To: Premier

From: Policy Shop

Re: Summary Note for May 10 Cabinet

Date: May 5, 2017

Ontario Autism Program

Premier, at Cabinet on May 10, Minister Coteau will present his plan for the new Ontario Autism Program (OAP) and transition measures to bring it online. It will go to HESP on May 9, after your Cabinet briefing. I will update you on proceedings at HESP before Cabinet.

You will recall our efforts to improve autism services last year. In February 2016, MCYS received approval for the broad strokes of what Minister Coteau is bringing forward, including significant new funding and authorization to introduce the new OAP in summer 2018. This provoked months of push-back and protests from parents and the Opposition, focusing primarily on the transition measures associated with bringing the new program online. The focus of the outcry was around the fact that Intensive Behavioural Intervention (IBI) services were being limited to children under five during the transition phase. This prompted the development of an enhanced transition plan that included successive rounds of Direct Funding Option (DFO) resources provided to parents receiving or waiting for IBI services until they transition into the new program, which was pushed up to begin in June 2017. This was very well received, and has helped restore relationships with autism parents.

Even during the worst of the protests and parent meetings, we consistently heard that parents liked the new OAP we were designing but opposed the transition plan that would get us there. To help tap into the goodwill coming out of the revamped transition plan, we struck the OAP Advisory Committee to help us design the new program. The Committee includes representation from across the autism world, include providers and parents. Specifically, the Ontario Autism Coalition was added to the Committee to help bring them into the tent. The program Minister Coteau is bringing forward is the result of that Committee's work and the input of hundreds of parents throughout the process.

A full run-down of the new OAP is included in the Pink Note starting on page 4 and a helpful graphic on page 24. Critical elements coming on stream in June include:

- Single point of access and assessment for families, effectively eliminating the much-maligned distinction between IBI and Applied Behavioural Analysis (ABA).
- Individualized therapy interventions that are informed by family goals as well as clinical assessment based on new, more permissive guidelines that allow for individual flexibility and are not driven by age limits. These guidelines have been unanimously approved by the Clinical Expert Committee and supported by the Advisory Committee.

- Steady increases in the number of available treatment hours and consequent reductions in wait times.

The new OAP also includes a few elements that will come online in the autumn:

- An improved DFO model that represents a real choice for parents who prefer to manage their child's funding rather than receive services. The model will be based on the transition funding that was introduced last spring (see above). Since this part will not be ready by next month, the current transition funding will continue until a child's spot becomes available in the new OAP.
- Regulation of the autism service provider space to ensure minimum qualifications and training. With many different paths to choose from, we need to make sure that the model we chose for this sector is appropriately responsive to parent and system needs.
- Beginning to address the problem of autism services in schools by hiring new Education Assistants and providing further training, as well as piloting dedicated space in some schools where children can receive therapy from whichever provider the parent chooses.

On the last point, your direction was very clear at Policy Time last week. Coming out of that meeting, we are talking to teacher unions, parents, and key players in the sector as we further develop this model. In particular, I will speak to Annie Appleby before Cabinet to run the model by her and gauge her comfort. The Cabinet minute on this item is specifically written to provide enough room to consult with these players and make adjustments as needed prior to announcement in June.

We have come a long way since last year, and we expect the vast majority of parents and stakeholders to be pleased with our model. It exactly mirrors the flexibility, clinical focus, and parent choice that many autism parents seek. We have worked very hard to keep parents in the tent on this, and Minister Coteau has made a concerted and very successful effort to stay engaged with parents directly. Virtually every parent I speak to or hear from shares their respect and admiration for the Minister, and how much they have appreciated his very approachable and collaborative style. An inherent risk in this space is that there is a faction of parents based in Ottawa - the Alliance Against the Ontario Autism Program - that will never be pleased because they are convinced that any autism reforms are designed to put budget or political interests ahead of improving the lives of children. They are small in number, and have been marginalized by the vast majority of parents and stakeholder groups. We are exploring ways to bring them closer and reach them with targeted communications once the program is announced.

The other risk is around individualized clinical assessment. This is exactly what parents have been asking for, but there is no guarantee that every parent will be happy with the opinion of the attending clinician. In individual cases, clinicians may recommend reducing or enhancing service intensity, and while parents will play a key role, they may ultimately disagree with the professional opinion of the medical professional conducting the assessment. All stakeholder tests to date suggest that this may be a small problem at most because of the flexibility in the guidelines, but we will not know for sure until the guidelines go live next month. There a few mitigation strategies that we are putting in place proactively to address this potential issue. Since children will be coming into the new program gradually, we will be able to see the effects in real time and make any adjustments that may be needed in the early days. We are also working towards having a formal appeals process in place by the autumn, when the new DFO program will be in place. Lastly, we are also looking at options for an independent third-party assessment function independent from service providers in order to avoid the criticism that the providers are low-balling assessments to ration services. Overall, we are also designing the roll-out of the OAP to allow for enough time to make any adjustments that might be necessary before January 2018 at the latest.

We are designing the communications strategy to be as flexible and iterative as possible before going online in June. Minister Coteau has already foreshadowed the various elements of the new OAP to parents and stakeholders over the past few months, including at a very successful event at Holland-Bloorview last month. The current plan is for Minister Coteau to hold a similar event with parents on May 18 where he will announce that the DFO program will be available in the autumn and that transition funding will continue until children can transition into the new OAP. Based on that event, we will adjust our communications, issues, and stakeholder management strategies to be ready for a larger announcement in June to mark the beginning of the new program.

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EV Plugs

Premier, this note is intended to provide you with a brief on both Ministers' positions regarding EV Plugs in the Building Code, as well as some additional detail for background.

Murray's Position

The intent of requiring receptacles in the garage of each new townhome and house is to remove the barriers associated with EV adoption for the "consumer". If the requirement is only a rough-in, there would be additional costs on the consumers to hire an electrician.

By requiring the NEMA 14-50 receptacle in every home, it would make it easier for Ontarians to buy a charger and plug it in – thereby removing a significant barrier and cost for Ontarians. If manufacturers don't already produce a charger with NEMA 14-50, they would adjust to this new standard.

Mauro's Position

His proposal would provide for the electrical capacity needed to charge an electric vehicle, while leaving flexibility for owners to install the appropriate charging equipment needed for the vehicle purchased. Electric vehicles in Ontario are charged using a range of electrical currents (amperages). This proposal would accommodate all amperage levels.

Background

A brief overview of the two plugs that could be specified under the building code:

<u>NEMA 6-50</u>

- 6-50 is used for welding and for home charging of electric vehicles.
- The manufacturers of 6-50 plugs are: AeroVironment, Siemens, ELMEC, ChargePoint.

<u>NEMA 14-50 (Common in Homes)</u>

- 14-50 is used for electric cooking ranges, home charging of electric vehicles and can be found in RV parks.
- Manufacturers of 14-50 plugs are: Sun Country Highway, Leviton and Tesla.

Stakeholder comments (from Mauro's Office)

A requirement for a 50 amp, 240 volt plug in every garage was consulted and a stakeholder technical briefing/discussion occurred.

- Strong support of making EV charging more widespread, but universal criticism of specifying a sign type of plug
- Specifying a single type of plug would benefit one auto manufacturer at the disadvantage of others
- EVs that use lower amperages may require owner to purchase adaptive charger and/or hire an electrician to make hard-wired changes
- ChargePoint (charging manufacturer): Cannot support a code that requires a receptacle (plug). Ontario should mandate capacity and conduit only.
- Plug'n Drive (an Ontario EV advocacy association): "it is better to have the NEMA 14-50 receptacle than not to have it, as it does eliminate the need for an electrician in a lot of cases. Second choice would be to have the 240v power to a box without a receptacle put on and then the homeowner can choose what to do with it - add a receptacle, hard wire in a charging station etc. This would require an electrician in all cases but has the advantage of not removing an unwanted receptacle in some cases. Although the NEMA plug is the better of the two options, either of these options is a huge improvement over the current situation"

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Ontario Fair Hydro Plan Legislation

Premier, this week at Cabinet, Energy will be bringing forward the Ontario Fair Hydro Plan legislation for approval. Last week we conducted a briefing for Ministers Matthews, Sandals, Sousa, and Naqvi to walk them through the legislation ahead of Cabinet – and they are all comfortable with the proposed path forward.

In short, the Legislation balances the need to provide investors with certainty over the life of the plan in order to attract the appropriate level of interest, with proper accounting treatment, constitutional law considerations, and most importantly our desire to reduce rates by 25% and manage the rate of increase in the coming years.

The Act consists of two components:

- Part 1: Legislation to provide for the fair allocation of costs of electricity over time
- Part 2: Legislative amendments for social programs

Brief Overview of the Legislation

As you know, the legislation is based on the principle that the costs incurred to move to a clean, modern and reliable electricity system creates benefits that will be experienced by multiple generations of Ontario ratepayers and, therefore, in the interest of fairness, those costs should be shared by those multiple generations.

The legislation identifies:

- what costs ought to be more fairly allocated **("clean energy costs**");
- mechanisms to allocate costs fairly among generations of consumers **('fair adjustment" and "fair allocation")**;
- the consumers to whom the program applies ("specified consumers");
- how the program is funded (borrowing on the strength of the revenue stream from consumers); and
- the roles of various provincial entities in the program (Minister of Energy, Ontario Energy Board, IESO and OPG)
- In order to ensure the financeability of the program, considerable portions of the legislation are devoted to dealing with the "nuts and bolts" of what is required for successful financing including,
  - the quantification of the value of the regulatory asset;
  - the transfer of the regulatory asset to the (OPG) financing entity (which creates the "investment asset");
  - the establishment of an OPG financing plan to ensure, among other things, an appropriate program of financing the shortfalls that are created by the deferred collection of revenues; and
  - provisions setting out the way in which the financings are backed by amounts payable by specified consumers.

In order to achieve its purpose, the legislation establishes the following "building blocks":

- **Clean Energy Initiative** – This is the term used to describe the Government of Ontario's policies to foster growth and promote opportunities for clean and renewable energy sources and technologies. The "clean energy costs" under the legislation arise from the "clean energy initiative".
- **Clean Energy Costs** – These are costs (attributable to the "clean energy initiative") that are to be more fairly distributed among generations of consumers.
- **Clean Energy Benefits** – These are the value of the benefits derived by the "specified consumers" (including the clean energy costs).
- **Clean Energy Adjustments** – This is adjustment to a consumer invoice on a monthly basis to repay principal, interest and other financing.
    - *Note: during the repayment period, the Clean Energy Adjustment would be listed on the consumers' bill for transparency. This would not occur for approximately 10 years, and would be listed in the context of a completely redesigned customer bill (coming within the next year) and any evolution of the customer bill in the next decade.*

How are the Costs to be Allocated?

- Fair Adjustment – This is the adjustment that gives the "relief" to certain specified consumers during the period from July 1, 2017 to June 30, 2021 (including this program's portion of the 25 per cent reduction).
- Fair Allocation Amount – This is the concept/mechanism by which the fair distribution of "clean energy costs" (including, for example, financing costs, the cost of the power contracts, and the costs of the fair adjustment) is calculated and implemented.

Who Does What:

Role of the Minister of Energy

- Determine the "fair allocation amount" applicable for each reference period. The fair allocation amounts will be set for all reference periods at the beginning of the program, based on reasonable expectations and forecasts at that time.

Role of OPG

As financial services manager, OPG will be responsible for the following under the Act:

- Prepare and implement Financing Plan.
- Establish and administer the financing entities.
- Capitalize the financing entities by acquiring subordinated debt and equity, as required to achieve OPG's accounting and capital markets objectives.
- Estimate and "true up" periodic finance amounts, to be passed through as regulatory charges in the form of Clean Energy Adjustments.

Role of the IESO

- Calculate and record IESO funding shortfalls from time to time in a variance account, giving rise to a right of recovery from specified consumers to the extent not funded through the financings.
- Transfer the IESO's rights of recovery to (OPG) financing entities, in consideration for cash payments made by the financing entities from the proceeds of their financings.
- Coordinate the collection of "clean energy adjustments" from LDCs.
- Remit "clean energy adjustments" to (OPG) financing entity, for payment of financing entity funding obligations.
- Fund initial interest costs and expenses during the first 5 years.

Role of the OEB

- Determine and set rates to account for fair adjustments, fair allocations and clean energy adjustments (monthly adjustments).
- Determine and set rates and process to allow the IESO to recover funding shortfalls (to the extent such amounts are not transferred to an (OPG) financing entity and financed in the capital markets).
- Review the administrative costs of OPG in connection with the administration of the program.

Part 2 of the Legislation Covers the Amendments to Social Programs:

As part of the proposed Ontario Fair Hydro Plan, the Ministry of Energy is proposing amendments the *Ontario Energy Board Act, 1998* (OEBA) to enable the following measures:

- Enhancing and providing tax-based funding for Rural or Remote Electricity Rate Protection (RRRP) through new enhanced rate protection for residential customers with high distribution rates;
- Enhancing and providing tax-based funding for the Ontario Electricity Support Program (OESP); and
- Creating a new First Nation On-Reserve Delivery Credit and providing for tax-based funding.

RRRP

- Section 79 of the OEB Act would be amended to provide the Ministry the authority to prescribe, through regulation, classes of consumers whose cost would be transferred from the rate-base to the tax-base.
- We will then propose regulatory amendments that would prescribe Hydro One's R2 customers as receiving RRRP from appropriated funds effective July 1, 2017. This would fulfill the government's intention to transfer the majority of the costs of administering the RRRP program to the tax-base.

- In addition, Energy is proposing legislative amendments that would broaden rate protection by creating a new distribution rate protection program to complement RRRP.
- Distribution rate protection would be extended to eligible residential customers served by LDCs with the highest distribution costs.
    - Proposed legislative amendments would enable a maximum monthly base distribution charge to established through regulations.
- If the proposed legislative amendments are approved, the government intends to prescribe by regulation both program details and the residential customers eligible for broadened distribution rate protection served by the following LDCs:
    - Hydro One (R1 and R2 rate classes), Algoma Power, Atikokan Hydro, InnPower, Chapleau Public Utilities Commission, Sioux Lookout Hydro, Lakeland Power (Parry Sound service territory) and Northern Ontario Wires Inc.

Ontario Electricity Support Program:

- Proposed legislation related to the Ontario Electricity Support Program (OESP) would shift program funding from the rate base to the tax base.
    - Tax-based funding would only kick in once the existing OESP variance account is depleted, which is expected to happen in the fall of 2017.
- To allow for the existing program structure to stay in place until tax-based funding kicks in, proposed new legislation would only come into force via a proclamation Order in Council, on a date to be determined.
    - This would ensure that existing OEB authorities remain in place while ratepayer funding is being used.
- Most importantly, the legislation includes a new authority to allow the OEB and the Ministry of Community and Social Services (MCSS) to share data on customers to support increased participation in the OESP program among Ontario Works and Ontario Disability and Support Program clients would be put in place.
    - Information Privacy Commissioner staff were consulted, and customer consent is reflected.
    - This information sharing component will come into force at Royal Assent, allowing OEB and MCSS to begin this process quickly, and support increasing OESP participation levels.

First Nations Delivery Credit

- The proposed First Nation Delivery Credit would provide:
    - All prescribed on-reserve consumers with a credit for the entirety of their delivery line or with a credit for the monthly service charge.
    - The costs that are covered by the delivery credit are also described in legislation.
- Once legislation has passed, we intend to propose regulatory amendments that would:

- establish the class of customers eligible;
- determine what is considered on-reserve; and
- determine the method of calculating the delivery credit.

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