Policy and Legal Foundations for the Proposed Ontario Fair Hydro Plan Act
April 4, 2017

Creating the Regulatory Framework

- Principles will link the benefit of the "Green Generation Initiative" with the regulatory cost that future rate payers will pay
- Need to name and articulate "Green Generation Initiative"

Fair Allocation Plan

- Policy direction around intergenerational funding will be established by the Minister of Energy
- The Fair Allocation Plan has been determined for the 1st four years, as set out in the March 2nd announcement
- Should there be a process around the Fair Allocation Plan [or as necessary]?
- [Role for the OEB?]

Treasury Plan

- Created by OPG to implement the Fair Allocation Plan
- Will pass through actual costs and expenses of funding obligations incurred
- 3 components:
  - Treasury Plan must be compliant with principles and parameters of the Fair Allocation Plan;
  - The Plan must match maturities to allocations under the Fair Allocation Plan, as well as achieve funding efficiencies and cost management articulated in the Fair Allocation Plan; and
  - Implementation
- Should [Minister?] [OEB?] review [and approve?] the Treasury Plan? At what point in process?

Establishment of the Regulatory Asset

- Right to recover from rate payers, through collection by LDCs and IESO, the regulatory charge, late fees, interest established by legislation
- IESO may dispose of (by assignment, transfer, sale, etc.) its right, title and interest in the Regulatory Asset
- Legislation will create property rights and allow for security interests in the Regulatory Asset
- [Role of the OEB in establishing the Regulatory Asset?]
- Role of OPG in acquiring the asset?

Ensuring Collectability

- Clearly defined class of rate payers that receive and pay for the benefit
- Charges are irrevocable
- LDCs have duty to invoice rate payers for the charge
- IESO and LDCs have duty to collect charges as agent and pay remittances to IESO
- IESO has duty to pay remittances to the Regulatory Asset Owner
- Non-by-passability – subject rate payers who opt to go off grid to a penalty (prepayment)?
- True up mechanism to reconcile collections with incurrences
- Province shall not take steps to reduce, alter, impair or terminate the Regulatory Asset or collection

OEB Role

- [Inspect books and records?]

DRAFT

- [Approve administrative costs?]
- [Prudence review of financing costs?]
- [Consequences of OEB review?]
    - Ability to review
    - Ability to review and make recommendations (non-binding)
    - Review and approve or refer back for reconsideration (binding)

Provincial Guarantee

- Scope / Triggers / Consequences / Form] legislation or amendment

→

And at minimum

→ Shares →

DRAFT

WEEKLY RATE MITIGATION IMPLEMENTATION GROUP
March 15, 2017

Agenda

1) GA Refinancing
   - OPG Update → Kick-off meeting RBC/CIBC
   - IESO Update → debt tranche → Goldman's also engaged
   - OEB Update → Canada / Canada & U.S.
   - Legislative Drafting (LSB / Blakes) → Bankers – assume transaction
2) Affordability Fund (CRED) → Fall → briefing facility
   → Flexibility →
   → GA → asset → upstream the asset → amount to the
   → more developed base model →
   → more robust model → will need three rating agencies → how/who →
   → underlying data →
   → equity injection → Loan to insure share
   → Steel class – enable – cable →
   → How GA will flow thru – how much is need one unit part of this → build in as flexibility
   → 49/51 → call OFA be buyer of 51%?
   → Short answer is NO
   → could OFA act as a lead → ? divide the pool
3) RRRP, OESP and FN (SNAP)
4) ICI (ESPD)

Notes:

Whether in arrears
→ then go out to market →

→ Board → charter spend committee to the Board → this Friday →

→ clarify in the operating pieces → IESO → IT comments / legal / duty → OEB → KPMG opinion → regulatory counsel →
→ draft legislation this week → share with Michael →
→

→ OEB → work on letter → future containment → OESP → discuss others to get out of → Mazi → letter → simplify → Credit chart → letter to LDCs → come

→ automatic enrollments → plan → challenging one – float someone after – ask not be by May' → celebrate July 1 →

July 1 → RPP rate reset / proactive step → / separate from reg. call /

→ is same / management → / RPP → Easter? – RRRP / → # county → 2 weeks → April 17th → open

→ Daily Line / → return rate to July 1st → → Thursday → Good Friday

→ OEP close-off

Final → · regular way – open enr.

→ Affordability Fact → plan / funds by next week →

→ Comp Share – Tax Cr →

1) LDC work group → OESP → CRA? ① → does or exempt go away

② → not satisfied →

RRR? → enhanced → aware → part of the program →

→ not a lot / heavy lifting →

FV Rate → who is eligible → households → guide to

Updated → post report → Chief H.C.I.A Comp

→ any hundred or more →

4) ICI → posted regulation → CRC → April 11 –

→ JPA → OCC → extends →

① Connecticut ② CME → as early as May 2017?