Ministry of Energy **December 7, 2017**

I. Executive Summary

The Ministry has submitted a plan within allocation after factoring in fiscally neutral items.

To manage pressures, the Ministry is seeking TB/MBC approval to offset costs for new Long Term Energy Plan (LTEP) related programs, and resources ($,FTEs) for administering Fair Hydro Plan transfer payments programs, from savings due to an updated forecast of Fair Hydro Plan transfer payments over the planning period. The transfer payments are under executive controls.

With the passage of the Ontario Fair Hydro Act, 2017, the Ministry is now administering $1.6B in transfer payments in 2017-18 (80% of allocation) and on-going.

Ontario's Fair Hydro Act, 2017 entitles recipients to funding. The Ministry indicates actual fiscal costs are dependent on external factors (e.g. electricity prices, consumption, weather and general economic and demographic factors of consumers). As with other demand-driven government programs, such as forest fire fighting, and business risk management, there is a decision for government regarding managing risk centrally through the Treasury Board Contingency Fund, or through the Ministry's funding allocation.

The Ministry is currently managing with 19 risk-managed FTEs, and indicates that this short-term strategy is not sustainable.

Key risks include:

- Negotiations with Métis Nation of Ontario on Hydro One ownership are on-going. The Ministry may require up to $35M in either 2017-18 or 2018-19 depending on the terms and timing of an agreement.
- Fair Hydro Plan – The Ministry indicates Hydro One has made an application to the OEB for rates for 2018 to 2021, which if approved, could increase Ontario's programs costs by $65M per year by fiscal 2020-21.
- Affordability fund $200M commitment – Only $100M provided to date. October 24, 2017 Ontario launched the $100M program. As of September 28,2017 only $0.3M spent. The Fund has now started to accept funding applications from electricity distributors.
    - The Ministry will provide regular updates through quarterly reporting, including spending to date, results to date starting Q4 2017-18.

The ministry expanded its program inventory from seven to 10 external PRRT programs reflecting over-arching lines of key ministry business related to energy development and management, electricity price mitigation, and energy use and climate change. The realignment and refinement of the program inventory incorporates the ministry's expanded mandate related to Ontario's Fair Hydro Plan and other high-priority policy commitments.

The ministry provided updated results for KPIs approved through the 2017-18 PRRT suggesting that:

- CO_2 emissions from Ontario's electricity sector decreased
- Ontarians are conserving electricity.

The remaining KPIs will monitor progress on more recent strategic initiatives to minimize the annual growth of electricity costs to Ontarians, support innovation in the energy sector, and improve asset management (i.e., net income from Hydro One and OPG).

Taken together, the entirety of the ministry's performance measurement system demonstrates strong potential to track progress toward ministry high priorities including a continued and concentrated focus on the energy consumer, providing an affordable supply of energy, ensuring fairness and consumer choice, opportunities for innovation, as well as ensuring the sound development of the Province's strategic energy framework through the Long-Term Energy Plan.

II. Financial Summary

The Ministry submitted a plan that is within its preliminary allocation after accounting for fiscally neutral adjustments, including initiatives eligible to be funded from the Greenhouse Gas Reduction Account

$M	17-18	18-19	19-20	20-21		Growth Rate 18-19 to 20-21
Preliminary Allocation						
Operating Expense	2,024.4	2,015.9	2,025.6	2,102.2	A	
Capital Expense	23.2	24.2	24.6	24.1	B	
Total Preliminary Allocation	**2,047.7**	**2,040.2**	**2,050.2**	**2,126.3**	C=A+B	
% Growth		*(0.4%)*	*0.5%*	*3.7%*		*4.2%*
Fall Economic Statement Initiatives		-	-	-	D	
Total Allocation incl. FES		**2,040.2**	**2,050.2**	**2,126.3**	E=C+D	
Ministry Submission						
Operating Expense		1,995.6	2,032.8	2,087.1	F	
Capital Expense		25.3	26.0	24.6	G	
Total Ministry Submission		**2,020.9**	**2,058.7**	**2,111.7**	H=F+G	
% Growth			*1.9%*	*2.6%*		*4.5%*
Over/(Under) Preliminary Allocation		(19.3)	8.5	(14.6)	I=H-E	
Adjustment for Fiscally Neutral Items		*0.0*	*0.0*	*0.0*	J	
Adjustment for GGRA-Eligible Items		*(10.2)*	*(20.2)*	*(20.2)*	K	
Fiscal Impact of Ministry Submission		**(29.5)**	**(11.6)**	**(34.8)**	L=I+J+K	
Recommendation						
Approve-In-Principle						
Operating Expense		1,952.7	1,956.6	2,003.3	M	
Capital Expense		25.3	26.0	24.6	N	
Total Approve-in-Principle		**1,977.9**	**1,982.6**	**2,027.9**	O=M+N	
% Growth			*0.2%*	*2.3%*		*2.5%*
Defer						
Operating Expense		5.9	7.4	8.4	P	
Capital Expense		-	-	-	Q	
Total Defer		**5.9**	**7.4**	**8.4**	R=P+Q	
Do Not Approve						
Operating Expense		26.8	48.5	55.1	S	
Capital Expense		-	-	-	T	
Total Do Not Approve		**26.8**	**48.5**	**55.1**	U=S+T	
Recommendation Over/(Under) Preliminary Allocation		(62.3)	(67.6)	(98.4)	V=O-E	
Adjustment for Fiscally Neutral Items		-	-	-	J	
Adjustment for GGRA-Eligible Items		-	-	-	K	
Fiscal Impact of Recommendations		**(62.3)**	**(67.6)**	**(98.4)**	W=V+J+K	
Anticipated asks over allocation (Blue items)[2]		*20.0*	*18.0*	*15.0*	X	
Fiscal Impact excl. anticipated asks		**(82.3)**	**(85.6)**	**(113.4)**	Y=W-X	

[1]2017-18 amount represents current approved allocation including all in-year decisions to date.

[2]Represents out-year impacts of in-year approvals that ministries were required to report back on through their PRRT submission.

III. Programs with Key Decisions

A. Summary of Programs with Key Decisions

Request Type	Description of Request	O/C	Page	Recommendation
Strategic Asset Management				
	1) Indigenous Engagement (On-going Métis Nation of Ontario Negotiations)	O	5	Approve-In-Principle
	2) Consider as offset for International Energy Demonstration Fund	O	5	Do not Approve
	3) Program Savings Identified	O	5	Approve-In-Principle
Electricity Rate Mitigation				
	1) Forecast Update for Ontario's Fair Hydro Plan (FHP) transfer payments.	O	10	Approve-In-Principle
	2) Resources to administer FHP initiatives. Requesting 19 permanent FTEs and funding.	O	10	Defer
	3) Forecast pressures in certain TPs under Electricity Price Mitigation. (Recommendation is to manage risk centrally, only if insufficient internal offsets found inyear)	O	10	Do Not Approve
Innovative Energy Technologies – Setting up new International Energy Demonstration Fund, and Smart Grid Fund				
	1) Establishing International Demonstration Fund	O	32	Defer to New Initiatives Request
	2) Establishing Smart Grid Fund	O	17	Approve-in-Principle

B. Program Details

Strategic Asset Management - Description

This program supports the Province as a shareholder of Hydro One in regards to managing its investment and governance relationship.

- The province has completed the broadening of Hydro One ownership through three secondary share offerings.
- Effort is on-going regarding First Nations Hydro One ownership shares.
- Negotiations are under way with Metis Nation of Ontario regarding Hydro One ownership shares.

Performance Measures

Outcome: The Province has committed to broaden the ownership of Hydro One in a staged and prudent manner over time to create lasting benefit for the public.

Program outcome measure: Progress towards ownership objective

Progress to date: The ministry is reported a 70.1% share in Hydro-One as of March 31, 2017, and of approximately 49.9% following the May 2017 offering. The program savings identified are unlikely to negatively impact progress toward the targetted 40% ownership in 2018.

Strategic Asset Management - Summary of Decisions

Total Expense	O/C	$M	18-19	19-20	20-21	Recommendation
Current Approved Allocation			70.0	-	-	
Indigenous Engagement (MNO) Placeholder - may be needed in 2018-19	O	Requested	35.0	-	-	**Approve-in-Principle**
		Recommended	35.0	-	-	
Intra Program offset for Indigenous Engagement (MNO)	O	Requested	(35.0)	-	-	**Approve-in-Principle**
		Recommended	(35.0)	-	-	
Consider $1.5M as offset for new International Energy Demonstration Fund. Note, Savings identified is recommended but not consideration as offset (see below)	O	Requested		-	-	**Do Not Approve**
		Recommended	-	-	-	
Program Savings Identified	O	Requested	(35.0)	-	-	**Approve-in-Principle**
		Recommended	(35.0)	-	-	
Total		**Requested**	**35.0**	**-**	**-**	
		Recommended	**35.0**	**-**	**-**	

Total Assets – N/A

Strategic Asset Management - Request Analysis

The Province completed the final offering of Hydro One common shares in May 2017, generating approximately $2.8 billion in gross proceeds. The overall target of raising $9 billion in gross proceeds and other revenue benefits from broadening the ownership of Hydro One was exceeded.

- The Province continues to hold approximately 49.9 percent of Hydro One's common shares and remains the largest shareholder. Assuming full participation by First Nations to purchase Hydro One shares from the Province by the end of 2017, the government would still hold roughly 47.4 percent of Hydro One.

As a result, Ministry indicates that, with the final offering completed, the remaining full out-year allocation of $70M in 2018-19 is no longer needed. This is consistent with 2016-17 minuting.

- 2016-17 PRRT Minute, that provided $70M per year from 2016-17 through to 2018-19, directed that any underspending be returned to TB/MBC and not be reallocated within the Ministry.

The Ministry notes ongoing discussions with the Métis Nation of Ontario (MNO), and is therefore, in the table below, requesting the following adjustment to the $70M allocation in 2018-19.

- The MNO's lead negotiator was granted a mandate to negotiate within a $20-30M range. In June 2017, the Provincial negotiating team received flexibility to provide up to $25M in cash, subject to final TB/MBC approval.
- The Ministry has been directed, September 2016, to report back to TB/MBC for approval prior to finalization of the term sheet.

($M)	2018-19 Request	Recommendation
Preliminary Allocation	**70.0**	
Proposed Use:		
• Retain placeholder amount for terms of a pending agreement with Métis Nation on Ontario (MNO)	30.0	Approve-in-Principle
• For Legal and financial costs associated with MNO negotiations	5.0	Approve-in-Principle
• Consider $1.5M in savings as offset for the new LTEP initiative – International Energy Demonstration Fund		Do not approve
• Program Savings Identified	(35.0)	Approve-in-Principle (Increases to $35M with deferral)
Revised Program Allocation	**35.0**	

Central Agency Assessment:

- Repurposing of the preliminary allocation for costs associated with MNO negotiations and potential terms of a pending agreement is reasonable.
- Since the International Energy Demonstration Fund is an above preliminary allocation

request, and therefore being moved to the document initiative proves, there is no need to consider $1.5M as offset (Also, the request is not aligned with previous minuting not to reallocate funding within the Ministry).

- The agreement in principle with Chiefs of Ontario in July 2016 has an outside transaction closing date of December 2017 (i.e., December 31, 2017 to close the transaction, including achieving substantial minimum participation threshold from the 133 First Nations (80% participation minimum).

Recommendation:

- **Do Not Approve** redeployment of $1.5M in 2018-19 towards the International Energy Demonstration Fund (Treat as a new initiative).
- **Approve-in-Principle** retaining $35M in 2018-19 related to on-going MNO negotiations a placeholder for financial implications of an agreement.
- **Approve-in-Principle** savings of $35M in 2018-19.

Additional Financial Details

1. **Capital Expense – N/A**
2. **Minor Realignments – N/A**

Electricity Rate Mitigation - Description

Ontario's Fair Hydro Plan provides electricity rate relief to eligible Ontarians through a number of transfer payment programs:

- Ontario Rebate for Electricity Consumers (OREC)
- Ontario Electricity Support Program (OESP)
- Rural or Remote Rate Protection Program (RRRP)
- On-Reserve First Nations Delivery Credit (FNDC)
- Northern Ontario Energy Credit (NOEC)

This initiative includes two PRRT programs: Rate Mitigation, and Ontario Rebate for Electricity Consumers.

Rate Mitigation - Description

Delivered by the Ontario Energy Board, the Ontario Electricity Support program provides a monthly rate reduction directly on bills of eligible low-income electricity consumers in Ontario. Credits are calculated by household size and income and range from $35 - $75 per month. Rural or Remote Rate Protection (RRRP) provides a direct credit on the electricity bills of rural or remote residential customers who are faced with higher distribution costs compared to urban areas. .The On-Reserve First Nations Delivery Credit removes delivery charges directly from on-reserve First Nations' customers' electricity bills.

Issue/Need: The 2017 Budget includes providing substantial relief from electricity bills as a key priority. Certain customers are in greater need of support and rate relief, such as low-income, customers relying on electricity intensive medical devices, customers living in the North with more expensive home heating costs. Rural and remote customers face high distribution costs on their electricity bills as the cost of distributing power to lower-density areas is much higher than for urban and higher density areas.

Performance Measures

Outcome: Electricity is made more affordable for residential customers, small businesses and farms by the Ontario Electricity Support Program, Rural or Remote Rate Protection, On-Reserve First Nations Delivery Credit.

Program outcome measure: Reduction of electricity bills for residential, small business and farm customers.
Progress to date: The rate mitigation began in 2017 with an anticipated impact of $2.245 MWh in 2018. The value is the reduction in regulatory charges and this has been set and will continue to be the same year over year. These savings exist from the regulatory changes made and the charge difference will not vary going forward. The savings amount will not be impacted by the decision, however the reach of the program and uptake of the program should be monitored closely. The ministry has reported an enrollment of 188,237 as of May 1, 2017 and a target of 407,441, 60% of eligible customers, by 2020.

Ontario Rebate for Electricity Consumers – Description

The program provides an 8% rebate, equal to the provincial portion of HST, to consumers eligible for the Regulated Price Plan and other eligible consumers as defined by legislation – this includes about five million residential consumers, small businesses and farms. The program began on January 1, 2017.

Issue/Need: Since 2010, electricity prices have risen considerably, particularly for households and small businesses. Prices are forecast to continue to increase as additional generation comes online. The 8% rebate is part of a broader package of rate mitigation measures, that will help all electricity rate payers, announced in the 2016 Speech from the Throne, including: enhancement of existing Rural or Remote Rate Protection to provide additional support to approximately 330,000 eligible rural consumers; and expanding participation in the Industrial Conservation Initiative to allow more businesses to participate.

Performance Measures

Outcome: Electricity is made more affordable by the Ontario Rebate for Electricity Consumers program during a period of rising prices as Ontario transitions to a cleaner, modern electricity system.
Program outcome measure: Average reduction to electricity bills to households, small business and farms.
Progress to date: The program came into effect in 2017 with a targeted 8% reduction by 2019. The ministry is also tracking the percentage of eligible customers who have not yet received the 8% reduction on their electricity bill. The reach and uptake of the program should be monitored closely.

Rate Mitigation - Summary of Decisions

Total Expense	O/C	$M	18-19	19-20	20-21	Recommendation
Current Approved Allocation			1,633.4	1,711.0	1,787.0	
Forecast Update for Ontario's Fair Hydro Plan (FHP) Transfer Payments	O	Requested	(51.8)	(82.0)	(111.0)	**Approve-in-Principle**
		Recommended	(51.8)	(82.0)	(111.0)	
Resources to administer FHP initiatives. Requesting 10 permanent FTEs starting in 2018-19 and funding	O	Requested	4.4	4.4	4.4	**Defer to Wrap-up**
		Recommended	-	-	-	
Forecast pressures in certain TPs. Recommendation is to manage risk centrally, only if insufficient internal offsets found	O	Requested	26.8	48.5	55.1	**Do Not Approve**
		Recommended	-	-	-	
Total		**Requested**	**1,612.9**	**1,681.9**	**1,735.5**	
		Recommended	**1,581.6**	**1,629.0**	**1,676.0**	

Total Assets	O/C	$M	18-19	19-20	20-21	Recommendation
Current Approved Allocation			0.0	0.0	0.0	
1) OPG Share Purchase (Equity Injection)	**O**	Requested	1,100.0			**Approve-in-Principle**
		Recommended	1,100.0			
Total		**Requested**	**1,100.0**	**-**	**-**	
		Recommended	**1,100.0**	**-**	**-**	

Rate Mitigation - Request Analysis

Transfer Payment Forecast Update:

The Ministry is requesting to update transfer payments allocations under Electricity Price Mitigation to align with updates to forecasts. As a result of the updates, the Ministry's submission is seeking approval to redeploy no longer needed funding, and to declare a portion as savings.

	2018-19 ENERGY PRRT Submission Forecast Update: ($M)	2018-19	2019-20	2020-21	
1	OREC Revised Forecast Savings	-	-	(5.0000)	
2	OREC as Offset for 19 Perm FTEs Admin request	(2.0000)	-	-	
3	OREC as Offset for new International Energy Demonstration Fund	-	(3.0000)	(4.0000)	
4	OREC Offset for new Smart Grid Fund	(20.0000)	(18.0000)	(15.0000)	
5	FNDC Revised Forecast	(0.4000)	-	-	
6	OESP Revised Forecast	(0.1534)	(8.0534)	(27.4534)	
7	OESP as Offset for 19 Perm FTE Request	(2.4466)	(4.4466)	(4.4466)	
8	OESP as Offset for increase in RRP and FNDC	(26.8000)	(48.5000)	(55.1000)	
	Total Forecast Savings (Gross)	**(51.8000)**	**(82.0000)**	**(111.0000)**	A
9	FNDC Revised Forecast		0.9000	1.9000	
10	Pressure in new Distribution Rate Protection RP (Now split off from RRRP)	26.8000	47.6000	53.2000	
	Total Forecast Pressures (Within Electricity Price Mitigation)	**26.8000**	**48.5000**	**55.1000**	B
	Forecast Savings (Net)	**(25.0)**	**(33.5)**	**(55.9)**	C

The Ministry is also creating a transfer payment line for Distribution Rate Protection Program (DRP) and reallocating a portion of RRRP allocation towards DRP during the 2018-19 PRRT Submission.

Operating Asset – OPG Share Purchase:

Ontario's Fairy Hydro Plan was announced in March 2017 and includes a number of measures to provide relief to electricity consumers, including refinancing the Global Adjustment (GA) costs. The refinancing of the GA is to come from the following sources:

- 51 percent of the funding will come from debt financing through Capital Markets
- 49 percent will come from OPG
  - 44 percent to come from an equity cash injection from the Province
  - 5 percent to come from financing from capital markets through medium term notes (subordinated to financing under 1).

This request is for the 44 percent that the Province has committed to funding through equity injections in OPG. The GA refinancing would be about $2,500M per year on average for the first 10 years. Using the average amount and applying 44 percent, results in an estimated equity injection of $1,100M.

The Ministry notes the estimated equity injection for 2018-19 is $974M. However given these amounts may be updated, for prudency, the Ministry of Energy recommends an allocation of $1,100M for the 2018-19 period for the equity injection.

FTE Request:

The Ministry's expanded mandate, administering TPs under the Fair Hydro Plan, has resulted in increased workload that the Ministry indicates it is managing with 19 risk-managed FTEs, and that this short-term strategy is not sustainable.

Activities include:

- Forecasting, data modelling and analysis
- Oversight on policy, regulation and legislative changes
- Providing financial and risk management expertise and oversight;
- Developing internal control framework to ensure the financial integrity
- Overseeing program performance and identifying operational issues;
- Managing contracts and agreements that are integral to the day-to-day ongoing administration;
- Designing and implementing a program evaluation framework
- Communications and marketing support

The Ministry is requesting 19 permanent FTEs starting in 2018-19 and funding of $4.4M/year, including $1.9M in Salaries and Wages, starting in 2018-19 (Forecasted savings in Fair Hydro Plan Transfer payments cited as offset for the funding request):

- 4 starting in 2018-19 OREC
- 5 starting in 2018-19 OESP
- 6 starting in 2018-19 for RRRP, DRP, FNDC
- 1 FTE Affordability Fund
- 3 Forecasting & Analysis, and Regulatory Support

Energy staff indicate the 19 new FTEs would be located at 22 Grenville (Downtown Toronto), utilizing existing vacant space.

Central Agency Assessment:

2017-18 PRRT Minutes included the following executive controls:

- The Board approved redeploying underspending within Transfer Payments under Electricity Price Mitigation (Vote/item 2905-1) to address pressures elsewhere in Transfer Payments within Electricity Price Mitigation (Vote/item 2905-1).
- The Board directed that no funding from within Electricity Price Mitigation (Vote/item 2905-1) is to be redeployed within the Ministry outside of Electricity Price Mitigation(Vote/item 2905-1).

Although the Ministry's submission buckets portions of transfer payment forecast updates as offsets for requests, the total forecast savings (gross) should be accepted to reflect executive controls.

The following tables take a closer look at movements within the key Fair Hydro Plan transfer payments:

Ontario Rebate for Electricity Consumers

	($M)	2016-17	2017-18	2018-19	2019-20	2020-21
September 2016 TB/MBC Submission OREC		300	1006	1004	1004	1004
March 1, 2017 TB/MBC approvals supporting OFHP included full year projected costs			1006	1004	1004	1004
2017 Budget			939	882	882	895
% change from previous year				*-6%*	*0%*	*1%*
2018-19 PRRTRequest (2017-18 is the Q2 Risk Based Outlook)			883	860	861	871
% change from previous year				*-3%*	*0%*	*1%*
% Change 2018-19 PRRT from 2017 Budget			*(6%)*	*(2%)*	*(2%)*	*(3%)*
TBS Staff Recommendation				**860**	**861**	**871**
				(2.6%)	0.1%	1.2%

- The Ministry's PRRT identifies savings of $22M in 2018-19, $21M in 2019-20, and $24M in 2020-21.
- The Ministry indicates its estimate of OREC program costs have been greater than actual costs (OREC automatically added to every eligible consumer's bill beginning January 1, 2017).
- The variance between estimate and actual, the Ministry notes, could be the result of several factors, including the assumed retail contract premiums, the share of OREC consumers on retail vs RPP contracts and bill reductions as result of OFHP. Also, total consumption for 2017 is expected to be lower than previous years, partly due to unseasonably cool weather over the summer period when electricity consumption is typically at its peak.
- The model has also been adapted to calculate prices on an RPP basis to more accurately reflect changes announced under the OFHP. Combined, these modifications mean the Ministry cost estimates align more closely with the OREC actuals.
- The Ministry was directed to seek TB/MBC approval prior to establishing any year-end accruals related to the various electricity price mitigation initiatives under Vote/Item 2905-1.

Ontario Electricity Support Program

	($M)	2017-18	2018-19	2019-20	2020-21
Feb 2017 Cabinet Deck		178	239	290	334
March 1, 2017 TB/MBC approvals supporting OFHP included full year projected costs		186	261	325	375
2017 Budget		140	261	325	375
% change from previous year			*86%*	*25%*	*15%*
2018-19 PRRTRequest (2017-18 is the Q2 Risk Based Outlook)		40	230	264	288
% change from previous year			*475%*	*15%*	*9%*
% Change 2018-19 PRRT from 2017 Budget		*(71%)*	*(12%)*	*(19%)*	*(23%)*
Note: 2017-18 - Payments from Province only after $100M variance account drawn to zero.					
Efforts under way to increase OESP participation towards 100%					
TBS Staff Recommendation			**230**	**264**	**288**
			475%	15%	9%

- The Ministry's PRRT identifies savings of $31M in 2018-19, $61M in 2019-20, and $87M in 2020-21.
- Update pending on progress OESP enrolment from those receiving social assistance.

- In July 2017, TB/MBC approved a plan to increase OESP participation from recipients receiving social assistance from the province.
  - The ministries, MCSS primarily and Energy, indicate approximately 113,600 SA clients are eligible for OESP; however, only 20% have enrolled – i.e., 90,880 receiving SA are not receiving OESP credits.
  - Within a report back to TB/MBC tracking for December 12, 2017, the ministries indicate the dedicated team of 20 FTEs was established by October 2, 2017. As of November 10, 1,798 SA clients have been enrolled in OESP, with an additional 1,066 in progress.
    - At the current temporary dedicated resourcing level, anticipated achievement expected: outreach to 42% of existing SA clients, enroll up to 23,600 existing SA clients by June 2018, and enroll up to 19,500 new referrals from local offices.
  - Should the Board approval the pending MCSS request for 30 additional temporary FTEs, the ministry anticipates completing outreach to all existing SA clients, enroll up to 37,200 existing SA clients by June 2018, and enroll up to 19,500 new referrals from local offices.
    - This would move the original 20% figure of enrolment up to 66%.
  - Regarding the IT project for automatic enrolment, MCSS indicates it is currently in the business requirements and design specification development state, with targeted completion for summer 2018.

Rural or Remote Rate Protection

($M)	2017-18	2018-19	2019-20	2020-21
Feb 2017 Cabinet Deck	454	450	446	444
March 1, 2017 TB/MBC approvals supporting OFHP included full year projected costs	459	472	484	497
2017 Budget (Partial year for 2017-18)	344	472	484	497
% change from previous year		*37%*	*3%*	*3%*
2018-19 PRRTRequest (2017-18 is the Q2 Risk Based Outlook)	352	499	532	550
% change from previous year		*42%*	*7%*	*3%*
% Change 2018-19 PRRT from 2017 Budget	2%	6%	10%	11%
TBS Staff Recommendation		**472**	**484**	**497**
		34%	3%	3%

- The Ministry's PRRT identifies a net pressure of $26.8M in 2018-19, $47.6M in 2019-20, and $53.2M in 2020-21 within this program.
- The Ministry is requesting to separate out the allocation for Distribution Rate Protection (DRP) from the RRRP TP Line, where the pressure is occurring.
  - The Ministry is forecasting a DPR pressure of $38M in 2018-19, $63.7M in 2019-20, and $75.0M in 2020-21. The revised forecast assumes Hydro One's rates are approved as filed, and uses Hydro One projected customer numbers.
    - The largest DRP cost of the program is supporting customers of Hydro One Networks, as Hydro One has the largest number of eligible customers by a considerable amount and also the highest rates.
    - The original cost projections assumed a maximum monthly charge of $38. The

OEB subsequently determined a charge of $36.43 due to lower rates for Northern Ontario Wires being approved than anticipated, which increased program costs.

- Remaining RRRP has a surplus of $11.3M in 2018-19, $16.1 in 2019-20, and $21.8M in 2020-21.
  - TBS staff note leaving the surplus, as recommended, in RRRP partially offsets the DRP pressure amounts.

On-Reserve First Nations Delivery Credit

($M)	2017-18	2018-19	2019-20	2020-21
Feb 2017 Cabinet Deck	20	20	20	20
March 1, 2017 TB/MBC approvals supporting OFHP included full year projected costs	20	20	20	20
2017 Budget	15	20	20	20
% change from previous year		*33%*	*0%*	*0%*
2018-19 PRRTRequest (2017-18 is the Q2 Risk Based Outlook)	15	19.6	20.9	21.9
% change from previous year		*31%*	*7%*	*5%*
% Change 2018-19 PRRT from 2017 Budget	*0%*	*(2%)*	*4%*	*10%*
TBS Staff Recommendation		**19.6**	**20.0**	**20.0**
		31%	2%	0%

- For this PRRT cycle the transfer payment could be held at $20M in 2019-20 and on-going.

Affordability Fund

($M)	2016-17	2017-18	2018-19	2019-20	2020-21
March 2017 TB/MBC ($200M Commitment- not public, only $100M Announced)	100				

- The Board could decide to forego the remaining $100M.
- October 24, 2017 Ontario launched the $100M program. As of September 28,2017 only $0.3M spent. The Fund has now started to accept funding applications from electricity distributors.
- The Ministry will provide regular updates through quarterly reporting, including spending to date, results to date starting Q4 2017-18.

TBS staff recommendation also includes not reallocating gross forecast savings to address transfer payment pressures (Realignment is permitted under executive controls).

- TB/MBC could decide to manage the pressures in rows 9 and 10 above in a similar way as done for forest fire fighting and business risk management – corporately manage the risk and offset from the Treasury Board Contingency Fund if the Ministry cannot identify sufficient internal offsets in-year.

Operating Asset – OPG Share Purchase – TBs staff are supportive of the Ministry's request to keep the operating asset at $1,100M for 2018-19. This is a key element to enable refinancing Global Adjustment under the Fair Hydro Plan. Going the with current forecast amount of $974M for 2018-19 could, if subsequent forecast updates raise the amount needed.

FTEs – TBS staff discussions with the Ministry are on-going. No FTEs have been provided to date for OREC or new transfer payments moving from the being ratepayer funded, it seems reasonable that there should be some resources for administering $1.6B in transfer payments.

Requesting more info on how currently "risk managing 19 FTEs," are there scalable options? Is there vacant space at 22 Grenville?

Risk considerations noted:

- Program costs are highly dependent on uptake, number of customers, approved rates, and / or electricity usage, and as such, can fluctuate from year to year.
- Key Risk – Hydro One Distribution (Dx) Rates – Hydro One Networks has the largest number of customers eligible for DRP and FNDC. It comprises the majority of these programs' costs. Hydro One Networks also has the highest distribution rates in the province. Hydro One has filed an application with the OEB to increase its rates in 2018, 2019, 2020, 2021 and 2022. If approved, this would increase DRP costs and would also affect FNDC program costs.
    - Hydro One has made an application to the OEB for rates for 2018 to 2021, which if approved, could increase program costs by $65M per year by fiscal 2020-21.
    - Northern Ontario Wires reached a settlement for 2017 rates which reduced the maximum monthly charge by $1.57. This increases costs in the current fiscal year by $10M.
- For OESP – The Ministry will estimate growth towards 100% participation from 2018-2019 onwards at a more conservative rate.
- These programs (TPs) are permanent programs and costs will continue to be incurred past 2021-22. Electricity prices, after the first 4 years of the Ontario Fair Hydro Plan, are projected to increase above inflation for the foreseeable future.

Recommendation:

- **Approve-in-Principle** Gross savings forecast update for Fair Hydro Plan Transfer Payments.
- **Approve-in-Principle** Operating Asset of $1,100M in 2018-19 for OPG Share Purchase.
- **Defer to Wrap up** request for 19 permanent FTEs and funding starting in 2018-19
- **Do Not Approve** funding pressures within transfer payments. Note, the risk identified will be managed corporately and be offset from the Treasury Board Contingency Fund if the Ministry cannot identify sufficient internal offsets in-year to address pressures.

Additional Financial Details

3. Capital Expense – N/A   Minor Realignments – N/A

Innovative Energy Technologies - Description

The renewed Smart Grid Fund ($60M over five years) would involve an expanded program scope and target grid modernization innovative solutions.

Issue/Need: The Minister's 2016 Mandate letter commits the ministry to develop long-term energy plans guided by themes such as innovation and grid modernization. Investing in innovative technologies supports Ontario energy companies abroad, domestically and raises the profile of the Province's energy sector.

Performance Measures

Outcome: Help the energy sector mature and support the domestic adoption and commercialization of smart grid technologies; support international demonstration of Ontario smart grid, renewable and other innovative energy technologies.

Program outcome measure: Advancing Commercialization in the Sector; Supporting Diversification to International Markets.

Progress to date: This is a new program. The ministry will be tracking number of sales generated domestically and internationally, the number of international demonstration projects, and jobs created. Progress will be dependent on the programs receiving funding.

Innovative Energy Technologies - Summary of Decisions

Total Expense	O/C	$M	18-19	19-20	20-21	Recommendation
Current Approved Allocation			-	-	-	
NEW Smart Grid Fund (Funding already in ORBIT In-year Submission)	O	Requested	20.0	18.0	15.0	**Approve-in-Principle**
		Recommended	20.0	18.0	15.0	
Total		**Requested**	**20.0**	**18.0**	**15.0**	
		Recommended	**20.0**	**18.0**	**15.0**	

Total Assets – N/A

Innovative Energy Technologies - Request Analysis

Smart Grid Fund –

The Ministry received Treasury Board approval on August 16, 2017 to renew the SGF for $60 million over five years, beginning in 2017-18. The Ministry is requesting outyear funding through the 2018-19 PRRT inline with its inyear submission.

2018-19	2019-20	2020-21	2021-22	Total ($M)
20.0	18.0	15.0	7.0	60.0

Central Agency Assessment:

The outyear funding implications of the 2017-18 in-year decision was flagged as part of the Ministry's preliminary allocation. In addition to identifying the funding required, it has also identified savings within Electricity Price Mitigation as a fiscal offset for this renewed program.

In August 2017, TB/MBC approved renewal of SGF and directed a report back through the 2018-19 PRRT to:

- Request funding of up to $60,000,000 on a multi-year basis, from 2018-19 to 2021-22, with no funding needed in 2017-18.
- Identify any refinements made to the renewed Smart Grid Fund program resulting from upcoming stakeholder consultations, including but not limited to changes in eligibility, and outcomes from investigating options to create a direct benefit for government for providing public funding toward smart grid and business development.
- Work with Treasury Board Secretariat to provide additional performance measure information including measures and targets for the renewed program.

Since this is the second of two 2017 Long Term Energy Plan initiatives, this could track a New Initiative, alongside the International Energy Demonstration Program.

Recommendation:

- **Approve-in-Principle:** Smart Grid Fund - $60M over five years that started in 2017-18.

Additional Financial Details

4. **Capital Expense – N/A**

5. **Minor Realignments – N/A**

IV. Programs without Key Changes

Total Expense $M	Current Approved Allocation 18-19	19-20	20-21	Recommended Allocation 18-19	19-20	20-21
Approve-In-Principle - Status Quo						
Northern Ontario Energy Credit	26.0	26.0	26.0	26.0	26.0	26.0
Long-Term Energy Plan Program Initiatives	3.4	3.4	3.4	3.4	3.4	3.4
Ministry Admin (Legal Services Branch)	3.3	3.3	3.3	3.3	3.3	3.3
Approve-In-Principle - Minor Changes to Program Allocation						
Energy Policy Development and Implementation	21.0	21.0	21.0	21.6	22.1	22.1
• Internal Realignment						
Electricity & Natural Gas Sector Regulation(OEB)	46.0	46.0	45.5	46.4	46.5	47.2
• Consolidated Agency update						
Electricity Market Op & System Planning (IESO)	222.9	225.8	225.8	227.1	221.6	221.6
• Capital acquisition (gross addition in capital asset) for IESO is projected to increase by $176M over 10 years. $156M is investment primarily for information technology related to the capital implementation costs of the Market Renewal program and $20M is investment for information technology related to the upgrade of the Smart Metering meter data management system. These investments will be funded from the rate base.						
Ministry Admin (Corporate Services Branch)	5.2	5.2	5.2	5.2	5.2	5.2
• Transfer to GSIC - IT Rationalization - Vendor Optimization. Also an Intra Program realignment						
Ministry Admin (Communications Services Branch)	4.1	4.1	4.1	4.1	4.1	4.1
• Offsetting Realignment within the Program						
Ministry Admin (MO, DMO)	2.6	2.6	2.6	2.6	2.6	2.6
• Offset for increase in Energy Policy Development						
Climate Change Action Plan, GGRA Initiatives	2.2	1.9	2.5	1.6	0.7	1.4

Defer to Wrap-up						
Climate Change Action Plan, GGRA Initiatives	-	-	-	10.2	20.2	20.2

Do Not Approve
N/A

V. Key Risks

Risk Description	Mitigation / Action	Risk Status
Electricity Rate Mitigation Programs (ERMP): ERMPs accounts for $1.6B (80%) of the Ministry's 2018-19 Preliminary allocation. These programs represent the largest fiscal risk exposure to the Ministry as they are tied to legislation that entitles recipients to funding. Actual fiscal costs may fluctuate depending on external factors (e.g. electricity prices, consumption, weather, and general economic and demographic factors of consumers). • For example, Hydro One has made an application to the OEB for rates for 2018 to 2021, which if approved, could increase Distribution Rate Protection program costs by $65M per year by fiscal 2020-21. The Ministry is currently risk-managing 19FTEs above its allocation to support the administration of five transfer payment programs.	The Ministry will continue to collect and analyze actual program data in order to update forecasts. The Ministry is seeking approval for 19 permanent FTEs, and to realign reductions in out-year TP forecasts to offset program administration needs, starting in 2018-19.	High
Métis Nation of Ontario Negotiation in Relation to Broadening the Ownership of Hydro One Ministry reported back to TB (September 13th) and Cabinet (September 28th) and obtained a revised mandate for discussions with MNO. Discussions are currently under way, and depending on the terms and timing of the final agreement, the Ministry may require up to $35M in 2018-19 in support of the MNO negotiation and settlement.	The Ministry will report back to TB/MBC for approval prior to finalization of the term sheet. Placeholder funding request under Key Decision #1	High
Affordability Fund Trust The Affordability Fund is a $200M program that serves households who are not eligible for low income conservation programs and unable to make energy efficiency improvements without support. In March 2017, TB/MBC approved $100M to establish the Fund as part of the government's Ontario Fair Hydro Plan. Depending on program results and electricity customer needs, the Affordability Fund Trust could require additional funding, up to $100M, in 2018-19.	Starting Q4 2017-18, .the Ministry will provide regular through Quarterly Reports - spending to date, results to date and a value for money assessment, The Ministry will continue to assess the need for additional funding based on program results and electricity customer needs.	High

VI. Greenhouse Gas Reduction Account (GGRA) Decisions

GGRA Operating Initiative	Eligible for GGRA	Description	Initiative Cost $M 18-19	19-20	20-21
Microgrid Technology for Diesel Reduction Name, GOS Case #]	☐Yes ☐No	There are currently 25 communities in northwestern Ontario which rely on diesel fuel to generate electricity. For many of these communities, grid connection is a viable option, and Ontario is pursuing grid connection for those communities as the single largest opportunity to reduce diesel reliance. For the four communities (Weenusk, Fort Severn, Whitesand and Gull Bay) where transmission connection is not economical, renewable microgrids are the most economical option to reduce diesel dependence and provincial investments are merited on the basis of the IESO's findings. A GGRA request for $50M over three years to support all of the costs of delivering this program is currently being assessed by the Ministry of the Environment and Climate Change. • Requesting 1.5 Permanent FTEs (1 Senior Advisor, 0.5 Financial Analyst – to be shared with EV project). $0.15M S&W • Ministry estimates it can administer program at 3% of total program cost. • Approve creation of new Transfer Payment line Microgrid Technology for Diesel Reduction (Vote/item 2901-1)	**9.78** **0.22** **10.00**	**19.78** **0.22** **20.00**	**19.78** **0.22** **20.00**
Electric Vehicle Overnight Charging – FTE Request [Name, GOS Case #]]	☐Yes ☐No	The CCAP Minute directed the Ministry of Energy to proceed with the implementation of a four-year free overnight electric vehicle-charging program for residential and multi-unit residential customers starting in 2017. • 1.5 Permanent FTEs for duties that cannot be executed by the services provider. (1 Senior Advisor, 0.5 Financial Analyst – to be shared with EV project).. $0.15M S&W	**0.22**	0.22	0.22

VII. FTE Summary

The Ministry has a total FTE Allocation of 201.61 and is currently under/over its allocation with a vacancy of +1.39 (over allocation) for the month of October 2017.

	17-18[1]	18-19	19-20	19-20	
Preliminary FTE Allocation[2]					
Base	201.61	204.61	204.61	204.61	A
Total In-Year Permanent					B
Total In-Year Temporary					C
Total Inter-Ministry Transfers *(Sending: Permanent-/Temporary-) (Receiving: Permanent+/Temporary+)*					D
Total Preliminary FTE Allocation[3]	**201.61**	**204.61**	**204.61**	**204.61**	E=A+B+C+D
Ministry FTE Request[2]					
Permanent FTEs		22.00	22.00	22.00	F
Temporary FTEs		-	-	-	G
Inter-Ministry Transfers – FTEs *(Sending: Permanent-/Temporary-) (Receiving: Permanent+/Temporary+)*		(2.0)	-	-	H
Total Ministry FTE Request		**20.00**	**22.00**	**22.00**	I= F+G+H
FTE Recommendation[2]					
Approve-In-Principle					
Permanent FTEs		-	-	-	J
Temporary FTEs		-	-	-	K
Inter-Ministry Transfers – FTEs *(Sending: Permanent-/Temporary-) (Receiving: Permanent+/Temporary+)*		(2.0)	-	-	L
Total FTEs		**-**	**-**	**-**	M=J+K+L
Revised FTE Allocation		**202.61**	**204.61**	**204.61**	N=E+M
Total FTEs Defer		22.00	22.00	22.00	O
Total FTEs Manage from Within		-	-	-	P

[1]2017-18 number includes all in-year decisions to date.

[2]Numbers are “all up” (e.g., if the request is for X permanent FTEs in 2018-19, the same number of X FTEs will show in each year)

FTE Decisions by Program

		18-19 P	18-19 T	19-20 P	19-20 T	20-21 P	20-21 T	Recommendation	Pg
Temp transfer to MGCS – Government Services Integration Cluster – Energy and Water Reporting and Benchmarking Project								Approve-in-Principle	-
Requests			-	-	-	-	-		
Inter-Ministry Transfers			(1.0)	-	-	-	-		
	Total	**(1.0)**				**-**			
Temp transfer to MAG – Civil Law								Approve-in-Principle	
Requests	Requests	-	-	-	-	-	-		-
Inter-Ministry Transfers	Inter-Ministry Transfers	-	(1.0)	-	-	-	-		
	Total	**(1.0)**		**-**		**-**			
Total FTEs: Approve		**-**	**(2.0)**	**-**	**-**	**-**	**-**		
Electricity Rate Mitigation – Requesting 19 Permanent FTEs starting in 2018-19 to administer social programs transferred to being taxpayer funded.								Defer	
	Requests	19.0	-	19.0	-	19.0	-		-
	Inter-Ministry Transfers	-	-	-	-	-	-		
	Total	**19.0**		**19.0**		**19.0**			
GGRA – Microgrid Implementation								Defer, and Project is time limited	
	Requests	1.5	-	1.5	-	1.5	-		-
	Inter-Ministry Transfers	-	-	-	-	-	-		
	Total	**1.5**		**1.5**		**1.5**			
GGRA – EV Overnight Charging								Defer, and Project is time limited	
	Requests	1.5	-	1.5	-	1.5	-		-
	Inter-Ministry Transfers	-	-	-	-	-	-		
	Total	**1.5**		**1.5**		**1.5**			
Total FTEs: Defer		**22.00**	**-**	**22.00**	**-**	**22.00**	**-**		
N/A									
	Requests	-	-	-	-	-	-		-
	Inter-Ministry Transfers	-	-	-	-	-	-		
	Total	**-**		**-**		**-**			
Total FTEs: Manage from within		**-**	**-**	**-**	**-**	**-**	**-**		

Appendices

- **Legend: Icons**
- **Ministry Program Inventory and Performance Measurement System**
- **ORBIT Reports**
    - **Program Changes**
    - **FTE Impact Summary**
    - **Technical & Admin. Decisions**
    - **10-year capital expense and asset plans**
    - **Ministry-reported Risks**
- **Other Supporting Schedules**
- **New Initiatives Requests**

Legend: Icons

- Information
- Transformation
- Key Performance Indicators
- Key Risks
- Financial
- Central Agency Assessment
- Sustainability
- Increase in funding
- Decrease in funding
- Increase in funding offset by revenue
- Inter-ministry transfer of funding/resources
- Internal realignment/funding offset from within allocation
- Re-profile funding
- Resources/FTEs
- I&IT
- Negotiating mandate
- Consultation
- Announce

Ministry Program Inventory and Performance Measurement System

Program Inventory

The ministry has submitted ten external PRRT programs that encompass the full scope of its core lines of business. These were developed through a comprehensive approach to refining the PRRT program inventory, and reflect three over-arching lines of ministry business:

- **Energy development and management:** reflects the ministry's policy development and support to its ratepayer funded agencies to ensure the successful delivery of reliable and affordable energy to Ontarians.
- **Electricity price mitigation:** to capture the impact of Ontario's Fair Hydro Plan, as well as of programs focusing on the energy consumer, including support for those who need it most.
- **Energy use and Climate Change:** to reflect the broader focus on energy within key climate change initiatives and the province's integrated approach to combating climate change.

Of note are two new programs that highlight expanded priorities and areas with significant transformational opportunities:

- **Innovative Energy Technologies:** investment in innovation and modernization in the energy sector to enable consumer choice and economic development opportunities.
- **Climate Change Action Plan, Greenhouse Gas Reduction Account Initiatives:** for initiatives related to the *Climate Change Action Plan,* which will play a key role in the development of the 2017 Long-Term Action Plan.

The **Strategic Asset Management** program remains unchanged within the refined inventory, to continue capturing the broadening of Hydro One and other strategic assets.

Performance Measurement

Overall the ministry has provided some strong measures that align with its mandate and government strategic priorities. The Ministry of Energy has publicly described the need for a strong energy foundation to support communities and businesses in all areas of the province. It is also focused on building agility to adapt to future sector evolutions. These are reflected in the ministry's KPIs and program level measures.

The KPIs are based on valid and reliable data sources, many with ambitious targets guided by the strategic energy framework and the Long-Term Energy Plan. All five KPIs are recommended for approval.

Where data and trends are available, the KPIs show ongoing progress in important outcomes:

- **CO_2 emissions from Ontario's electricity sector** decreased from 29.10Mt (2008-09) of CO_2 to 3.90 Mt of CO_2 (2017-18).
- Between 2005 and 2015, **Ontarians conserved 13.5 terawatt-hours (TWh) of electricity** which is equivalent to the electricity used annually by 1.5 million households, or the amount of electricity that powered the cities of London, Kingston, Ottawa, Peterborough and Thunder Bay in 2015.

The remaining KPIs will monitor progress on more recent strategic initiatives to **minimize the annual growth of electricity costs to Ontarians**, **support innovation in the energy sector**, and **improve asset management** (i.e., net income from Hydro One and OPG).

Program level measures are aligned with ministry priorities and have the potential to allow for monitoring progress against program outcomes. For instance:

- In 2016-17, cumulative energy savings was 101.3 PJ. This marks an increase from 21.40 PJ in the baseline year (2012-13) and demonstrates a significant contribution toward Ontario's long-term conservation outlook.
- Enrolment of eligible customers into the Ontario Electricity Support Program (OESP) reached 188,237 at baseline (early 2017). The ministry expects that 60% of estimated ~679,000 eligible customers will be enrolled by target date 2020.

Given the integrated nature of the ministry's work and objectives, some program level measures are so similar in nature it may dilute the degree to which they are meaningful, and able to track program productivity, when taken together. For instance, reduction in electricity costs for households, small businesses, and farms is a similar measure to the ministry KPI regarding the electricity costs to Ontarians. However, where this means more specific measurement at the program level, this detail may aid in the interpretation of the ministry level KPI.

Future opportunities exist within the performance system to enhance the reporting of the impact of engagement work with Indigenous partners and remote communities.

Key Performance Indicator (KPI)	Status	Progress to Date	Strategic Alignment	Relevance for Decision Making	Technical Standards	Recommendations
Maintaining low electricity sector emissions in support of the province's climate change targets (measured levels of CO_2 emissions in the electricity sector)	Approved in 2017-18 **Current Value:** 3.9 Mt (2017-18)	CO_2 emissions have steadily decreased since 2008 (29.10) to the current value of 6.20 at the end of 2016. Emissions are expected to remain low and relatively flat.	The KPI is aligned to mandate commitments related to demonstrating leadership in energy efficiency standards as well as to the commitment to promote energy conservation.	Aligns to goals and targets of the strategic energy framework through the Long-Term Energy Plan. Given the focus on climate change targets, future opportunities exist to refine the measure and/or target to inform continuous improvement. This may include alignment with other Climate Change Action Plan initiatives.	Reliable and timely data source with the capacity to provide reliable projections which could be helpful for strategic planning and alignment. Segmenting the measure by region could help signal any areas where the performance and overall trends are discrepant.	Overall a strategically important and technically sound measure to track electricity sector emissions in support of climate change targets. The ministry is encouraged to continue reporting on this measure, with future consideration of refining the measure or lowering the target.
Continue to increase energy efficiency and conservation in Ontario (cumulative reduction in energy consumption)	Approved in 2017-18 **Current Value:** 13.5 TWh (2015)	Between 2005 and 2015, Ontarians conserved 13.5 terawatt-hours (TWh) of electricity which is equivalent to the electricity used annually by 1.5 million households, or the amount of electricity powered by the cities of London, Kingston, Ottawa, Peterborough and Thunder Bay in 2015.	Aligned to mandate commitments related to demonstrating leadership in energy efficiency standards as well as to the commitment to promote energy conservation. It promotes a focus on the energy consumer and monitoring behaviour change.	Has strong potential to inform policy and program design/evaluation. For instance, when regional results exceed provincial outcomes, this measure may highlight areas of particular success and effective conservation programs. It may also signal opportunities for targeted intervention where energy conservation is not meeting the provincial average.	Technically sound measure using conservation data from the Independent Electricity System Operator (IESO) and Ontario Energy Board (OEB).	Overall a strategically important measure. The ministry is encouraged to continue reporting on this measure, with regular review of regionalized results to guide continuous improvement of conservation programs.
Minimize annual growth of electricity costs consistent with Ontario's Fair Hydro Plan (electricity cost for a typical residential consumer)	Approved in 2017-18 **Current Value:** $128.00 (2017-18)	Since 2010, the average residential electricity bill for the typical Ontario resident increased from $104.00 to $151.00. With the implementation of Ontario's Fair Hydro Plan, electricity bills are expected to decrease by 25%.	Strategic alignment to ministry mandate commitments and significant stakeholder interest	The measure will track progress on a key government commitment. There may be opportunities to augment the KPI with additional information to monitor risks and related policies/programs more proactively (e.g., patterns by region, type of consumer, external factors affecting electricity costs).	Technically sound measure using conservation data from the Independent Electricity System Operator (IESO) and internal Ministry of Energy source.	Overall a strategically important measure that is tied directly to a mandate commitment. The ministry is encouraged to continue reporting on this measure, and consider segmenting by region to better understand impacts to rural and remote communities and vulnerable customers.

Key Performance Indicator (KPI)	Status	Progress to Date	Strategic Alignment	Relevance for Decision Making	Technical Standards	Recommendations
Supporting the energy innovation sector and modernizing Ontario grids (number of Smart Grid Fund projects)	New Measure **Current Value**: 38 projects (2017)	The Smart Grid Fund (SGF) was approved in 2017, with funding for five years, is the foundation of the modernization and innovation work at this early stage.	A key focus of the Long Term Energy Plan is innovation and grid modernization. Enhanced support in this area may have horizontal linkages with other economic development opportunities. There may be opportunities to leverage performance measurement of other ministries in supporting innovative technologies and modernization to work toward a consistent approach to assessing innovation.	As a starting point, this measure highlights an emerging focus on the energy innovation sector. As policies and programs mature, more outcome-focused measures related to innovation would strengthen the evidence base for decision-making and the best allocation of resources for continuous improvement.	The KPI is intended to focus on an important outcome for the ministry. The current metric is technically sound, and further refinements would help to operationalize and document the impacts in terms of innovation and transformation of the energy sector. As the ministry expands this work, there may be benefits to developing a measurement strategy for projects to track against integrated or coordinated metrics.	Approve. Overall, this is an area of strategic importance. The proposed measure provides a starting point to focus on an emergent area of transformation in the energy sector. This KPI related to innovation and modernization of technologies demonstrates a strong commitment to transformation. Future opportunities for refinement could focus on the impact of funded projects, toward the identification of a global program measure to which all initiatives could contribute.
Net Income contributions to the Province from Hydro One and OPG (combined net income in $B)	Revised from 2017-18 **Current Value:** $0.842B (2016-17)	With 2017 as the baseline year, progress will be assessed going forward. Data provided includes forecasted projections with a current value of $842M	The KPI is tied closely to ministry mandate commitments, and is helpful in monitoring the results of government decisions to change how provincial assets are managed.	While there may be limited ability to influence the results of this metric, monitoring the combined revenue of Hydro One and Ontario Power Generation (OPG) in relation to forecasts should provide valuable information for policy and planning. The utility of this metric may be enhanced when combined with other data, or when considering risks and benefits of future strategic asset management initiatives.	Reliable and timely data sources to allow tracking of the net income contributions.	Approve. A detailed understanding of the combined revenue of the Ministry of Energy's major strategic assets will allow tracking of the revenue forecast and monitoring of high level risks over time. Future analysis may include analysis of the timing or other external factors and how these influenced net income, to inform similar future policy considerations.

Other Supporting Schedules

Financial Summary (Detailed Version)

$M	O/C	17-18	18-19	19-20	20-21
Preliminary Allocation					
Operating Expense	O	2,024.4	2,015.9	2,025.6	2,102.2
Capital Expense	C	23.2	24.2	24.6	24.1
Total Preliminary Allocation		**2,047.7**	**2,040.2**	**2,050.2**	**2,126.3**
Fall Economic Statement Initiatives			-	-	-
Total Allocation inc'l FES			**2,040.2**	**2,050.2**	**2,126.3**
Ministry Submission					
Operating Expense	O		1,995.6	2,032.8	2,087.1
Capital Expense	C		25.3	26.0	24.6
Total Ministry Submission			**2,020.9**	**2,058.7**	**2,111.7**
Over/(Under) Preliminary Allocation			(19.3)	8.5	(14.6)
Adjustments for Fiscally Neutral Items					
IT Boulder - Vendor Optimization Funding Transfer	*O*		0.0	0.0	0.0
			0.0	*0.0*	*0.0*
Adjustment for GGRA-Eligible Items					
Microgrid Implementation Costs	*O*		(10.0)	(20.0)	(20.0)
EV Overnight Charging FTE Request	*O*		(0.2)	(0.2)	(0.2)
			(10.2)	*(20.2)*	*(20.2)*
Fiscal Impact of Ministry Submission			**(29.5)**	**(11.6)**	**(34.8)**
Recommendations					
Approve-In-Principle					
Operating Expense	O		1,952.7	1,956.6	2,003.3
Capital Expense	C		25.3	26.0	24.6
Total Approve-In-Principle			**1,977.9**	**1,982.6**	**2,027.9**
Over/(Under) Preliminary Allocation			(62.3)	(67.6)	(98.4)
Adjustment for Fiscally Neutral Items					
			-	-	-
Adjustment for GGRA-Eligible Items					
			-	-	-
Fiscal Impact of Recommendations			**(62.3)**	**(67.6)**	**(98.4)**

% Growth			***0.2%***	***2.3%***
Blue Item: Smart Grid Fund		*20.0*	*18.0*	*15.0*
Total Anticipated asks over allocation		**20.0**	**18.0**	**15.0**
Fiscal Impact excl. anticipated asks		**(82.3)**	**(85.6)**	**(113.4)**
Defer				
International Energy Demonstration Fund	*O*	*1.5*	*3.0*	*4.0*
Resources to administer FHP initiatives. Requesting 10 permanent FTEs starting in 2018-19 and funding	*O*	*4.4*	*4.4*	*4.4*
Defer - Operating Expense	O	5.9	7.4	8.4
Defer - Capital Expense	C	-	-	-
Total Defer		**5.9**	**7.4**	**8.4**
Defer - *Adjustment for Fiscally Neutral Items*				
		-	-	-
Defer - *Adjustment for GGRA-Eligible Items*				
		-	-	-
Do Not Approve				
Forecast pressures in certain Fair Hydro Plan TPs. Recommendation is to manage risk centrally, only if insufficient internal offsets found	*O*	*26.8*	*48.5*	*55.1*
Do Not Approve - Operating Expense	O	26.8	48.5	55.1
Do Not Approve - Capital Expense	C	-	-	-
Total Do Not Approve		**26.8**	**48.5**	**55.1**
Do Not Approve - *Adjustment for Fiscally Neutral Items*				
		-	-	-
Do Not Approve - *Adjustment for GGRA-Eligible Items*				
		-	-	-

New Initiatives Request

The Ministry has included a request in its submission for new funding. This item is not being considered as part of the PRRT process, as ministry were required (with limited exceptions) to provide submission within preliminary allocations**.** This item is noted here for future reference only.

- The Ministry is requesting $10M over five years, including $0.5M per year for administrative costs relating to third-party technical review.

2018-19	2019-20	2020-21	2021-22	2022-23	Total ($M)
1.5	3.0	4.0	1.0	1.0	10.0