MINISTRY OF ENERGY

TREASURY BOARD / MANAGEMENT BOARD of CABINET SUBMISSION

AFFORDABILITY FUND

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CONFIDENTIAL
MINISTRY OF ENERGY

1.0 MINISTRY REQUEST

The Ministry of Energy is requesting that Treasury Board/Management Board of Cabinet (TB/MBC):

i. APPROVE an expenditure increase of $200,000,000 in the “Green Energy Initiatives” transfer payment line in the Energy Development and Management Vote (Vote 2902-01) for 2016-17 to support the Affordability Fund.
ii. APPROVE a Treasury Board Order in the amount of $200,000,000 in the Ministry of Energy (Vote/Item 2902-01) offset through the Operating Contingency Fund from Treasury Board Secretariat to support the Affordability Fund.
iii. APPROVE an exemption from Cash Management Directive requirements for the Transfer Payment Agreement related to the Affordability Fund.

2.0 PURPOSE OF REQUEST

Issue

The Ministry of Energy is proposing to establish an Affordability Fund (“Fund”) through the tax base which would be accessible to Local Distribution Companies (“LDCs”) only and would target those electricity customers who do not qualify for low-income conservation programs and who are unable to undertake energy efficiency improvements without financial assistance. The program would assist eligible customers by providing energy efficiency measures at no or minimal costs. The Fund would provide LDCs with an additional tool to help those electricity customers in need to reduce their future electricity bills and avoid future disconnections.

The 2015-2020 Conservation First Framework was established through a directive to the Ontario Energy Board (“OEB”) (dated March 26, 2014) and a Direction to the Independent Electricity System Operator (“IESO”) (dated March 31, 2014). The Directive to the OEB requires the Board to establish, as a condition of license, that electricity distributors make conservation programs available to all customer segments within their service area, including low-income.

Ontario’s electricity utilities, in collaboration with the IESO, offer a Home Assistance Program (“HAP”) to improve the energy efficiency in the homes of low-income Ontarians.

HAP requires participants to meet a mandated definition of low-income consumers. Eligibility for the program is based on individual or household income and whether or not household members are participants in certain social benefit programs in Ontario.

The definition or eligibility criteria are derived from Statistics Canada's income measures. The most commonly used measure is the after tax Low Income Measure (LIM), which takes into account household size and household income.

Energy conservation programs typically provide incentives that cover only a portion of the incremental cost of the more energy efficient measure, requiring an upfront investment by customers. The incentive amount and the measures in the program are selected on the basis of electricity savings and cost-effectiveness of both the program and the individual measures. Low-income customers do not have money available to make upfront investments to improve the energy efficiency of their homes. Low-income conservation programs, like HAP, provide energy assessments and installation of energy-saving measures at no cost to eligible participants.

Energy conservation programs are not social programs. They are designed in order to ensure the most cost-effective energy-saving measures (e.g., weatherization, appliances) are incented. However, because HAP covers the full cost of the energy saving service and measure, the program is expensive and is given an exemption from having to pass the cost-effectiveness tests that are otherwise required for conservation programs. For this reason, verifiable eligibility criteria are part of the HAP program design.

Home energy efficiency upgrades can help all electricity customers save money on their electricity bill. There are customers, however, who do not qualify for low-income programs but have difficulty paying their bills, such as customers whose homes are heated electrically, and who are not able to make energy efficiency upgrades without financial assistance.

Proposal

The Ministry of Energy is proposing to establish a Fund through the tax base which would be accessible to LDCs only and would target those electricity customers who do not qualify for other low-income conservation programs and who have difficulty paying their electricity bills. Eligible customers will be identified by LDCs (i.e. entitlement based) and could include those in frequent arrears or facing disconnection. The measures funded through the Fund would be similar to, or build on those available through the HAP. Priority would be given to homes primarily heated by electricity. HAP provides qualified homeowners, tenants and social housing providers free home energy assessments, and a wide range of free energy efficient measures, such as lighting, household appliances, and weatherization (if electrically-heated).

The Fund would not be used to provide grants or financial assistance to customers to forgive all or a portion of their arrears or electricity bill.

Implementation

To establish the Fund, the government would enter into a Transfer Payment Agreement (“TPA”) with Hydro One. The TPA would include terms for Hydro One to establish a non-controlled independent Trust to administer and distribute funds to LDCs across the province on the basis of principles established by the Province and implemented at the discretion of the Trustees. The Trust would distribute funds to LDCs across the province including, Hydro One-.

The Trust structure would provide an effective solution to an otherwise challenging problem of distributing dollars to LDCs. With approximately 70 LDCs in the province, entering into TPAs with each LDC is not feasible and effective oversight over programs is difficult under decentralized distribution options.

This structure establishes a non-controlled, independent entity and leverages the expertise of Hydro One and potentially others in the LDC sector in areas such as conservation, education, call centre operations, etc. The Trust would include Trustees possibly from the government, from other from LDCs across the province and other independent Trustees, thereby avoiding any perception of favouritism as it would not be controlled by Hydro One or the Province. Also, a single entity managing the flow of funds to LDCs based on the principles set by the province, and responsible for establishing consistent processes, administration, and criteria for funding applications, the program would be managed on a consistent basis across the province.

The Trustees will have the discretion to hire Hydro One or other entities to assist with administering the Fund. Hydro One is the single largest electricity utility in Ontario, providing service to 25% of electricity ratepayers. Hydro One also has significant program delivery experience and resources (e.g. call centre) to help support the Trust from an administrative perspective.

The Trust would distribute funds to LDCs across the province (including Hydro One) at the direction of the Trustees. LDCs have over 10 years of experience in conservation program delivery, including experience specific to low-income conservation programs. LDCs are also best positioned to identify and target their customers and to working directly with the Trust, to support the program’s objectives. Funding through the Fund would be accessible to LDCs only based on the final decisions of the Trustees.

Alternative delivery agents like the United Way (of Canada; of Toronto; of Simcoe) were considered, but were considered suboptimal. The United Way is a not-for-profit with a direct role in providing intake services to income qualifying individuals for support programs, such as the Low-Income Energy Assistance Program ("LEAP") Emergency Financial Assistance and the Ontario Electricity Support Program ("OESP"). However, the United Way does not have expertise or understanding of conservation and demand management programs, has no direct channel or ties to LDCs, and has limited understanding of electricity service delivery. In addition, the Affordability Fund would not be a public-facing program, but rather would rely on LDCs to identify their respective eligible electricity customers and deliver the funding in accordance with the program. An organization like the United Way lacks the capacity to deliver a Fund program, and it would take time to build that capacity.

Establishment of Trust

To establish the Fund, the government would enter into a TPA with Hydro One. The TPA would include terms for Hydro One to establish an independent Trust to oversee the program, and to work with the LDCs to administer and distribute funds across the province consistent with principles established by the Province in the TPA. The Trust would distribute funds to LDCs across the province including Hydro One.

The Trust's governing principles will be outlined in the Trust Deed and the Trust will be managed by a Board of Trustees. The Trust Deed will be drafted by Hydro One with input from the province and others in the LDC sector. Principles and general guidelines for the Fund would be outlined in the TPA with Hydro One.

To protect public interest, it is expected that the Trust Deed will explicitly require the LDCs to utilize the funds in a not-for-profit manner.

Within the guidelines of the trust Deed, the Trustees will have full discretion to administer and disburse the funds to the LDCs, consistent with the principles and general guidelines set out in the TPA.

It is expected that the composition of the Board of Trustees will represent a geographical cross section of the Province and will be selected based on their experience in managing funds and experience in low income program delivery and oversight. The Trustees will include representation from Hydro One, but the Trust will include sufficient non-Hydro One and non-government representatives to ensure neither Hydro One nor the government control voting decision of the Trust. The goals and the principles of the Fund will be outlined in the Trust Deed and be consistent with the TPA, but the Trustees will have the discretion as to how to achieve the goals in alignment with the principles.

The Trust structure will provide an effective solution to an otherwise challenging problem of distributing dollars to LDCs.

- With approximately 70 LDCs in the province, entering into TPAs with each LDC is not feasible. The Trust structure establishes an independent entity with expertise from Hydro One and others in the LDC sector.
- It is expected that the Board of Trustees will represent a geographical cross section of the Province and thereby avoid any perception of favouritism.
- A Trust based centralized delivery model will ensure effective oversight of funds and will ensure funds get used in the most efficient manner.

The Trust Deed will also outline reporting requirements that will be expected of LDCs receiving funding from the Fund metrics

It is expected that administrative expenses of the Fund, including the administrative expenses relating to the Trust, Hydro One and LDCs, would comprise a small proportion of total Fund spending (expected to be approximately 10% of the proposed funding)) to be funded within the $200 million of the Fund.

3.0 KEY CONTEXT

The Ministry of Energy proposes to establish a Fund to provide electricity utilities an additional tool to help those electricity customers who do not qualify for low-income conservation programs and who are unable to undertake energy efficiency improvements without financial assistance. The program would provide support for energy efficiency improvements in these customers' homes to help reduce future bills and avoid future disconnections.

The Ministry of Energy is requesting a one-time allocation of $200,000,000 for the
Fund.

The proposed Fund would provide LDCs with an additional tool to help electricity customers upgrade the energy efficiency of their homes to help reduce future electricity bills and future disconnections. With 60,000 Ontarians at risk of disconnection from their electricity service each year, there is an immediate need to help more customers. Energy efficiency improvements can help put these customers on a more sustainable path.

It is expected that the funds through the Fund will be deployed within a year (funds are expected to be exhausted by March 31, 2018). The TPA will include the option to extend the original funding amount into future years in the event of under spending. This informs the decision to request the total funding amount upfront to establish the Fund. The TPA will also include the option to incorporate potential future funding from the tax base.

Given the scope of the Fund, a firm upfront financial commitment is required before implementation. A firm upfront commitment would enable LDCs to immediately assist their customers who are in need, including those in arrears or facing disconnection. An upfront commitment will provide LDCs with the required upfront commitment to apply for funding and initiate planning and implementation activities.

LDCs rely on electricity ratepayer cost recovery for most of their activities. The Fund would be a unique venture from an LDC perspective given that it is tax funded.

The estimated reach of the Fund could be 15,000 to 65,000 households, depending on energy efficiency measures and uptake.

Fund Principles and Eligibility Criteria

The Fund would balance the need for LDC flexibility to target customers, with eligibility principles and/or criteria and terms for LDC accountability.

The following factors and metrics would be used by the Trust administrator to determine customer eligibility for programs delivered through the Fund, including:

- Do not qualify for low-income conservation programs, but the LDC has reasonable evidence to indicate that they require financial assistance to pay for energy efficiency measures;
- May have triggered action by an LDC collection department (e.g., customers are in arrears, have been placed on one or more payment plans, are due to be disconnected, etc.);
- Priority could be given to eligible customers in electrically-heated homes, or other unique circumstances.
- Other factors as agreed by the Trustees.

It is expected that the Trust would seek input from the OEB and stakeholders, including LDCs and representatives of low income organizations, in establishing eligibility criteria/guidelines for LDCs to identify and verify eligible customers, any additional criteria to prioritize customers, and guidance on the funding allocation methodology. The OEB has been examining issues associated with low income energy consumers since 2008.
The Fund would be available until funding is fully deployed (estimated within one year). It is expected that many LDCs would leverage existing contracts with organizations delivering the HAP, which would lead to a quicker launch than contracting with new entities.

The Trust would distribute funds to LDCs in accordance with the principles outlined in the Trust Deed.

Program Design

LDCs would use funding from the Fund to offer energy efficiency measures to those customers that meet the targeted eligibility criteria.

Recipients could receive measures ranging on average from $3,000 to $5,000 per customer, at no or minimal cost. For example, measures available in the Home Assistance Program include: energy-saving light bulbs (LEDs); power bars; energy efficient window ACs, refrigerators, freezers, dehumidifiers; low-flow showerheads, hot water blankets, pipe wrap and faucet aerators (in homes with electric water heating); and programmable thermostats, weather stripping, insulation (in homes with electric heating).

Cold climate air source heat pumps, which can cost from $7,000 to $13,000, would also be an eligible measure under the Fund for homes that are electrically-heated.

Hydro One would be required to submit regular progress reports on program participation.

The TPA would establish which categories of energy efficiency measures are eligible, either consistent with or building on HAP eligible measures (final measure categories to be informed by discussions with OEB and stakeholders). These would serve as general guidelines for the Trust Deed.

It is expected that administrative/overhead/staffing expenses of the Trust would comprise a small proportion of total Fund spending (expected to be approximately 10% of the proposed funding).

Roles and Responsibilities
Figure 1 outlines the roles and responsibilities of the key entities involved in the Fund.

Figure 1: Summary of Roles and Responsibilities

Ministry of Energy	• Enter into a transfer payment agreement (TPA) with Hydro One and flow funds.
Hydro One	• Establish a Trust to administer the Affordability Fund- draft Trust Deed • Flow funding to Trust • Report to Ministry of Energy in accordance with TPA
Trust	• Affordability Fund administrator and manages funds • Administer LDC applications for funding and reporting requirements
LDCs	• Apply to the Affordability Fund • Deliver program to eligible electricity customers • Report on results to Trust

4.0 BACKGROUND

Electricity costs are increasing as the necessary investments are made to decarbonize and modernize the province's electricity infrastructure. Since 2003, Ontario has made an over $35 billion investment in cleaner generation and an over $15 billion investment in transmission and local distribution systems.

Ontario has taken a number of actions to lower electricity costs for all consumers. These include deferring investments in generation (e.g., new build nuclear), improving market efficiency (e.g., wind dispatch) and decreasing the cost of renewable procurements (e.g., Green Energy Investment Agreement (GEIA) renegotiation, decreasing Feed-In Tariff (FIT) prices, competitive Large Renewable Procurement).

Following the 2016 Throne Speech, a number of actions were announced to further reduce electricity costs including an 8% electricity bill rebate for residential consumers.

To help electricity consumers across the province achieve cost savings, the government has proposed a Rate Relief Plan, which includes establishing a Fund to provide support for energy efficiency improvements to help customers reduce future electricity bills and avoid customer future disconnections. The Rate Relief Plan will be reviewed by Cabinet.

Conservation First Framework
The 2015-2020 Conservation First Framework was established through a Directive to the OEB (dated March 26, 2014) and a Direction to the IESO (dated March 31, 2014). The Directive to the OEB requires the Board to establish, as a condition of license, that electricity distributors make conservation programs available to all customer segments within their service area, including low-income.

Energy conservation programs under the Conservation First Framework typically provide incentives that cover only a portion of the incremental cost of the more energy efficient measure, requiring an upfront investment by customers. The incentive amount and the measures in the program are selected on the basis of electricity savings and cost-effectiveness of both the program and the individual measures. Low-income customers do not have money available to make upfront investments to improve the energy efficiency of their homes. Low-income conservation programs, like HAP, provide energy assessments and installation of energy-saving measures at no cost to eligible participants.

Funding the Fund through the Conservation First Framework would have a direct ratepayer impact as electricity rates would need to increase to account for a higher budget under the Conservation First Framework.

Home Assistance Program
The existing HAP delivered by LDCs and the IESO helps qualified homeowners, tenants and social housing providers improve the energy efficiency of their homes.

Income-eligibility criteria for HAP is based on after-tax income for all household members aged 18 and older. The eligibility criteria is derived from Statistics Canada measures.

Table 1: Home Assistance Program Income Eligibility*

Number of people living in home	After-tax annual household income
1 person	$21,773
2 people	$30,792
3 people	$37,712
4 people	$43,546
5 people	$48,686
6 people	$53,333
7 people	$57,606
8 people	$61,583
9 people	$65,319

10 people	$68,852

*Or, the individual has received a social program benefit from a list of Ontario programs, for example, National Child Benefit Supplement (NCBS), Allowance for Seniors, Ontario Works. There is inter-program coordination in that if an individual is eligible for LEAP EFA or OESP they are also eligible for the Home Assistance Program.

HAP provides energy efficiency devices and products at no cost to qualified Ontario homeowners, tenants and social and/or assisted housing providers to improve the energy efficiency of their homes, through the installation of LED light bulbs, ENERGYSTAR certified ceiling fans, baseboard programmable thermostats, clotheslines and advanced power bars.

Customers may also be eligible under the HAP for a new, energy-efficient refrigerator or other appliance, such as a window air conditioner.

Electrically heated homes may be eligible for a programmable thermostat, weather-stripping around your doors and windows and additional attic/basement insulation. The program includes a detailed in-home energy assessment, professional installation of energy-saving measures and advice on steps that can be taken to save even more energy.

There are, however, many consumers who do not meet the mandated definition of low-income consumers under HAP. The OEB has reported that at the end of 2015, there were over 560,000 electricity accounts in arrears, of which only 19,900 accounts (~3.6%) were eligible to receive the LEAP Emergency Financial Assistance.[1](“Arrears” means an account that is 30 or more days past the 16-day minimum payment period). The OEB has also reported that in 2015 about 60,000 customers had their electricity service disconnected.

5.0 TIMING

Ontario has invested in modernizing the province’s electricity infrastructure, which has resulted in rising electricity costs in the short term. To help electricity consumers across the province achieve cost savings, the government has proposed a Rate Relief Plan, which includes establishing an Affordability Fund to provide support for energy efficiency improvements to help customers reduce future electricity bills and avoid customer future disconnections.

Funding for the Affordability Fund will be provided as a one-time transfer of $200 million in FY 2016/17. By establishing the Fund now, LDCs will have the required upfront commitment to initiate planning and implementation activities.

[1] Source: Ontario Energy Board. Reported by LDCs to the OEB, but unverified.
LEAP EFA income thresholds for eligibility are similar to those in HAP. Those receiving LEAP EFA automatically income qualify for HAP.

LDCs rely on rate-payer funding for most of their activities. The Fund is a unique venture from an LDC perspective given that it is tax funded. To ensure timely and effective implementation,

Larger utilities like Hydro One have considerable program delivery experience and have the ability to implement a new conservation program relatively quickly. Most LDCs, including smaller ones, can also leverage the contracts they currently have in place with organizations that are delivering HAP (61 of 70 LDCs are currently delivering HAP) to deliver the energy efficiency program.

Interaction with other programs

The Fund would provide assistance to electricity customers who are not eligible for the Home Assistance Program to ensure no duplication of programs, as well as mitigating any potential impacts on LDC electricity targets under the Conservation First Framework.

However, LDCs would have some degree of flexibility to use funding from the Fund to provide energy efficiency upgrades to customers in need, as a complement to other financial assistance programs.

Ontario Regulation 222/98 (General) made under *Ontario Disabilities Support Program Act, S.O. 1997, c.25, Sched. B* and Ontario Regulation 134/98 (General) made under the *Ontario Works Act, 1997, O.Reg. 379/05, s. 1(2)* ensure that funding from the Fund for energy efficiency upgrades to the home will not impact an individual's eligibility for the Ontario Disabilities Support Program.

> *Ont. Reg. 222/98*
> *43. (1) The following shall not be included in income:*
>
> *25. The value of grants, payments, credits, services or items provided by or in accordance with a program funded by gas distribution utilities, local distribution companies, a municipality, the Independent Electricity System Operator, the Ontario Energy Board, the Government of Ontario or the Government of Canada, for the purposes of energy efficiency, conservation or affordability.*

The Fund would receive a one-time payment from the tax base. The program would not preclude participation in future residential programs delivered through the Ontario Climate Change Solutions Deployment Corporation, and funded through the Greenhouse Gas Reduction Account ("GGRA").

6.0 FINANCIAL IMPACT

The Ministry is requesting funding for the Fund offset through the Operating Contingency Fund from Treasury Board Secretariat.

No other offsets exist within the Ministry. The Ministry funds its programs on a very small budget; a majority of its allocation is under executive control for rate mitigation and consolidation activities, and cannot be reallocated.

This funding will be one-time in 2016-17.

7.0 STAKEHOLDER ANALYSIS

LDCs have expressed the need for an additional tool to provide assistance to their customers who are having difficulties with their electricity bills. Some LDCs may have a disproportionate number of customers in need of assistance. It is expected that the Trust Deed will require the Trust to seek input from the OEB, LDCs and other relevant stakeholders on the eligibility criteria and the funding allocation approach.

Ontarians, in particular those who live in electrically-heated homes and do not qualify for low-income conservation programs, will welcome the additional support.

Low-income advocacy organizations, like the Low Income Energy Network (LIEN) and the Vulnerable Energy Consumers Coalition (VECC), will be supportive of additional support, and watchful of how the program is implemented and its reach.

8.0 RISK ASSESSMENT AND MITIGATION

Table 2: Risk Assessment and Mitigation Strategy

Risk	Likelihood (L/M/H)	Impact (L/M/H)	Mitigation Strategy
It is proposed that the funding for the Fund be expensed in 2016/17, while the programs would be delivered in future fiscal years. The Auditor General may ask for the funding to be expensed in future fiscal years.	M	L	ENERGY is engaging with Hydro One and the Ontario Provincial Controller early to seek input on funding mechanism, including the model where Hydro One sets up an independent trust.

Risk	Likelihood (L/M/H)	Impact (L/M/H)	Mitigation Strategy
Oversubscription of funds	M	M	Need for additional funding in future years can be evaluated based on customer needs.
Underspending of allocated funds	L	M	TPA will include the option to extend the original funding amount into future years. The Trust will also have the discretion to extend funding as needed. To increase uptake for customers in need, LDCs will undertake targeted outreach.
Some entities, including LDCs who are not selected as parties to the TPA, may feel left out of the funding program or perceive the funding as inadequate.	M	L	Undertake consultations with LDCs and other stakeholders to provide input on allocation methodology. Prepare a robust communication plan to emphasize the scope and purpose of the Fund

9.0 JURISDICTIONAL ANALYSIS

Many jurisdictions offer conservation and energy efficiency programs to vulnerable or low-income customers. Federal/country level initiatives tend to be funded through tax; state and municipal efforts tend to be funded through rates.

California's Low-Income Energy Efficiency (LIEE) program[2]

- LIEE is a state funded energy efficiency program designed to help provide weatherization and energy-efficient appliances to low-income customers at no charge.
- One in three of California households, or 5.5 million households, now qualify for the LIEE Program.
- The program is offered through local utilities.
- The total utility funding for LIEE 2009 was estimated at $250 million.
- This program is rate payer funded.

Table 3: List of Measures under LIEE

Weather Stripping Doors	High Efficiency Central AC	Interior Hardwire CFL Fixtures
Attic Insulation	High Efficiency cloth	Evaporative Cooler Installation

[2] Source: http://www.opportunitystudies.org/repository/File/weatherization/CA_LIEE.pdf

	washers	
Water Heater Insulation	Standing Pilot Light Conversion	Furnace Repair/Replacement
Central AC Service	Microwaves	Water Heater Repair
Cover plate gaskets	Occupancy Sensor	Refrigerator Replacement
Energy saver showerheads	Caulking	Duct Testing and Sealing
Faucet Aerators	Minor Home Repair	Furnace Clean and Tune
Evaporative Cooler and AC	Thread-Based CFL	Pool Pump Replacement
Vent Covers	Exterior Hardwired CFL Fixtures	LED Night Lights
High Efficiency Room AC	Energy Efficient Torchiere	Thermostatic Shower Valve

US Federal Low Income Home Energy Assistance Program (LIHEAP)[3]

- LIHEAP is a US federal program is administered through each State local utility.
- Household eligibility requirements include income, household size, and energy use.
- For the federal fiscal year of 2015 California was awarded $173.6 Million for LIHEAP.
- Measures include:
  - Sealing the holes and cracks around windows, doors and pipes
  - Ensuring proper levels of insulation
  - Fixing or replacing windows
  - Fitting an insulated blanket to the water heater
  - Making sure heating and air conditioning systems are working properly
- Multiple funding sources including both federal grants and utility incentives

US Federal Weatherization Assistance Program (WAP)[4]

- Similar to the LIHEAP program
- Funding is however, appropriated by Congress in a given year and divided among states using an allocation formula

UK Warm Front Scheme[5]

[3] Source: https://energy.gov/eere/wipo/about-weatherization-assistance-program-0
[4] Source: https://energy.gov/eere/wipo/about-weatherization-assistance-program-0
[5] Source: http://www.measures-odyssee-mure.eu/public/mure_pdf/household/UK5.PDF

- "Grants were available for vulnerable private sector households to install energy efficiency measures, including central heating and insulation. The Warm Front Scheme provided a package of insulation and heating improvements up to the value of £3,500 (or £6,000 where oil, low carbon or renewable technologies are recommended).
- The average Warm Front budget between 2008 and 2011 was £360 million. During 2011–2012 the budget was reduced to £110 million and in 2012-13 it fell to £100 million. In January 2013 the scheme terminated"
- Similar schemes exist in the devolved administrations. Scotland has the Energy Assistance Package, which replaces the former Warm Deal and Central Heating Programme. Wales has the Home Energy Efficiency Scheme and Northern Ireland has the Warm Home Scheme
- Households who were entitled for assistance under the Scheme could benefit from energy efficiency measures, including insulation, efficient heating systems (gas, electric, liquid petroleum gas or oil heating) and glass-fronted fireplaces

11.0 TRANSFER PAYMENT ACCOUNTABILITY

If the request is approved by Treasury Board/Management Board of Cabinet and ratified by Cabinet, the Ministry will create a grant agreement. The agreement will include the following accountability provisions:

- Description of the intended use of the funds including the specific purpose for which the funds will be used and the nature of eligible expenditures;
- Report-back requirements, including periodic reporting on the use of the transfer funds; and
- Right to independent verification/audit.

The Ministry will work with its Legal Services Branch to develop a Transfer Payment Agreement that will include funding and accountability provisions.

12.0 PERFORMANCE MEASURES

Hydro One would be required to submit regular progress reports on program participation. The TPA with Hydro One will include details on reporting requirements.

13.0 COMMUNICATIONS

The Ministry would ensure that the purpose of the fund is communicated effectively to stakeholders and specific target audiences. The recommended communication strategy is to target outreach, as opposed to broad marketing.

Ministry announcements will build a narrative that leverages announcements on the Rate Relief Plan and its elements, helping to lower electricity costs across the province.

Propose a medium profile communications announcement supported with a news release, a backgrounder on the Fund, and QA. Information to partner ministry's (i.e.: MCSS and MMAH). Align Fund messaging with Minister's remarks.

Follow-up and evaluation will include media pick up and response/tone.

14.0 RECOMMENDATION

The Ministry of Energy is requesting that Treasury Board/Management Board of Cabinet (TB/MBC):

i. APPROVE an expenditure increase of $200,000,000 in the "Green Energy Initiatives" transfer payment line in the Energy Development and Management Vote (Vote 2902-01) for 2016-17 to support the Affordability Fund.

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