



TREASURY BOARD/MANAGEMENT BOARD OF CABINET

TB/MBC Date: September 12, 2016, held in the Council Chamber, Room 275, Legislative Building, at 9:00 am.

Attendees: Ms. L. Sandals (Chair), Mr. C. Sousa, Ms. L. Albanese, Mr. B. Chiarelli, Mr. K. Flynn, Mr. J. Leal, Mr. B. Mauro, Ms. E. McMahon, and Mr. Y. Naqvi.

Item Number: 01

Ministry: Energy

Title: Electricity Price Mitigation

Type of Item: General

Approved electricity price mitigation for residential, commercial, and industrial consumers.

In this regard, the Board:

- i) Approved a suite of initiatives to provide relief to various electricity consumer classes, as follows:
 - a) Provide a rebate of eight per cent on the pre-tax cost of electricity for all electricity consumers eligible to be billed under the Ontario Energy Board's Regulated Price Plan (RPP) and any other consumers who would be eligible for RPP if their electricity account was with a licensed distributor, starting January 1, 2017.
 - b) Increase the total amount of rate protection available to R2 low density electricity consumers under the Rural or Remote Rate Protection Program (RRRP) by increasing the subsidy by \$110,000,000 from its current level of \$127,000,000 which has been capped since 2003.
 - c) Implement a mechanism to periodically adjust the total annual amount of rate protection available to R2 low density electricity consumers under the RRRP, effective on or after January 1, 2018.

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- d) Expand eligibility for participation in the Industrial Conservation Initiative (ICI) to smaller industrial, institutional and commercial customers by lowering the eligibility threshold to 1 megawatt (MW) and removing restrictions on eligible sectors.
- e) Provide a modest rate reduction to commercial and industrial electricity consumers using cap and trade auction proceeds to offset the cost.
- ii) Recommended to Cabinet the proposed Ontario Rebate for Electricity Consumers Act, 2016 and that the Ministry proceed to Legislation and Regulations Committee before the end of 2016 with supporting regulations under the proposed Ontario Rebate for Electricity Consumers Act, 2016.
- iii) Approved the implementation details associated with the suite of initiatives including:
 - a) The creation of a new item entitled "Ontario Rebate for Electricity Consumers" in Electricity Price Mitigation (Vote/Item 2905-3).
 - b) The creation of a new Transfer Payment line entitled "Ontario Rebate for Electricity Consumers" in Ontario Rebate for Electricity Consumers (Vote/Item 2905-3).
 - c) An expenditure increase in the amount of \$300,000,000 in 2016-17 in the Ontario Rebate for Electricity Consumers Transfer Payment (Vote/Item 2905-3). Funding for 2016-17 will be implemented through Supplementary Estimates in Fall 2016. Directed the Ministry to return any underspending to the Treasury Board Contingency Fund.
- iv) Noted future year impacts of \$1,006,000,000 in 2017-18 and \$1,004,000,000 in 2018-19, and \$1,004,000,000 in 2019-20 and ongoing.
- v) Directed the Ministry to report back to Treasury Board/Management Board of Cabinet in the 2017-18 Program Review, Renewal, and Transformation plan on updated future year impacts, and a potential offset strategy for resource requirements to support program implementation.
- vi) Further to the Cabinet Minute of May 11, 2016 and the Treasury Board Minute of May 19, 2016, noted the reallocation of Cap and Trade auction proceeds from the up to \$1,320,000,000 that was previously allocated through the Climate Change Action Plan (CCAP) for electricity price mitigation, as follows:

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- a) The Ministry of Energy (ENERGY) to work with the Ministry of the Environment and Climate Change (MOECC), Treasury Board Secretariat (TBS), Ministry of Finance (MOF), Cabinet Office and the Office of the Premier, to allocate up to \$1,080,000,000, from 2017-18 to 2020-21, of Cap and Trade auction proceeds to address rate-impacts on non-RPP electricity consumers (e.g., industrial, commercial and institutional) related to Cap and Trade and the expansion of other rate-based programs, subject to the evaluation by the Minister of the Environment and Climate Change.

In this regard directed ENERGY to work with MOECC and report back to Cabinet by the end of 2016 with options on the appropriate mechanism.

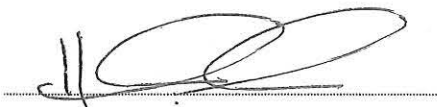
- b) The remaining up to \$240,000,000, from 2017-18 to 2020-21, which was previously allocated in the CCAP to eliminate carbon price impacts/grid emission reductions to ratepayers, to be used for other existing initiatives within the fiscal plan and the CCAP that reduce greenhouse gas emissions, subject to the evaluation by the Minister of the Environment and Climate Change.

In this regard, directed MOECC to work with TBS and MOF to identify other existing initiatives within the fiscal plan and the CCAP that reduce greenhouse gas emissions that can be funded with the remaining up to \$240,000,000, from 2017-18 to 2020-21.

- vii) To support implementation of electricity price mitigation, approved that the Ministry proceed with the following amendments to existing regulations:
 - a) Amendments to Ontario Regulation 429/04 (Adjustments Under Section 25.33 of the Act) made under the Electricity Act, 1998 to lower the ICI threshold to 1 MW and allow electricity consumers and market participants between 1 MW and 5 MW to opt in.
 - b) Amendments to Ontario Regulation 442/01 (Rural or Remote Electricity Rate Protection) made under the Ontario Energy Board Act, 1998, to increase support through the RRRP to R2 low density electricity customers and provide for a periodic adjustment mechanism.

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- viii) Directed the Ministry to work with the Office of the Premier and Cabinet Office on the development and implementation of an integrated communications strategy.



Secretary, Treasury Board and
Management Board of Cabinet

Distribution

Mr. S. Imbrogno
Mr. P. Evans
Ms. H. Angus
Mr. S. Thompson
Mr. S. Davidson
Mr. R. Burns
Ms. H. Taylor
Ms. M. Fraser
Mr. H. Zisser
Ms. B. Dunker