

Typical Residential Consumer – Mock Bill (750kWh)

Your Electricity Charges		
<i>\$/month</i>	Before	After
Electricity		
Off-Peak @ 8.7 ¢/kWh	41.20	41.66
Mid-Peak @ 13.2 ¢/kWh	16.35	16.47
On-Peak @ 18 ¢/kWh	23.60	23.73
Delivery	53.07	53.07
Regulatory Charges	4.79	5.39¹
Debt Retirement Charge	0.00	0.00
Total Electricity Charges	139.00	140.32
HST	18.07	18.24
Rebate (8%)	-	(11.22)
Total Amount	157.07	147.34

Cost of ICI – Increase in commodity cost reflected in OEB time-of-use price setting

RRRP cost – Reflected in Regulatory charges

Province → LDC → Customer

1. Estimated \$0.60 increase based on estimated \$0.80/MWh RRRP charge increase. Actual charge increase will be determined by OEB.

Typical RRRP-Eligible Consumer – Mock Bill (1000kWh)

Your Electricity Charges		
\$/month	Before	After
Electricity		
Off-Peak @ 8.7 ¢/kWh	56.55	57.16
Mid-Peak @ 13.2 ¢/kWh	22.44	22.60
On-Peak @ 18 ¢/kWh	32.40	32.57
Delivery	110.77¹	81.77²
Regulatory Charges	6.88	7.68³
Debt Retirement Charge	0.00	0.00
Total Electricity Charges	229.04	201.78
HST	29.78	26.23
Rebate (8%)	-	(16.14)
Total Amount	258.82	211.87

Cost of ICI – Increase in commodity cost reflected in OEB time-of-use price setting

RRRP benefit – Reflected in Delivery charges

RRRP cost – Reflected in Regulatory charges

Province → LDC → Customer

1. Includes \$31.50 in current RRRP benefit.

2. Estimated \$29 increased RRRP benefit. Actual benefit increase will be proposed by Hydro One in rate filing to OEB.

3. Estimated \$0.80 increase based on estimated \$0.80/MWh RRRP charge increase. Actual charge increase will be determined by OEB.

Newly Eligible ICI 2 MW Consumer – Mock Bill

Electricity Charges <i>(65% load factor)</i>		
<i>\$/month</i>	Before*	After
HOEP	11,616	11,616
Global Adjustment	92,196	44,925
Delivery	23,051	23,051
Regulatory Charges	5,616	6,365¹
Debt Retirement Charge	6,552	6,552
<i>Proceeds Recycling**</i>	-	(2,808)
Total Electricity Charges	139,031	91,760

ICI benefit – Reflected in Global Adjustment

RRRP cost – Reflected in Regulatory charges

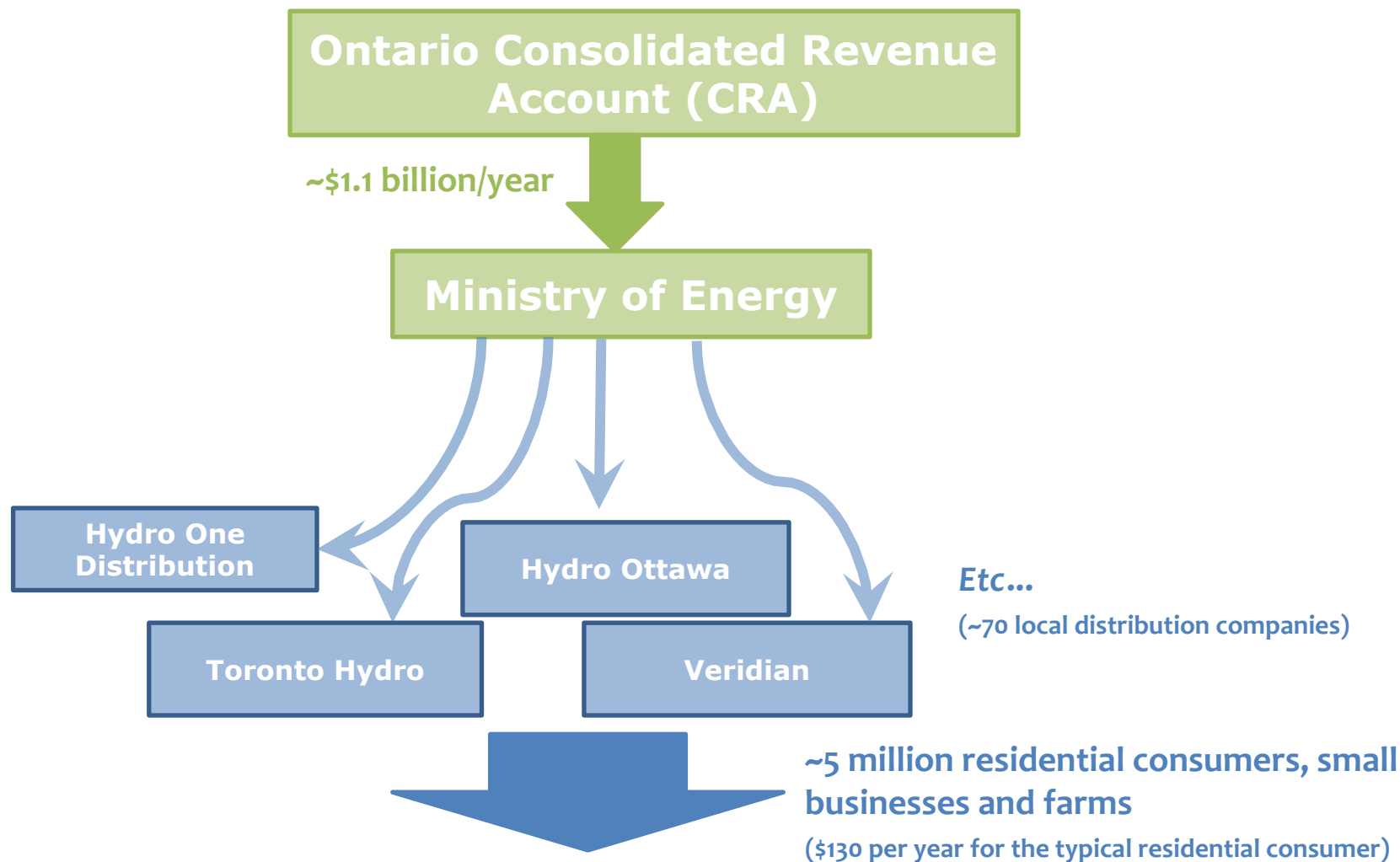
Province → IESO → LDC → Customer

*Year-to-date July 2016

**Bill presentation of proceeds recycling has yet to be decided, and is shown here as a separate line item for ease of illustration

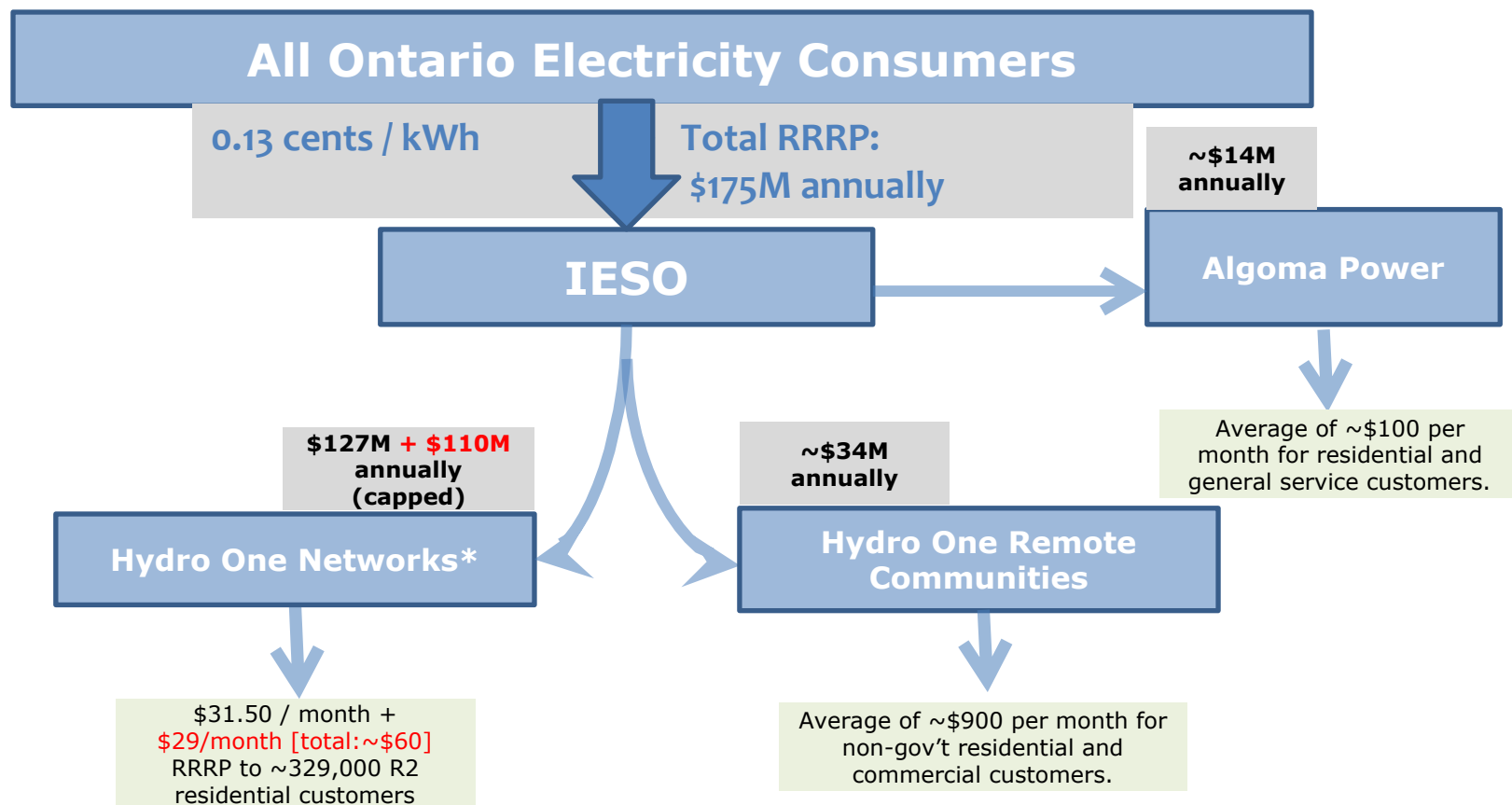
1. Estimated \$749 increase based on estimated \$0.80/MWh RRRP charge increase. Actual charge increase will be determined by OEB.

8% Rebate – Disbursement



RRRP Benefit – Collection and Disbursement

- The average residential consumer (750kwh) pays approximately \$1/month for the cost of RRRP
- The incremental \$110M will be an additional \$0.60cents/month for the residential consumer
- RRRP does not show up as a separate line item on the bill for those receiving RRRP funding
 - Collected as an element of IESO uplift for Wholesale Market Service Charge which is a component of the Regulatory Charges line on the electricity bill . IESO flows RRRP monies collected to pay distributors (Hydro One Networks, Algoma power, RemoteCo and James Bay communities) amounts they are entitled to.

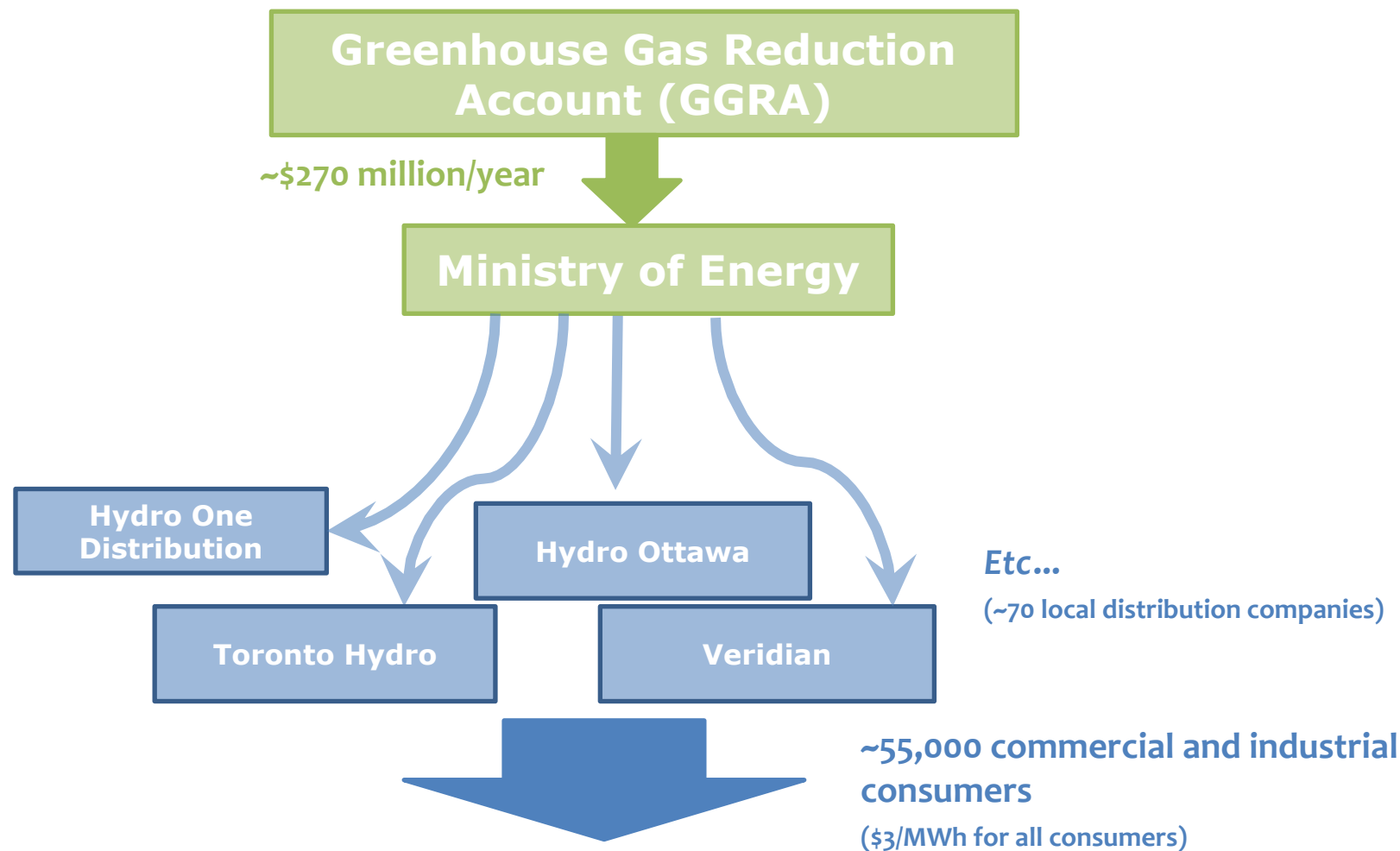


*Includes ~\$1.5M to James Bay First Nations

ICI – Collection



Auctions Proceeds Recycling – Disbursement



Determination of RRRP Requirement

- Each year, the OEB estimates the amount of rate protection that will be required in total and then calculates a volumetric regulatory charge that is applied to all customers in Ontario.
- To collect this \$175M from all electricity consumers, the OEB has determined a charge of 0.13 cents/kWh (~ \$1 monthly for a typical residential customer) is required.

Hydro One Networks and James Bay Communities (\$127M):

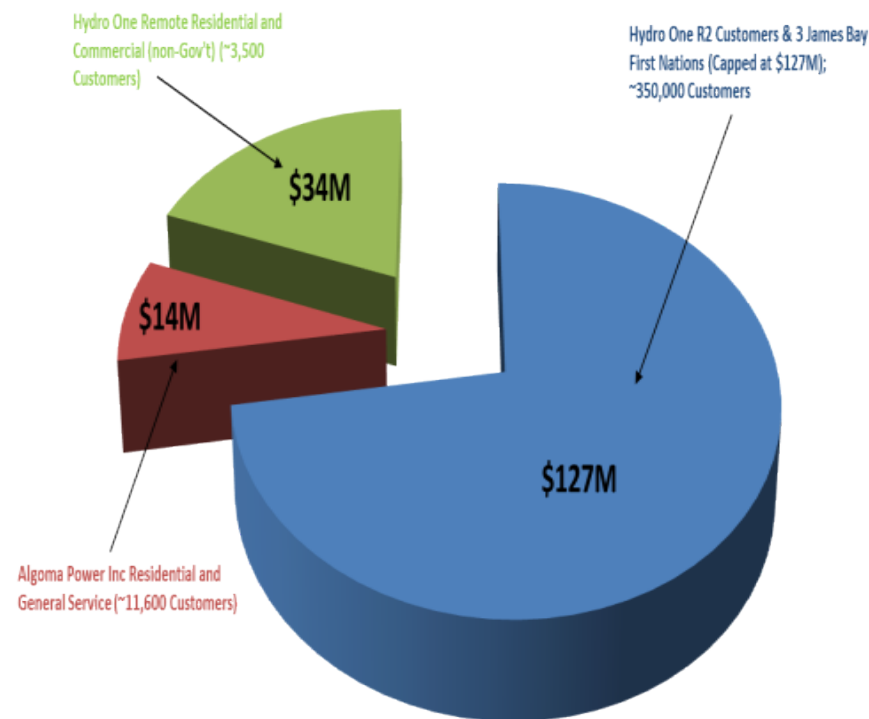
- The amount collected via RRRP to subsidize eligible consumers in these communities is capped at **\$127M** annually by Regulation (Hydro One, \$125.5M and James Bay, \$1.5M).

Algoma Power (~\$14M):

- RRRP permits Algoma to limit its increase in distribution rates charged to its residential and general service consumers by the annual average provincial distribution rate increase.
- RRRP compensates Algoma for any deficiency between what it collects from its consumers and its cost of service. The OEB currently determines this requirement at **~\$14M**.

Hydro One Remotes (~\$34M):

- RRRP permits RemoteCo to limit its increase in rates charged to its non-government consumers by the annual average provincial distribution rate increase.
- RRRP compensates Remotes for any deficiency between what it collects from its consumers and its cost of service. The OEB currently determines this requirement at **~\$34M**.



RRRP Administrative Roles

 Ministry of Energy	• The Province sets out the parameters of the program through legislation (s.79, OEB Act) and regulations (O. Reg 442/01, O. Reg. 445/07). • These set out, among other things: ○ Eligible customers ○ Amounts available to Hydro One Networks and James Bay First Nations.
 Ontario Energy Board	• The OEB determines annually the charge levied on all electricity consumption. Factors affecting the setting of the charge are detailed on slide 9.
	• Hydro One Networks determines the monthly RRRP subsidy available to each of its customers based on amount of RRRP made available to it through Regulation, the number of R2 customers, and accounting for any surplus or deficit in its variance account.
	• The IESO collects the charge from distributors across the Province and re-distributes to those distributors whose customers are eligible to receive the subsidy.