Cabinet Office / ENERGY Combined Version

Cabinet agreed that:

1. ENERGY implement electricity rate mitigation actions that support electricity cost reductions for residential, commercial and industrial consumers by:

   A. Focusing support on the most vulnerable Ontarians;

   B. Providing immediate relief to ratepayers; and

   C. Positively impacting the future cost curve of electricity.

2. ENERGY implement electricity rate mitigation 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 by:

   A. Subject to legal and accounting confirmation, refinancing the Global Adjustment (GA) in order to defer RPP-eligible ratepayer GA costs to reduce **the projected** after-tax electricity costs in 2017 by X% or X%. Total **projected** bill increases will be capped at 2% per year until the end of 2021for a typical household consuming 750kWh per month. From 2022 onward, bills will increase at a rate that ensures recovery of the accumulated debt by 2048 with a cap of 25% above the actual cost of electricity service in each year for the same typical customer:

      i. Explore expanding the powers of the Ontario Energy Board (OEB), Independent Electricity System Operator (IESO) and Ontario Power Generation (OPG) and using other mechanisms, including the putting in place of appropriate payment, settlement and cost-recovery authorities for and through the IESO (Including accommodating payments to and from any appropriate entity) to manage the deferred RPP-eligible ratepayer Global Adjustment costs, including deferring up to $XB in 2017/18 and up to $XB by year XX, report back to Cabinet and TB/MBC with a recommended approach by March 2017; and

      ii. Amend *Electricity Act, 1998* and *Ontario Energy Board Act, 1998* as required to:

         I. Amend the GA to ensure that IESO, distributors, retailers and consumers have the appropriate legislative authority and obligations to accommodate the money flows and cost recovery activities involved in refinancing GA;

II. Amend OPG's corporate structure or powers, as appropriate, to accommodate the refinancing of GA;

III. Direct OPG, through Shareholder Resolution and Declaration, to support the implementation of this initiatives;

IV. Provide the OEB with appropriate oversight role of Rate Smoothing activities;

V. Incorporate legal and accounting advice to help ensure effective implementation; and

VI. Make such other legislative and regulatory amendments as are required to accommodate the refinancing of GA and the achievement of necessary accounting treatment.

3. ENERGY implement additional rate mitigation initiatives **to be funded from the tax base** targeted at specific populations, including:

A. Broadening the Rural or Remote Rate Protection (RRRP) program to mitigate distribution charges for customers of Local Distribution companies with some of the highest distribution rates:

i. Customers of 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. will have their distribution costs harmonized at the costs paid by the average consumer of the LDC listed above with the lowest rates. To be implemented by fall 2017; and

ii. Establish a mechanism to allow the RRRP and the broadening of the program to be funded using money appropriated for that purpose by the legislature.

B. Amending the legislative and regulatory framework for the Ontario Electricity Support Program (OESP) to:

i. Implement additional measures to substantially increase take-up;

ii. Enhance all eligible categories of assistance by an additional 50 per cent;

iii. Explore ways to provide direct assistance to renters that do not directly benefitting under the program and report back to TB/cabinet; and

iv. Establish a mechanism to allow the OESP to be funded using money appropriated for that purpose by the legislature.

C. Establishing a new Local Distribution Company (LDC) Affordability Fund through the tax base, which would be accessible to LDCs only, and would target those electricity customers who cannot qualify for existing low-income conservation programs and are in arrears or facing disconnection. The LDC Affordability Fund would:

i. Be implemented through a Transfer Payment Agreement with one or more LDCs in 2016/17.

ii. Assist eligible customers by providing energy efficiency measures at no or minimal cost.

D. Establishing a new province-wide program that would eliminate the delivery charge for First Nations customers on reserve, including making such legislative and regulatory amendments as are necessary or appropriate:

i. Establish a mechanism to allow the program to be funded using money appropriated for that purpose by the legislature.

4. ENERGY, through the Long Term Energy Plan, take steps to further reduce electricity rates across the system by:

A. Ontario Energy Board (OEB) – Identify opportunities for OEB red-tape reduction and future LDC efficiencies and rates, including providing for any appropriate legislative or regulatory amendments to support this measure; and

B. Directing Independent Electricity System Operator (IESO) – Modernize Ontario's electricity market through electricity Market Renewal initiatives, including providing for any appropriate legislative or regulatory amendments to support this measure.

5. ENERGY seek necessary Treasury Board /Management Board of Cabinet approvals of these initiatives in winter 2017.

6. ENERGY report to LRC and Cabinet in winter 2017 with legislative amendments to implement the above initiatives, as necessary.

7. ENERGY to report back to LRC and Cabinet for approval of any supporting regulations and complementary regulatory amendments in winter 2017.

8. ENERGY and MOF work with the Premier's Office and the Cabinet Office on the development and implementation of an integrated communications strategy.