guelph Hydro.

Learn more, ask questions, get in touch.

energizingtomorrow.ca

Poster boards

Bookshelf Theatre ad
What will the future of local hydro look like?

The future of hydro looks different.

Social media

Pull-up banners

Web ads

Have your say about a Guelph Hydro merger

Customer savings • Reliable service • Local jobs
energizingtomorrow.ca

Ontario’s electricity sector is changing.

Ask us anything at energizingtomorrow.ca

Ontario’s electricity sector is changing. Share your questions and comments about Guelph Hydro at energizingtomorrow.ca
## COMMUNICATIONS RESULTS

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Media Relations</strong></td>
<td>• Stories: 46</td>
</tr>
<tr>
<td></td>
<td>• Reach: 11,507,004</td>
</tr>
<tr>
<td><strong>Advertising</strong></td>
<td>• Ads: 17</td>
</tr>
<tr>
<td></td>
<td>• Impressions: 1,932,290</td>
</tr>
<tr>
<td><strong>Social Media</strong></td>
<td>• Posts: 303</td>
</tr>
<tr>
<td></td>
<td>• Impressions: 699,937</td>
</tr>
<tr>
<td><strong>Online Videos</strong></td>
<td>• Videos: 2</td>
</tr>
<tr>
<td></td>
<td>• Views: 43,390</td>
</tr>
<tr>
<td><strong>Customer Bill Inserts</strong></td>
<td>• Inserts: 2</td>
</tr>
<tr>
<td></td>
<td>• Reach: 50,000</td>
</tr>
<tr>
<td><strong>Email Updates</strong></td>
<td>• Subscribers: 52</td>
</tr>
</tbody>
</table>
## Engagement Results

<table>
<thead>
<tr>
<th>Activity</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Telephone Survey</strong></td>
<td>• Phase 1 Survey: n=260</td>
</tr>
<tr>
<td></td>
<td>• Phase 2 Survey: n=500</td>
</tr>
<tr>
<td><strong>EnergizingTomorrow.ca</strong></td>
<td>• Unique Visitors: 6,200</td>
</tr>
<tr>
<td></td>
<td>• Phase 1 Poll: 160</td>
</tr>
<tr>
<td></td>
<td>• Phase 3 Poll: 53</td>
</tr>
<tr>
<td><strong>Open Houses</strong></td>
<td>• Sessions: 6</td>
</tr>
<tr>
<td></td>
<td>• Attendees: 109</td>
</tr>
<tr>
<td><strong>Pop-up Information Tables</strong></td>
<td>• Sessions: 10</td>
</tr>
<tr>
<td></td>
<td>• Engagements: 242</td>
</tr>
<tr>
<td><strong>Stakeholder Briefings</strong></td>
<td>• Guelph Hydro: 16 organizations</td>
</tr>
<tr>
<td></td>
<td>• City of Guelph: 7 organizations</td>
</tr>
</tbody>
</table>
The research shows Guelph Hydro customers support the benefits of a Guelph Hydro-Alectra merger.

Guelph Hydro customers are eager for the City and Guelph Hydro to share the details of the transaction.

Overall, customer response throughout the asset review process has been moderate; there has been neither overwhelming movement against or for the Guelph Hydro-Alectra merger.
QUESTIONS

Ask us anything

ENERGIZINGTOMORROW.CA
GUELPH HYDRO ASSET REVIEW

COMMUNITY EDUCATION AND ENGAGEMENT REPORT

November 28, 2017
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  Phase Two Community Engagement Activities ............................................................. 31  
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  Energizing Tomorrow Website Analytics ....................................................................... 47
Executive Summary

The City of Guelph launched the municipal public asset review of Guelph Hydro in October 2016. This also marked the start of Guelph’s multi-phase community engagement initiative called Energizing Tomorrow.

The first phase of the campaign was designed to raise awareness about the review and seek input on the criteria that would guide decision-making for the future of Guelph Hydro. Phase One community engagement findings showed support for the decision-making criteria being used to evaluate options for Guelph Hydro: rates, customer service, community planning, environmental sustainability and local jobs.

Following preliminary industry research, analysis and public engagement, Guelph City Council decided in February 2017 to consider how a merger with a publicly-owned utility compared with maintaining full ownership of Guelph Hydro.

The second phase of the Energizing Tomorrow campaign was focused on raising community awareness about the process, and informing the community that City Council would consider a possible Guelph Hydro merger in late 2017.

The City of Guelph announced on October 18, 2017 it would enter merger negotiations with Alectra, a municipally-owned utility. A merger with Alectra would keep downward pressure on rates, resulting in distribution rate increases that are more moderate than they would be if Guelph Hydro remained a standalone utility. And following the merger, Alectra would establish a Southwest Ontario Operations Hub and new Green Energy and Technology Centre (GRE&T Centre) at Guelph Hydro’s current headquarters, keeping jobs in the community. As a shareholder, the City of Guelph would continue to receive annual dividends while customers would benefit from increased investments towards innovation.

Since the Guelph Hydro-Alectra merger announcement, the City of Guelph held open houses, pop-up information tables in public spaces, stakeholder consultations, conducted telephone and web surveys, and held Guelph Hydro employee town halls and other public engagement activities.

At the time of Phase Three engagement, the City was not in a position to disclose specific details about the negotiations that were underway (this information became public in the December 13, 2017 report to City Council). The City engaged the public on what it could disclose at the time, which included a high-level description of the key benefits and commitments that was announced on October 18, 2017.
Phase Three Community Feedback Highlights

- Most people are aware the City is considering a Guelph Hydro merger.
- Overall, the community supports the benefits of the merger.
- Rates are a priority for residents.
- Customers want high-quality, reliable service in the local area. There are questions about whether Guelph would be a priority as part of a larger utility.
- Residents want local control and a voice over hydro decisions in the community.
- The community wants to keep jobs in Guelph. Some question whether jobs will leave the city in the long-term.
- Residents care about environmental sustainability and the proposed Green Energy & Technology Centre is generally well-received. Some community members want more details about the Centre.
- Community members want more specific information about the proposed merger.

The December 13, 2017 report to City Council as shareholder of Guelph Hydro, along with its attachments, summarize the outcomes of the City’s discussions with Alectra and provide information the public has been asking for.
Introduction

About Energizing Tomorrow

In October 2016, when the City of Guelph launched its review of Guelph Hydro, one of the first steps it took was to develop a community education and engagement plan.

Unlike most other cities exploring options for their local utility companies, Guelph initiated its education and engagement activities before a proposed transaction was being considered by City Council.

The long-term, multi-phase Energizing Tomorrow initiative was deliberately designed to give people time to learn about the process and considered options, and offer meaningful opportunities to participate.

Engagement Objectives

- **Design a process with integrity**: Ensure the community has opportunities to provide input from the onset of the process.
- **Encourage meaningful engagement**: Through digital communications and direct engagement, drive awareness and participation.
- **Gather actionable input**: Leverage the engagement initiative to ensure the views of the community are reflected in decisions.
- **Maintain public confidence**: Earn the public’s trust by conducting meaningful engagement.

Engagement Principles

- Transparent and accountable
- Clear language and messages
- Timely
- Authentic
- Inclusive
- Easy to participate
- Focused on the public interest
Community Engagement: Four Phases

People’s expectations of engagement continue to increase as they want to be included in the decisions that stand to impact them.

Given the importance of the electricity distribution company for all community members, the City of Guelph designed and activated a multi-phased community engagement initiative to seek public input throughout the asset review process, which includes four community consultation phases:

- **Phase One** (October 2016 – February 2017): Raise awareness of process and seek public input on priorities and decision-making criteria.
- **Phase Two** (February – October. 2017): Raise awareness of City Council’s February decision and of the two scenarios that would be examined closely from this point forward: maintain full ownership and merge in greater detail.
- **Phase Three** (October – December 2017): Measure awareness and support for the benefits and commitments of the proposed Guelph Hydro-Alectra merger.
- **Phase Four** (December 2017 - TBD): If Guelph City Council approves the merger, the City of Guelph will continue to help customers, and employees understand what to expect throughout the regulatory process and until the merger is complete.
Phase Three:
October to November 2017

After more than a year of ongoing community education and engagement, Phase Three engagement findings clearly show that most people in Guelph and Rockwood are aware that the Guelph City Council is considering a merger, and most people support the benefits of the proposed merger.

Through a statistically valid telephone survey of Guelph and Rockwood Guelph Hydro customers (November 2017), the City learned 80% of respondents were aware of the asset review process.

This high level of awareness can be attributed to the community engagement and awareness activities in Phase One and Phase Two.

Community feedback from previous phases of the process is presented later in this report.

Phase Three Community Engagement Findings

The following data reflects feedback collected from a subset of the population in the City of Guelph and Rockwood who engaged in the community engagement process from October 18, 2017 to November 28, 2017.

People Support the Benefits of the Merger

The telephone survey (N=500) is the largest source of scientific data from the community, and indicates that residents are supportive of the benefits of the Guelph Hydro-Alectra merger as it relates to the top-ranked decision-making criteria: rates, customer service, local jobs, community planning, environmental sustainability and local jobs.

There has been no strong public movement against or for the Guelph Hydro-Alectra merger through the extensive community engagement process, especially since the merger announcement on October 18, 2017. This lack of strong sentiment in the community could be the reason for modest participation in Phase Three open house events and some other community engagement activities.

There are some in the community who have concerns about the transaction, which are reflected in the key findings below.
Rates
From the very beginning of the asset review process, people said rates are most important. People are concerned about the cost of hydro.

When asked about the expected impact the merger would have on rates, just over 50% said they were in favour of the merger – compared to 33.4% who said no and 16.2% who did not have a response.

Some in the community question whether rates won’t increase as much by merging with Alectra and want more information from the City of Guelph on how rates will be protected post-merger.

Customer Service
Reliable service is important for hydro customers in Guelph and Rockwood. When provided with information about the service commitments Alectra has agreed to, respondents are largely in favour of the local service that would be provided post-merger.

Many in the community are satisfied with the current level of service from Guelph Hydro and some question whether Alectra would prioritize customers in Guelph given the size of the utility.

Local Jobs
Guelph residents want assurances that local jobs will remain post-merger.

When told operations-type jobs would remain in the community following the merger, respondents were supportive of the transaction.

Some in the community are skeptical on whether jobs will remain in the community long-term.

Environmental Sustainability
Guelph residents want to continue to lead in developing and implementing environmentally-sustainable solutions. When provided with details about the proposed GRE&T Centre, most people who participated in the community engagement process were supportive.

Some residents have asked for more information about the GRE&T Centre as the concept is still in its early phases. It should also be noted that some residents are concerned about the GRE&T Centre’s feasibility and cost due to previous questions about Guelph’s experience with district energy.
Local Control and Influence

In Phase One, the City heard the community was opposed to a sale and to privatization, and wanted to maintain local control. In Phase Three, after people understood City Council had already decided not to sell or privatize Guelph’s local utility, fewer concerns were raised in the community.

A small number of community members have questioned whether, as a small shareholder, the City of Guelph would have less influence or control over hydro matters in the city. There is an opportunity to provide the community with more information about how the City of Guelph will continue to have a say over hydro decisions that affect customers in Guelph (NOTE: At the time of the Phase Three engagement, governance details were not yet public given that negotiations were underway).

Information and Transparency

During merger negotiations, the City has not been able to share all details about the proposed merger. Some people have commented on the fact that they would like more information in order to form an opinion about the merger.

As the process continues, it will be important for the City of Guelph to share more details about the proposed merger, including details about local control and influence.

For some, the desire for more information has resulted in questions about transparency. Some reported they would like more details about Alectra and the potential downside of a merger.
Phase Three Survey Results

There are two data sets from the polling on the benefits of the Guelph Hydro-Alectra merger: the Oraclepoll Research telephone consultation survey (N=500) and the Energizing Tomorrow unscientific online poll (N=53).

The telephone poll features eight questions designed to show how customers feel about the proposed transaction. Oraclepoll Research—an independent Canadian market research firm—designed and administered the poll.

Respondents were randomly selected using random digit dialing among Guelph and Rockwood residents. Both landlines and cellphone numbers made up part of the sample. In total, 500 interviews were completed yielding statistically robust findings. A sample size of 500 people produces results which can be considered accurate within ± 4.4 percentage points, 19 times out of 20.

Respondents of the scientific telephone survey were in favour of the merger’s benefits, based on the decision-making criteria.

On the other hand, the online poll received a modest number of responses – 53 as of November 15, 2017. The vast majority of the 53 respondents to the online poll are opposed to the merger.
Phone and Web Survey Results

**Question 1:** Are you aware of Guelph Hydro's current merger negotiations with Alectra?

<table>
<thead>
<tr>
<th></th>
<th>Phone Survey</th>
<th>Web Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>398</td>
<td>1</td>
</tr>
<tr>
<td>No</td>
<td>102</td>
<td>52</td>
</tr>
</tbody>
</table>

**Question 1: awareness**
Through community engagement, residents told the City that keeping distribution rates low was the most important decision-making criteria when deciding on the future of Guelph Hydro. Distribution rates won't go down in either case (merge or stand alone.) But customers will see more moderate distribution rate increases if Guelph Hydro merges with Alectra.

Would you support a merger of Guelph Hydro and Alectra if it results in more moderate distribution rate increases than would occur if Guelph Hydro remained a standalone utility?

**Question 2: rates**

![Bar chart showing responses to Question 2: rates]

- Yes: 252 (phone survey: 10, web survey: 34)
- No: 167 (phone survey: 34, web survey: 9)
- Don't know: 81 (phone survey: 9, web survey: 9)

**Question 2: rates**

<table>
<thead>
<tr>
<th>Response</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>252</td>
</tr>
<tr>
<td>No</td>
<td>167</td>
</tr>
<tr>
<td>Don't know</td>
<td>81</td>
</tr>
</tbody>
</table>

**Survey Method:**
- Phone survey
- Web survey
**Question 3:** Guelph residents also reported that keeping and providing jobs in Guelph is important when determining the future of Guelph Hydro. In the proposed Guelph Hydro-Alectra merger, local crews would be maintained and would still respond to local calls, which means jobs would stay in the community. Further, the merger would bring more jobs with the creation of a new Green Energy & Technology Centre.

Would you support a merger of Guelph Hydro and Alectra if it will maintain and generate new local jobs in Guelph?

![Question 3: jobs](chart.png)
**Question 4:** Guelph residents and businesses said that reliable service is important in determining the future of Guelph Hydro. Under a Guelph Hydro-Alectra merger, local crews would continue delivering the quality service it does right now, and Guelph Hydro crews would be supported by a larger contingent of skilled workers during emergencies such as severe storms. In short, service and outage response times would be the same or better.

Do you strongly agree, agree, disagree or strongly disagree that service would remain the same or improve under a Guelph Hydro-Alectra merger?

[Bar chart showing survey responses for Question 4: service]
**Question 5:** Innovation was another priority area that residents identified. In the deal that has been presented to council, a merger with Alectra would provide investment resources to maintain sustainable local electricity distribution infrastructure and to ensure that it keeps up with advances in technological innovation.

Do you strongly agree, agree, disagree or strongly disagree that the proposed investment resources would result in innovation for the local electricity distribution system?

![Question 5: innovation](image)
**Question 6:** Guelph residents said continuing to receive annual dividends from their local electricity utility is important. In a Guelph Hydro-Alectra merger, the City of Guelph would own part of a larger public utility and, as such, would receive higher annual dividends. In turn, the City could use that money to invest back into the community.

Would you support a merger of Guelph Hydro and Alectra if it meant dividends to the City of Guelph would increase and that money could be invested back into the community?
**Question 7:** Finally, residents said that the environment was a key area to consider. Both Guelph Hydro and Alectra are already focused on conservation, renewable energy, and environmental sustainability. As part of the proposed merger, Alectra would establish a new Green Energy & Technology Centre in Guelph that would help position Guelph as a leader in green technology solutions.

Would you say that you strongly agree, agree, disagree or strongly disagree that the establishment of a Green Energy & Technology Centre is a good direction for Guelph?
Question 8: Do you have any final comments or is there anything you would like City Council as shareholder of Guelph Hydro to consider as it makes a decision about the proposed Guelph Hydro-Alectra merger?

Comments: phone survey

Twenty-two respondents (44%) did not leave any additional comments. The following themes emerged in the responses of the 31 (56%) of people who provided additional comments.

More Information - several respondents reported the outcomes of a merger mentioned in this survey are beneficial; however, individuals want more evidence to show that these promises will be fulfilled. For example, respondents report wanting more evidence that their rates will not increase.

Transparency - Several respondents reported they feel the City of Guelph has not provided enough information to the public about the merger. As such, individuals feel the City is not being transparent. Several respondents noted that holding a public vote on this would make the process feel more transparent.

Acquisition - Several respondents reported fear that the size of Alectra means the merger would be more like an acquisition and the needs of Guelph residents would be forgotten.
Phase Three Engagement Participation

The City of Guelph considered all community and Guelph Hydro feedback collected through the following engagement activities from October 18, 2017 to November 28, 2017.

<table>
<thead>
<tr>
<th>Phase Three Engagement Activity</th>
<th>Participation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Oraclepoll Research Telephone Survey November 7 to 13, 2017</strong></td>
<td>N=500 adult (18+) permanent residents of the City of Guelph (N=465) and Rockwood (N=35)</td>
</tr>
<tr>
<td></td>
<td>Margin of error of +4.4%, 19 times out of 20</td>
</tr>
<tr>
<td>Web survey (unscientific) November 9 to 16, 2017</td>
<td>53 completed polls</td>
</tr>
<tr>
<td>Open Houses</td>
<td>Guelph Session 1: 15 attendees</td>
</tr>
<tr>
<td></td>
<td>Guelph Session 2: Eight attendees</td>
</tr>
<tr>
<td></td>
<td>Rockwood: two attendees</td>
</tr>
<tr>
<td>Pop-up Information Tables</td>
<td>Guelph Farmers Market: 50 engagements</td>
</tr>
<tr>
<td></td>
<td>Stone Road Mall: 42 engagements</td>
</tr>
<tr>
<td>Email updates</td>
<td>52 email subscribers</td>
</tr>
<tr>
<td><strong>Community Stakeholder Briefings</strong></td>
<td>Our Energy Guelph</td>
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<tr>
<td></td>
<td>eMerge</td>
</tr>
<tr>
<td></td>
<td>Transition Guelph</td>
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<tr>
<td></td>
<td>Guelph Chamber of Commerce</td>
</tr>
<tr>
<td></td>
<td>Guelph Wellington Seniors Association</td>
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<tr>
<td></td>
<td>Guelph Neighbourhood Support Coalition</td>
</tr>
<tr>
<td></td>
<td>Downtown Guelph Business Association</td>
</tr>
<tr>
<td>Email and Telephone</td>
<td>23 messages</td>
</tr>
</tbody>
</table>
Phase Three
Engagement Activity

<table>
<thead>
<tr>
<th>Guelph Hydro Large Customer Briefings</th>
<th>Participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>11 organizations:</td>
<td></td>
</tr>
<tr>
<td>1. Canadian Solar Solutions</td>
<td></td>
</tr>
<tr>
<td>2. Hematite Manufacturing</td>
<td></td>
</tr>
<tr>
<td>3. Owens Corning Canada</td>
<td></td>
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<tr>
<td>4. Polycon Industries</td>
<td></td>
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<tr>
<td>5. University of Guelph</td>
<td></td>
</tr>
<tr>
<td>6. Wellington Catholic District School Board</td>
<td></td>
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<tr>
<td>7. Upper Grand District School Board</td>
<td></td>
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<tr>
<td>8. AOC Resins</td>
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<tr>
<td>9. Blount</td>
<td></td>
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<tr>
<td>10. Melitron</td>
<td></td>
</tr>
<tr>
<td>11. Narmco</td>
<td></td>
</tr>
</tbody>
</table>

Guelph Hydro Employee Town Hall Meetings
One town hall meeting

More details about the reach and results of these activities is provided in Appendix A.

Phase Three Community Engagement Activities

Telephone Consultation Survey
As outlined in the previous section, the City of Guelph retained Oraclepoll Research to conduct a telephone public opinion survey among a randomly-selected, representative sample of N=500 adult (18+) permanent residents of the City of Guelph and neighbouring Rockwood.

The eight-question survey asked participants to rate the features of the Guelph Hydro-Alectra merger, based on the top decision-making criteria that were informed by Phase One community engagement.

The survey took place from November 7, 2017 to November 13, 2017.

Web Survey
To provide those who were not randomly-selected for the telephone poll with the chance to respond to a similar survey, the City of Guelph made an online version of the poll available for anyone to respond to on the Energizing Tomorrow website.
The questions were based on the Oraclepoll Research telephone survey.

The results of the online poll cannot be considered statistically valid and cannot be directly compared to those from the telephone survey as the sample is not representative of the general population and is subject to self-selection bias.

Open Houses

The City held a public open house in Rockwood (November 6, 2017) and two public open houses in Guelph (November 7, 2017 and November 9, 2017).

Attendees were invited to complete and submit comment cards, which included the same survey from the Energizing Tomorrow website and the telephone survey.

The City of Guelph promoted the open houses through local print, radio and online news outlets, print advertising, social media and the City’s website.

Pop-up Information Tables

Communications staff from the City of Guelph and Guelph Hydro organized two pop-up information sessions at the Guelph Farmers’ Market (October 28, 2017) and Stone Road Mall (November 2, 2017).

Similar to the approach in Phase Two, the pop-up information tables were intended to reach people who would not necessarily attend a town hall meeting or open house and—as such—were in keeping with the Strategies and Options Committee’s guiding principles to be inclusive and to make the process easy to access.

Community Stakeholder Outreach

The City of Guelph has and is engaging the following community organizations as part of Phase Three consultation:

- Our Energy Guelph
- eMerge
- Transition Guelph
- Guelph Chamber of Commerce
- Guelph Wellington Seniors Association
- Guelph Neighbourhood Support Coalition
- Downtown Guelph Business Association
Municipal Websites and Social Media

The City of Guelph posted messages/banners on the City and Guelph Hydro’s websites/social media channels, along with links to the Energizing Tomorrow website. In addition, The Mayor of Guelph informed residents about the Guelph Hydro-Alectra merger with a short video on social media channels and the Energizing Tomorrow website.

The Mayor also wrote a blog post that featured seven key facts about the Guelph Hydro-Alectra merger. Members of City Council also shared information about the proposed merger on their blogs and social media channels.

Local Advertising and Paid Social Media

Local print and web advertisements drove participation in engagement activities.

Paid social posts on Facebook and Twitter to raise awareness and drive traffic to the Energizing Tomorrow website, the online poll, open houses and pop-up information tables.

Media Relations and Public Announcements

Hosted a news conference at Guelph City Hall on October 18, 2017 to announce the City’s intention to pursue a merger with Alectra.

Ongoing media relations to drive traffic to the Energizing Tomorrow website and public participation at the open houses and pop-up engagement tables.

Editorial

Robert Bell, Vice-Chair of the Guelph Hydro Board of Directors and Co-Chair of the Strategies and Options Committee, submitted an op-ed that appeared in the Guelph Mercury Tribune and on guelphtoday.com. It focused on the Committee’s rationale for recommending City Council approve a merger with Alectra.

Dedicated Community Email Address and Telephone Line

The Energizing Tomorrow email address and telephone line continued throughout Phase Three, and will be active for the duration of the asset review process.

Energizing Tomorrow Booklet: Updated Version

To complement the website information, the City of Guelph published an updated version of the Energizing Tomorrow booklet that includes key details about the Guelph Hydro-Alectra merger.

The booklets were distributed at open houses, and to Guelph Hydro employees.
Large Customer Email Updates and Information Sessions

Guelph Hydro sent the media release announcing the proposed merger with Alectra along with background information to 45 large customers and invited them to attend one of three Customer Information Sessions. The following customers attended the information sessions:

- Canadian Solar Solutions
- Hematite Manufacturing
- Owens Corning Canada
- Polycon Industries
- University of Guelph
- Wellington Catholic District School Board
- Upper Grand District School Board
- AOC Resins
- Blount
- Melitron
- Narmco

Bill Insert and On-bill Message

A third Energizing Tomorrow bill insert, as well as a message on bills, were included with 50,000 Guelph Hydro bills (distribution from November 15, 2017 to December 10, 2017).

Call Centre Scripting

Guelph Hydro Customer Service staff was coached to continue referring questions to the Energizing Tomorrow website.

Guelph Hydro Employee Town Hall Meetings

Guelph Hydro conducted an employee Town Hall meeting on October 18, 2017 to discuss the announcement of the proposed merger with Alectra and answer questions. Union representatives were briefed just prior to the Town Hall meeting.

The merger announcement was streamed live to Guelph Hydro employees

Employees also received an information package including a news release, fact sheet, questions and answers, and backgrounders.

An employee Town Hall meeting is also scheduled to share and discuss the information in the December 13 report to City Council.
Guelph Hydro Department Meetings and Senior Briefing Sessions

A series of department meetings were conducted by Pankaj Sardana, Chief Executive Officer of Guelph Hydro, to provide information and respond to employee questions and concerns. A second series of department meetings will take place in December 2017.

Guelph Hydro Senior Team members are being kept up to date in weekly briefing sessions.

Guelph Hydro Employee E-blasts

Employees have received frequent e-blasts providing updates along with links to media coverage, the Mayor’s blog, videos, the community engagement schedule, the online poll, etc.

E-blast updates will continue to be sent out as new information becomes available.

Employee Communications Channels

Face-to-face at Town Hall meetings, department meetings conducted by Pankaj Sardana, or individual discussions.

Dedicated voicemail and email address: mergerquestions@guelphhydro.com.

Question box for anonymous, hard copy questions – no questions submitted.

Energizing Tomorrow website.

More information about the reach of these activities is presented in Appendix A.
Phase One Summary: October 2016 to February 2017

Phase One Education and Engagement Findings

Buy, sell, merge or maintain ownership

During the first phase of the process, City Council explored whether to buy other utilities, sell Guelph Hydro, merge with other utilities or maintain full ownership of Guelph Hydro.

The Strategies and Options Committee presented preliminary industry research and analysis, outlining the possible risks and benefits associated with each option.

Before making any decision, City Council considered whether the community supported the criteria being used to evaluate the options for Guelph Hydro.

Seeking input about decision-making criteria

Phase One community engagement was focused on raising awareness about the process, and seeking input on the decision-making criteria that would be used to evaluate the options for Guelph Hydro.
Top Decision-making Criteria

Across all sets of data, which includes two online surveys, a telephone survey, and comments received at open houses, questions and comments received on the Energizing Tomorrow website and social media, the five most important criteria, in priority order, were:

- **Rates** – protect consumers with respect to electricity distribution rates; supply electricity efficiently and cost-effectively.
- **Service** – meet or exceed current quality, safety and reliability of service.
- **Community Planning** – support long-term community planning and economic development.
- **Environment** - encourage use and generation of electricity from renewable sources; continue or enhance conservation and demand management programs.
- **Local Jobs** – preserve and provide local jobs.

Support for Decision-making Framework

Participants were asked whether the City is “right” in giving equal consideration to Guelph Hydro customers, the City of Guelph as shareholder and the community as a whole:
Key Themes

Based on all submitted questions, comments and survey responses from all engagement activities, the following five key themes were identified:

Rates – top concern of participants, which includes frustration at current electricity rates in the province, as well as concerns about the impact a potential transaction could have on rates.

 Efficient and reliable service - people want to ensure Guelph Hydro’s positive track record of efficient and reliable service is preserved.

Potential transaction – large segment of participants want to maintain local control and public ownership; low-level of support for sale, especially with a privately-owned utility; no support for Guelph Hydro to buy other utilities; if a merger is considered, respondents prefer other utilities in the region and those who are “like-minded” with Guelph Hydro.

Environmental sustainability – the use and generation of electricity from renewable sources, as well as energy conservation programs, were important to a notable segment of participants.

Public information sharing – people want more information about the options being considered, such as financial analyses; participants want the City to continue seeking public input throughout the asset review process.

Phase One Outcome

Based on Phase One public input and the Strategies and Options Committee’s thorough analysis of all options, City Council directed Guelph’s Strategies and Options Committee to explore the marketplace and learn how maintaining full ownership of Guelph Hydro compares with opportunities to merge with other publicly-owned utility companies. Council decided not to explore options to sell Guelph’s local electricity utility company.
## Phase One community engagement activities

<table>
<thead>
<tr>
<th>Phase One Engagement Activity</th>
<th>Participation</th>
</tr>
</thead>
</table>
| **Energizingtomorrow.ca**    | Information about asset review, options being considered by the City of Guelph and the Strategies and Options Committee and the decision-making criteria.  
Questions/comments feature that allows people to have their say.  
Dedicated email address and telephone line for people to make inquiries and seek more information.  
56 comments/questions |
| **Web Survey**               | Three-question survey on public website to seek input on the decision-making criteria.  
Open house participants provided with comment cards that included the three polling questions.  
160 completed polls |
| **Telephone Survey**         | Telephone survey to seek input on the decision-making criteria from 260 randomly-selected residents of the City of Guelph and Rockwood. |
| **Open Houses**              | City of Guelph (two sessions): 70 attendees  
Rockwood (one session): 14 attendees |
| **Community Stakeholder Consultations** | Community organizations  
Local business associations  
Large Guelph Hydro industrial customers  
Guelph Hydro employees  
Guelph Wellington Seniors Association |
<table>
<thead>
<tr>
<th>Phase One Engagement Activity</th>
<th>Participation</th>
</tr>
</thead>
</table>
| **Guelph Hydro Large Customer Information Sessions** | Canadian Solar Solutions  
City of Guelph  
Hematite Manufacturing  
Hitachi Construction Truck Manufacturing Ltd.  
Linamar Corporation  
Magna  
Owens Corning Canada LP  
Polycon Industries  
Union Gas  
University of Guelph |
| **Guelph Hydro Employee Town Halls** | Guelph Hydro conducted two employee town halls to discuss and seek input on the asset review process (October 25, 2016 and December 13, 2016). |
| **Guelph Hydro Bill Insert** | 50,000 Guelph Hydro customers received a bill insert in January 2017 outlining all the options being considered (buy, sell merge or maintain ownership) and encouraged people to visit the Energizing Tomorrow website to learn more and ask us anything. |
| **Websites and Social Media** | The City of Guelph posted messages/banners on the City and Guelph Hydro’s websites/social media channels, along with links to the Energizing Tomorrow website.  
The Mayor of Guelph informed residents about the asset review and the Energizing Tomorrow website through a blog post  
Members of City Council were also encouraged to share information about the asset review and informed the public about the open house events on their blogs and social media channels. |
<table>
<thead>
<tr>
<th>Phase One Engagement Activity</th>
<th>Participation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Local Media Relations</strong></td>
<td>The City of Guelph engaged local media with news releases and interviews to raise awareness and drive public participation in the engagement initiative.</td>
</tr>
<tr>
<td><strong>Local Advertising and Paid Social Media</strong></td>
<td>The City produced and placed print and digital advertisements with Guelph Today, Mercury Tribune, The Wellington Advertiser and SNAPd Guelph. The City targeted Facebook and Twitter users residing in Guelph through paid social media posts to drive traffic to the Energizing Tomorrow website.</td>
</tr>
<tr>
<td><strong>Energizing Tomorrow Booklet</strong></td>
<td>To complement the website information, the City of Guelph published an <a href="#">Energizing Tomorrow booklet</a> with all key details about the public asset review, the decision-making criteria and framework. The booklets were shared during open house events and are available for download online.</td>
</tr>
</tbody>
</table>
Phase Two Summary: February to October 2017

Phase Two Community Engagement Activities

Comparing a merger with maintaining full ownership

In February 2017, Guelph City Council considered the Strategies and Options Committee’s initial research and analysis alongside preliminary community feedback and decided not to further explore options to sell Guelph’s local electricity utility company.

City Council directed the committee to further explore the marketplace and learn how maintaining full ownership of Guelph Hydro would compare with opportunities to merge with other publicly-owned utility companies.

The overall community education and engagement objective in Phase Two was to maintain awareness of the process and inform people that City Council was considering a possible merger.

<table>
<thead>
<tr>
<th>Phase Two engagement activity</th>
<th>Description and participation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pop-up Information Tables</strong></td>
<td>City and Guelph Hydro staff answered questions at eight pop-up information tables at recreation centres, the library, Home Depot, Evergreen Seniors’ Centre, Stone Road Mall, and the Farmers’ Market.</td>
</tr>
<tr>
<td></td>
<td>Approximately 150 people visited the tables. The most common questions were:</td>
</tr>
<tr>
<td></td>
<td>- What will happen to my rates?</td>
</tr>
<tr>
<td></td>
<td>- Who is the possible merger partner?</td>
</tr>
<tr>
<td></td>
<td>- Why are we considering a merger?</td>
</tr>
<tr>
<td></td>
<td>- Is a merger a good idea?</td>
</tr>
<tr>
<td></td>
<td>- When is City Council making a decision?</td>
</tr>
<tr>
<td><strong>Energizingtomorrow.ca</strong></td>
<td>Responded to questions/comments received through the website, email and phone number.</td>
</tr>
<tr>
<td>Educational Video</td>
<td>On behalf of the Strategies and Options Committee, the communications team developed an educational video that was released in September 2017. The illustrated video explains the salient and transformative changes underway in the electricity sector, and highlights that the City of Guelph is exploring options, including a merger, for Guelph Hydro. The City of Guelph shared the video with Guelph Hydro employees, and with the public via social media, websites and a combination of paid and earned placement. As of November 20, 2017, the video has received 40,171 views.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Municipal Websites and Social Media</td>
<td>Through the City of Guelph’s communications team, the Strategies and Options Committee leveraged the City of Guelph and Guelph Hydro websites, Facebook and Twitter accounts to encourage close to 50 thousand followers to learn more, ask questions and get involved in the decision-making process.</td>
</tr>
<tr>
<td>Local Media Relations</td>
<td>The City of Guelph continued to raise awareness and drive public participation through local media and public announcements in February, June, September and October.</td>
</tr>
<tr>
<td>Guelph Hydro Employee Communications</td>
<td>Continued answering questions from Guelph Hydro employees and providing as much information as possible about the process.</td>
</tr>
<tr>
<td>Guelph Hydro Bill Insert</td>
<td>In August and September 2017, 50,000 Guelph Hydro customers received a second bill insert asking, “Does a merger make sense for Guelph Hydro?” and inviting them to submit comments and questions on the website.</td>
</tr>
</tbody>
</table>

More details about the reach and results of these activities is provided in Appendix A.
Next Steps

Commitment to ongoing community engagement

From the start of the asset review for the future of Guelph Hydro, the City of Guelph and the Strategies and Options Committee’s goal was to ensure people are informed and have an opportunity to provide input at each step of the process.

The City will continue sharing the information from the December 13, 2017 report to Council with community stakeholders, invite people to learn more and ask us anything as City Council prepares to make its final decision.

If Guelph City Council approves the merger, the City will continue to provide residents, businesses, and Guelph Hydro employees with information throughout the regulatory process and until the merger is complete.

At any time, community members can visit energizetomorrow.ca to learn more about the asset review and to submit comments and questions.
Appendix A

Communications Collateral

Bill inserts

Booklet

Newspaper ads

Bookshelf Theatre ad

Handout
## Communications Reach and Results

### Media Relations Phase One (October 2016 to February 2017)

<table>
<thead>
<tr>
<th>News Outlet</th>
<th>Headline</th>
<th>Date</th>
<th>Reach</th>
</tr>
</thead>
<tbody>
<tr>
<td>CTV Kitchener</td>
<td>Guelph Hydro should be sold or merged, committee concludes</td>
<td>February 2, 2017</td>
<td>305,000</td>
</tr>
<tr>
<td>Guelph.ca</td>
<td>Committee brings recommendations on future of Guelph Hydro to City Council</td>
<td>February 15, 2017</td>
<td>N/A</td>
</tr>
<tr>
<td>Guelph Today</td>
<td>City to look into merging Guelph Hydro with other utilities</td>
<td>February 16, 2017</td>
<td>21,000</td>
</tr>
<tr>
<td>GuelphMercury.com</td>
<td>City says no to selling Guelph Hydro, merger still on table</td>
<td>February 16, 2017</td>
<td>77,000</td>
</tr>
<tr>
<td>Guelph Today</td>
<td>Initial recommendation calls for closer look at merging or selling Guelph Hydro</td>
<td>February 3, 2017</td>
<td>21,000</td>
</tr>
<tr>
<td>GuelphMercury.com</td>
<td>Go-ahead sought to find sale, merger deal for Guelph Hydro</td>
<td>February 3, 2017</td>
<td>77,000</td>
</tr>
<tr>
<td>GuelphMercury.com</td>
<td>Public input critical to city's consideration of a Guelph Hydro sell-off</td>
<td>January 20 2017</td>
<td>77,000</td>
</tr>
<tr>
<td>GuelphMercury.com</td>
<td>Public asked views on Guelph Hydro's future</td>
<td>January 18 2017</td>
<td>77,000</td>
</tr>
<tr>
<td>Simcoe.com</td>
<td>Simcoe and York residents will save through hydro merger: Barrie mayor</td>
<td>January 17, 2017</td>
<td>61,000</td>
</tr>
<tr>
<td>Brampton Guardian</td>
<td>Enersource, PowerStream, Horizon, Hydro One Brampton set to flip the switch on</td>
<td>January 16, 2017</td>
<td>228,600</td>
</tr>
<tr>
<td>News Outlet</td>
<td>Headline</td>
<td>Date</td>
<td>Reach</td>
</tr>
<tr>
<td>-------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>-----------------</td>
<td>--------</td>
</tr>
<tr>
<td>massive merger</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GuelphMercury.com</td>
<td>City meeting this week to discuss future of Guelph Hydro</td>
<td>January 15, 2017</td>
<td>77,000</td>
</tr>
<tr>
<td>CTV News</td>
<td>Future of Guelph Hydro subject of open houses this week</td>
<td>January 14, 2017</td>
<td>824,000</td>
</tr>
<tr>
<td>GuelphMercury.com</td>
<td>Ten stories that told the tale of Guelph city hall this year</td>
<td>December 29, 2016</td>
<td>77,000</td>
</tr>
<tr>
<td>GuelphMercury.com</td>
<td>Barbs fly as council discusses plan to shelve Guelph's holding company</td>
<td>October 25, 2016</td>
<td>77,000</td>
</tr>
<tr>
<td>GuelphMercury.com</td>
<td>City seeks public opinion on Guelph Hydro's future as it considers sale, merger</td>
<td>October 25, 2016</td>
<td>77,000</td>
</tr>
<tr>
<td>CTV News</td>
<td>City of Guelph considering possible sale of Guelph Hydro</td>
<td>October 24, 2016</td>
<td>824,000</td>
</tr>
<tr>
<td>Guelph.ca</td>
<td>City of Guelph to explore options for its energy assets</td>
<td>October 24, 2016</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Sub-total:</strong></td>
<td></td>
<td></td>
<td>3,724,600</td>
</tr>
</tbody>
</table>

**Media Relations Phase Two (February to October 2017)**

<table>
<thead>
<tr>
<th>News Outlet</th>
<th>Headline</th>
<th>Date</th>
<th>Reach</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBC News</td>
<td>Merge, buy, stand alone? Waterloo North Hydro looks at ownership options</td>
<td>August 14, 2017</td>
<td>871,000</td>
</tr>
<tr>
<td>GuelphMercury.com</td>
<td>Guelph moving ahead with possible hydro merger</td>
<td>June 14, 2017</td>
<td>77,000</td>
</tr>
<tr>
<td>News Outlet</td>
<td>Headline</td>
<td>Date</td>
<td>Reach</td>
</tr>
<tr>
<td>------------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>-------------</td>
<td>----------</td>
</tr>
<tr>
<td>Guelph Today</td>
<td>Does size matter when it comes to Guelph Hydro?</td>
<td>June 14, 2017</td>
<td>21,000</td>
</tr>
<tr>
<td>CTV News</td>
<td>The future of Guelph Hydro is still unclear</td>
<td>June 13, 2017</td>
<td>824,000</td>
</tr>
<tr>
<td>Guelph.ca</td>
<td>Guelph moving ahead with possible hydro merger</td>
<td>June 14, 2017</td>
<td>27,000</td>
</tr>
<tr>
<td>Waterloo Chronicle</td>
<td>Selling Waterloo North Hydro off the table</td>
<td>June 8, 2017</td>
<td>8,000</td>
</tr>
<tr>
<td>GuelphMercury.com</td>
<td>Council to decide whether to continue exploring Guelph Hydro merger options</td>
<td>June 5, 2017</td>
<td>77,000</td>
</tr>
<tr>
<td>Guelph.ca</td>
<td>Guelph City Council to discuss further research into possible Guelph Hydro Mergers</td>
<td>June 2, 2017</td>
<td>27,000</td>
</tr>
<tr>
<td>Guelph Today</td>
<td>Guelph City Council to further discuss possible hydro merger</td>
<td>June 1, 2017</td>
<td>21,000</td>
</tr>
<tr>
<td>CTV News Kitchener</td>
<td>Waterloo North Hydro may look to merge with another utility</td>
<td>June 1, 2017</td>
<td>74,000</td>
</tr>
<tr>
<td>Waterloo Chronicle</td>
<td>Waterloo North Hydro exploring possible sale, merger, or keeping with the status quo</td>
<td>March 31, 2017</td>
<td>8,000</td>
</tr>
<tr>
<td>GuelphMercury.com</td>
<td>2 members gone from committee eyeing Guelph Hydro's future</td>
<td>March 28, 2017</td>
<td>77,000</td>
</tr>
<tr>
<td>GuelphMercury.com</td>
<td>City says no to selling Guelph Hydro, merger still on table</td>
<td>February 17, 2017</td>
<td>77,000</td>
</tr>
<tr>
<td>News Outlet</td>
<td>Headline</td>
<td>Date</td>
<td>Reach</td>
</tr>
<tr>
<td>-------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>-----------------------</td>
<td>--------</td>
</tr>
<tr>
<td>Guelph.ca</td>
<td>City Council votes to explore merging Guelph Hydro with publicly-owned utilities</td>
<td>February 16, 2017</td>
<td>27,000</td>
</tr>
<tr>
<td>Sub-total Phase Two:</td>
<td></td>
<td></td>
<td>2,189,000</td>
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</tbody>
</table>

**Media Relations Phase Three (October to November 2017)**

<table>
<thead>
<tr>
<th>News Outlet</th>
<th>Headline</th>
<th>Date</th>
<th>Reach</th>
</tr>
</thead>
<tbody>
<tr>
<td>GuelphMercury.com</td>
<td>Is the proposed merger of Guelph Hydro and Alectra the real deal?</td>
<td>November 28, 2017</td>
<td>77,000</td>
</tr>
<tr>
<td>Guelph Today</td>
<td>City Council to vote on Guelph Hydro Merger</td>
<td>November 23, 2017</td>
<td>21,000</td>
</tr>
<tr>
<td>GuelphMercury.com</td>
<td>City of Guelph conducting phone survey on proposed hydro merger</td>
<td>November 7, 2017</td>
<td>77,000</td>
</tr>
<tr>
<td>Guelph Speaks</td>
<td>For a kiss and a promise, we may give Guelph Hydro away to Alectra Inc.</td>
<td>November 6, 2017</td>
<td>4,000</td>
</tr>
<tr>
<td>Guelph Hydro Online News</td>
<td>An Open Letter to Guelph Hydro Customers</td>
<td>November 5, 2017</td>
<td>N/A</td>
</tr>
<tr>
<td>GuelphMercury.com</td>
<td>Local control will be lost in hydro merger</td>
<td>November 3, 2017</td>
<td>77,000</td>
</tr>
<tr>
<td>GuelphMercury.com</td>
<td>Customers stand to win with Guelph Hydro-Alectra merger</td>
<td>November 2, 2017</td>
<td>77,000</td>
</tr>
<tr>
<td>Guelph Speaks</td>
<td>Who owns Alectra and why is it in such a hurry to scoop up Guelph Hydro?</td>
<td>November 2, 2017</td>
<td>4,000</td>
</tr>
<tr>
<td>News Outlet</td>
<td>Headline</td>
<td>Date</td>
<td>Reach</td>
</tr>
<tr>
<td>---------------------------</td>
<td>--------------------------------------------------------------------------</td>
<td>-----------------</td>
<td>--------</td>
</tr>
<tr>
<td><strong>Stoney Creek News</strong></td>
<td>Hamilton sees higher dividends and opportunities in proposed Alectra merger with Guelph, says Mayor Fred Eisenberger</td>
<td>October 31, 2017</td>
<td>53,877</td>
</tr>
<tr>
<td><strong>The Hamilton Spectator</strong></td>
<td>Mayor sees big dividend in Alectra merger with Guelph</td>
<td>October 28, 2017</td>
<td>209,000</td>
</tr>
<tr>
<td><strong>CBC News</strong></td>
<td>Have your say on proposed Guelph Hydro merger starting Saturday</td>
<td>October 27, 2017</td>
<td>871,000</td>
</tr>
<tr>
<td><strong>GuelphMercury.com</strong></td>
<td>City of Guelph seeking feedback on proposed hydro merger</td>
<td>October 27, 2017</td>
<td>77,000</td>
</tr>
<tr>
<td><strong>Hamilton News</strong></td>
<td>Hamilton sees higher dividends and opportunities in proposed Alectra merger with Guelph, says Mayor Fred Eisenberger</td>
<td>October 24, 2017</td>
<td>9,000</td>
</tr>
<tr>
<td><strong>Insauga</strong></td>
<td>Hydro Company Alectra Begins Merger Talks with Guelph Hydro</td>
<td>October 25, 2017</td>
<td>13,000</td>
</tr>
<tr>
<td><strong>GuelphMercury.com</strong></td>
<td>Vote no to Guelph Hydro merger</td>
<td>October 25, 2017</td>
<td>77,000</td>
</tr>
<tr>
<td><strong>Stoney Creek News</strong></td>
<td>Alectra Utilities officials enter negotiations to merge with Guelph Hydro</td>
<td>October 23, 2017</td>
<td>53,877</td>
</tr>
<tr>
<td><strong>Brampton Guardian</strong></td>
<td>Brampton and Mississauga electricity provider seeks another merger</td>
<td>October 23, 2017</td>
<td>209,604</td>
</tr>
<tr>
<td><strong>Waterloo Region Record</strong></td>
<td>Guelph Hydro looking to merge with Alectra</td>
<td>October 20, 2017</td>
<td>140,000</td>
</tr>
<tr>
<td><strong>Guelph Today</strong></td>
<td>Market Squared: A sale by any other name?</td>
<td>October 20, 2017</td>
<td>21,000</td>
</tr>
<tr>
<td>News Outlet</td>
<td>Headline</td>
<td>Date</td>
<td>Reach</td>
</tr>
<tr>
<td>----------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-------------------</td>
<td>--------</td>
</tr>
<tr>
<td>570 News</td>
<td>Guelph Hydro begins merger talks with Alectra</td>
<td>October 19, 2017</td>
<td>60,000</td>
</tr>
<tr>
<td>TheRecord.com</td>
<td>Guelph Hydro to vote on joining up with 2nd largest municipally-owned utility in North America</td>
<td>October 19, 2017</td>
<td>50,000</td>
</tr>
<tr>
<td>The Waterloo Region Record</td>
<td>Guelph Hydro to vote on joining up with the 2nd largest municipally owned utility in North America</td>
<td>October 19, 2017</td>
<td>171,000</td>
</tr>
<tr>
<td>Hamilton News</td>
<td>Alectra Utilities officials enters negotiations to merge with Guelph Hydro</td>
<td>October 18, 2017</td>
<td>9,000</td>
</tr>
<tr>
<td>GuelphMercury.com</td>
<td>Guelph Hydro to make announcement on its future this afternoon</td>
<td>October 18, 2017</td>
<td>77,000</td>
</tr>
<tr>
<td>CBC News</td>
<td>Guelph Hydro pursues merger with North America's second largest utility</td>
<td>October 18, 2017</td>
<td>871,000</td>
</tr>
<tr>
<td>GuelphMercury.com</td>
<td>City announces start of merger negotiations between Guelph Hydro, Alectra Inc.</td>
<td>October 18, 2017</td>
<td>77,000</td>
</tr>
<tr>
<td>Waterloo Chronicle</td>
<td>Waterloo North Hydro exploring possible sale, merger, or keeping with the status quo</td>
<td>October 18, 2017</td>
<td>31,746</td>
</tr>
<tr>
<td>Flamborough Review</td>
<td>Alectra Utilities officials enter negotiations to merge with Guelph Hydro</td>
<td>October 18, 2017</td>
<td>24,000</td>
</tr>
<tr>
<td>CTV News Kitchener</td>
<td>Guelph Hydro starting merger talks with Alectra</td>
<td>October 18, 2017</td>
<td>74,000</td>
</tr>
</tbody>
</table>
**News Outlet** | **Headline** | **Date** | **Reach**
--- | --- | --- | ---
**Electrical Business** | Will Guelph Hydro merge with Alectra? | October 18, 2017 | 20,000

**Guelph.ca** | Guelph Hydro begins merger talks with Alectra Inc. | October 18, 2017 | N/A

**CTV News (Total Broadcast Reach)** | A merger is being negotiated between Guelph Hydro and Mississauga-based Energy Company Alectra. Guelph’s Mayor says the plan comes with big benefits. | October 18 – 19, 2017 | 2,057,300

**Sub-total phase three:** | | | 5,593,404

**Total Reach all three phases:** | | | 11,507,004

**Guelph Hydro Bill Inserts**
Guelph Hydro bill inserts distributed to 50,000 customers in January, August and November.

**Print Advertising**

**News Outlet** | **Reach** | **Number of Ads** | **Total Reach**
--- | --- | --- | ---
**Guelph Mercury Tribune, City News Pages** | 77,000 | 12 | 1,155,000
Twitter

Results of 245 posts between October 2016 and November 16, 2017. Impressions = number of times the posts/ads were shown to people.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Impressions</td>
<td>391,842</td>
</tr>
<tr>
<td>Paid Impressions</td>
<td>54,144</td>
</tr>
<tr>
<td>Engagements</td>
<td>3,208</td>
</tr>
<tr>
<td>Paid Engagements</td>
<td>475</td>
</tr>
<tr>
<td>Total Impressions</td>
<td>445,986</td>
</tr>
<tr>
<td>Total Engagements</td>
<td>3,683</td>
</tr>
</tbody>
</table>

Facebook

Results of 53 posts between October 2016 and November 17, 2017. Reach = the number of people who saw the posts/ads (same people saw more than one ad).

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Impressions</td>
<td>159,632</td>
</tr>
<tr>
<td>Paid Impressions</td>
<td>47,266</td>
</tr>
<tr>
<td>Reach</td>
<td>98,748</td>
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<tr>
<td>Paid Reach</td>
<td>32,004</td>
</tr>
<tr>
<td>Total Impressions</td>
<td>223,360</td>
</tr>
<tr>
<td>Total Reach</td>
<td>136,428</td>
</tr>
<tr>
<td>Total Users Engaged</td>
<td>2,293</td>
</tr>
<tr>
<td>Total Engagements</td>
<td>3,441</td>
</tr>
</tbody>
</table>
Paid promotion of open house events

Five posts from October 26, 2016 to November 9, 2017.

<table>
<thead>
<tr>
<th>Total Reach</th>
<th>Total Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>30,591</td>
<td>131</td>
</tr>
</tbody>
</table>
### Educational Video

**The City of Guelph: Energizing Tomorrow: the future of Guelph Hydro**

Why are we talking about possible Guelph Hydro mergers? Because technology is changing. Utilities are changing too. Now is the time to figure out if a merger makes sense for Guelph.

2:20 · Uploaded on 09/12/2017 · Owns · Appears Once · View Permalink

<table>
<thead>
<tr>
<th>Channel</th>
<th>Views</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>YouTube</strong></td>
<td>172</td>
</tr>
<tr>
<td><strong>Facebook (paid promotion)</strong></td>
<td>25,107</td>
</tr>
<tr>
<td><strong>Twitter (paid promotion)</strong></td>
<td>14,892</td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td>40,171</td>
</tr>
</tbody>
</table>
Mayor of Guelph – Video Message

The City of Guelph: Mayor Cam Guthrie talks about Guelph Hydro merger
Better rates, reliable service, local jobs community investment and a new Green Energy & Technology Centre. Learn why Mayor Cam Guthrie and Guelph City Council voted to begin negotiations a merger between Allectric and Guelph Hydro.

Performance for Your Post

Video Views

3,018

Video Advertising

<table>
<thead>
<tr>
<th>Channel</th>
<th>September 2017</th>
<th>November 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intrigue Media Screens</td>
<td>125,700</td>
<td>125,700</td>
</tr>
<tr>
<td>(Estimated Traffic)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cineplex Pre-show</td>
<td>16,354</td>
<td>23,007</td>
</tr>
<tr>
<td>(Estimated Attendance)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL:</td>
<td>142,054</td>
<td>148,707</td>
</tr>
</tbody>
</table>

YouTube: 201

Facebook (paid promotion): 3,018

TOTAL: 3,219
Website Advertisements

<table>
<thead>
<tr>
<th>Channel</th>
<th>Impressions</th>
<th>Clicks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guelphtoday.com December 2016</td>
<td>75,849</td>
<td>810</td>
</tr>
<tr>
<td>Guelphtoday.com September 2017</td>
<td>87,634</td>
<td>232</td>
</tr>
<tr>
<td>Theweathernetwork.com September 2017</td>
<td>38,532</td>
<td>81</td>
</tr>
<tr>
<td>Guelphtoday.com October-November 2017</td>
<td>284,514</td>
<td>650</td>
</tr>
<tr>
<td>TOTAL:</td>
<td>486,529</td>
<td>1,773</td>
</tr>
</tbody>
</table>

Energizing Tomorrow Website Analytics

Phase One (October 2016 to February 2017)

<table>
<thead>
<tr>
<th>Popular Pages</th>
<th>Views</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questions and Answers</td>
<td>3,693</td>
</tr>
<tr>
<td>Options</td>
<td>1,540</td>
</tr>
<tr>
<td>Facts</td>
<td>1,538</td>
</tr>
<tr>
<td>Have your say</td>
<td>980</td>
</tr>
<tr>
<td>Process</td>
<td>977</td>
</tr>
</tbody>
</table>

Across all pages, the average time on site is 3 minutes and 36 seconds.
Sources of Traffic

<table>
<thead>
<tr>
<th>Traffic Source</th>
<th>Views</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>1,487  (49%)</td>
</tr>
<tr>
<td>Social Media</td>
<td>155 (5%)</td>
</tr>
<tr>
<td></td>
<td>The majority (59%) of social media referrals came from Facebook, while the other 41% of social media referrals came from Twitter</td>
</tr>
<tr>
<td>Organic Search</td>
<td>745 (24%)</td>
</tr>
<tr>
<td>Referral</td>
<td>682 (22%)</td>
</tr>
<tr>
<td></td>
<td>Most people were referred to the site from guelphhydro.com (37%) and guelphtoday.com (28%). Other sources of referral traffic are: guelphmercury.com (8%), guelph.ctvnews.ca (6%), and kitchener.ctvnews.ca (5%)</td>
</tr>
</tbody>
</table>

New vs. Returning Users:

Of the 2,782 people who visited energizingtomorrow.ca from October 24, 2016 to February 15, 2017, 1,931 (69%) visited the website once. 851 users visited the website more than once during that time period.

Phase Two (February to October 2017)

<table>
<thead>
<tr>
<th>Popular Pages</th>
<th>Views</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changing Times</td>
<td>1,778</td>
</tr>
<tr>
<td></td>
<td>These users came directly from the educational video</td>
</tr>
<tr>
<td>Questions and Answers</td>
<td>1,679</td>
</tr>
<tr>
<td>Facts</td>
<td>789</td>
</tr>
<tr>
<td>Options</td>
<td>693</td>
</tr>
</tbody>
</table>

Across all pages, the average time on site is 2 minutes and 27 seconds.
Source of Traffic:

<table>
<thead>
<tr>
<th>Source of Traffic</th>
<th>Visits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>1,448 visits</td>
</tr>
<tr>
<td>Social Media</td>
<td>652 (20%)</td>
</tr>
<tr>
<td>Organic Search</td>
<td>613 (19%)</td>
</tr>
<tr>
<td>Referral</td>
<td>408 (12%)</td>
</tr>
</tbody>
</table>

Most social media traffic came from Facebook (74%), the rest came from Twitter.

New vs. Returning Users

Of the 2,415 people who visited energizingtomorrow.ca from February 16 and October 17, 2017, 1,715 (71%) visited the website once in this period; however, they may have visited the website in the previous period. 700 users visited the site more than once during this time period, and they also may have visited the website before February 16, 2017.

Phase Three (October to November 2017)

<table>
<thead>
<tr>
<th>Popular Pages</th>
<th>Views</th>
</tr>
</thead>
<tbody>
<tr>
<td>Question and Answers</td>
<td>1,965</td>
</tr>
<tr>
<td>Options</td>
<td>726</td>
</tr>
<tr>
<td>Have Your Say survey</td>
<td>166 Survey completed by 53 people (21%)</td>
</tr>
</tbody>
</table>

Across all pages, the average time on site is 2 minutes and 19 seconds.

Source of Traffic:

Most people are referred to the survey.

Out of 67 direct visits to the survey, 35 visitors (52%) who visited the “Have Your Say” survey were referred to the survey by a Public Notice on the City of Guelph website (19 visitors), Twitter (12 visitors), Guelph Today (two visitors), or Facebook (one visitor). The remaining 48% of visitors came to the survey without referral.

Most visitors come to the site directly or from Google. Out of 2,190 visits to the website, 886 (40%) were either from Google or directly visiting the site. 663 visits (29%) were...
referred to the website by Guelph Today or a public notice and the remaining 31% of visits were referred to the website by Facebook or Twitter.

**New vs. Returning Users:**

Of the 1,656 people who visited energizingtomorrow.ca from October 18, 2017 to November 15, 2017, 1,185 (71.6%) visited the website once during these period; however, they may have visited the website before October 18. 471 users visited the website more than once during this time period.

**Behaviour Flow Results (Phase 3):**

Over half or people that visit the homepage do not visit other pages. Of the 2,190 visits to energizingtomorrow.ca, 1,700 visits started with a visit to the homepage of energizingtomorrow.ca. From those visits, 1,200 (55.5%) people immediately left the website after viewing the homepage.

Of the 1,700 visits to the homepage, 212 (13%) people went from the homepage to the options page and after viewing the Options page, 50% of people took no further action.

Once the survey was launched on November 9, 19 people (12%) proceeded from the homepage to the “Have Your Say” survey. Most people who completed the survey took no further action on the website.

**Total unique visitors (Phases 1, 2, and 3):** 6,200 people.