

Implementation of Ontario's Fair Hydro Plan

Week of May 29, 2017

Item	Key Deliverables / Considerations	Timing / Next Steps
1) Refinancing the Global Adjustment (ESP/IGS/LSB)		
ENERGY, LSB, IESO, OPG, OEB, TBS and MOF	<u>Recent Action Items</u> Legislation and Regulations Drafting / House Prep: - Leg Counsel finalizing legislation - LSB working on: - Committee motions – Ministry working on motions. Ministry to finalize motions by noon May 29 to deliver to Clerks by 6 pm. - Regulations – 2 parts (mid and late June). Note: OPG has sketched out what it may require in regulation. Regulation tracking for direct to Cabinet on June 14th (TBC) - Indemnities for OPG and IESO Board members to be in place around Royal Assent Ministry to work with OPG/OEB/IESO on regulations - Ministry to follow up with stakeholder on rate cap - Blakes and LSB to work with MAG on any constitutional law issues – ongoing - MO to work with MOF/TBS MOs to request their Ministers for house debate (Week May 15, 2017) - Agencies (OPG/IESO/OEB) to provide critical paths for the next meeting OFA to have comparison of Clean Energy Adjustment to DRC (ready by end of week) TBS to connect with OFA to determine if it ready to share with IESO TBS, LRC and Cabinet:	- Approval dates: - TB – May 9 2017; and - LRC/Cabinet – May 10, 2017 - Legislation / House dates: - Legislation introduction – May 11, 2017 - Opposition Briefing (TBD) - Debate – Week of May 15, 2017 - Committee/Public Hearings – Week of May 23, 2017 - Committee/Clause by Clause – Week of May 29, 2017 - Regulations – June 2017 - Summer 2017 implementation (June/July). OPG preference for July 1 to align with quarter-end

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	• Ministry working on approval documents for Minister signature for end of week: ○ LRC / Cabinet Submission on OFH Legislation ○ TB/MBC Report Back – GA refinancing, Social programs and ICI. Note: TB looking for variability risk analysis for Social programs ○ TBS to draft a chart with report backs ○ TBS to look at more streamlined approval process (Cabinet sitting as TB, LRC) ○ Ministry to share drafts by end of week • Ministry working with Navigant to prepare a report on long lived assets and associated assessment of value. Interim report expected mid-May, followed by final report in June • OPG and IESO's independent accounting work is complete: • OPG memo and E&Y accounting opinion has been delivered to Ministry • IESO has finalized KPMG's work • Agencies are each working a one page summary that could be released publically • OFA to work on analysis of comparison of clean energy adjustments to Debt Retirement Charge • Indemnities for Boards are tracking forward to be in place when legislation comes into force • Guarantees for dealers are still being explored and to be done in conjunction with rating process OPG: • OPG to continue to work with lead banks / rating agencies / OFA on financing • OPG to confirm accounting if OFA were to act as lead order on borrowing • OPG to determine who will finance / hold the asset until it goes to the market (OPG expected to go to market September/October) – IESO/OPG to work together on outstanding issues regarding OPG cash flows	

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	• OPG to confirm proposed tax status of the Special Purpose Vehicle (SPV) • OPG to set up SPV after regulations in June, which requires rating agencies review expected by the end of July. Documents will include commentary on credit worthiness. Potential engagement of Moody's/S&P/DBRS • OPG to draft terms of guarantee to dealers (which will be presented to dealers) • Ministry to work with OPG to ensure alignment with OPG internal report for its Board • MOF, Energy and OPG work on equity injection mechanics, approvals and valuation approach • OPG undertaking modelling, but initial borrowing amount will come from formula in legislation. • Ministry draft assurances / indemnification for Board member and Shareholder Resolution re articles of incorporation/borrowing (Timing TBD) • OPG to meet with OAG next Thursday (TBC) • OPG on track with Board meeting on May 12 to approve recommendation • OPG guarantees won't be negotiated until a later stage and guarantee for market disruption is still in play IESO: • IESO to discuss LDC issues with OEB • IESO to work through technical aspects with IT (i.e., operationalizing the back-office functions) • IESO memo and KPMG accounting opinion has been delivered to Ministry • Ministry draft assurances / indemnification for Board member • IESO is producing a document to respond to AG questions – to be shared with TBS for review • IESO letter went to OFA to request \$2.5B total credit OEB:	

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	- OEB continues to work through drafting issues with LSB (e.g., role in review of admin costs, timing of revised RPP, why there needs to be an OEB objective) - OEB's cannot reset prices until regulation is public, but work will happen in the background to ensure a common understanding of regulations <u>Considerations</u> - Ongoing financing, accounting and legal risk assessments. - OPG needs to have regulations finalized to move forward on ratings process - OEB needs regulations to move forward with pricing, which is on track for June 22	
2) Broadening Rural or Remote Rate Protection (RRRP) (SNAP)		
ENERGY, LSB and LDCs	<u>Recent Action Items</u> - SNAP convened LDC WG May 18th to discuss bill presentment and SNAP to continue to monitor rate hearings for RRRP LDCs - SNAP working with CSD / TBS on allocation for each program (RRRP, OESP, FN Rate and OREC) without executive control on each - Ministry to develop briefing note on why LDCs with RRRP continue to track to OEB for rate increases - Ministry working with LDCs to finalize program design <u>Considerations</u> - Staff working on regulations with LSB - Staff intending to share drafts of the regulations once created with OEB and IESO policy/legal staff	- Approval dates: - Cabinet June 14th - Legislation / House dates: - Legislation introduction – - Committee/Clause by Clause – Week of May 29, 2017 - Regulations – June 2017 - Implementation of expanded program and reduction in RRRP charge is targeted for July 1 2017
3) Expanding Ontario Electricity Support Program (OESP) (SNAP)		
ENERGY, LSB, MCSS and OEB	<u>Recent Action Items</u>	Approval dates:

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	• SNAP to continue to work through OESP automatic qualification with MCSS / OEB • SNAP to continue to work with, MOF, OEB and CRA on OESP wet signature • OEB removed OESP from bill as of May 1. • SNAP to work with TBS to ensure funds flow from fiscal plan as soon as legislation passes • Ministry to meet with MCSS regarding taking over OESP administration • Ministry received final legislation, which includes information sharing provision with MCSS <u>Considerations</u> • Ministry is working with OEB on how the OESP enhancement will be announced as part of a communications exercise. • Positive progress with OEB on implementation: ○ OEB has been engaged on implementation timelines for 50% + new eligibility – OEB working with LDCs to ensure systems are upgraded to reflect new credit amounts; ○ Ongoing work with MCSS to auto-enroll those receiving / applying to social programs. Work plan for implementation being developed with OEB support. • As part of legislation / regulatory amendment work, investigating steps required to use OESP variance (approx. \$100 million) to reduce current OESP charge to zero and continue funding existing program until tax changes in place. • Technical/governance structures needed to flow taxpayer money to programs. Need to work with IESO/OEB/MOF.	○ TB – May 9 2017; and ○ LRC/Cabinet – May 10, 2017 • Legislation / House dates: ○ Legislation introduction – May 11, 2017 ○ Opposition Briefing (TBD) ○ Debate – Week of May 15, 2017 ○ Committee/Public Hearings – Week of May 23, 2017 ○ Committee/Clause by Clause – Week of May 29, 2017 • Regulations – June 2017 • Enhanced benefits and removal of OESP charge will take effect in May 2017
4) Providing a First Nations On-Reserve Delivery Credit (SNAP)		
• ENERGY and LSB	• Legislation • Regulation (TBD) <u>Recent Action Items</u>	• Approval dates: ○ TB – May 9 2017; and ○ LRC/Cabinet – May 10, 2017

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	• SNAP convened LDC working group on March 24th • SNAP to move forward with including COO in FN rate implementation / work through implementation issues. SNAP working to meet with COO to have preliminary discussion of the FNDC • Ministry finalizing process for eligibility and working with COO to communicate FNDC • Letter being drafted by Regional Chief Day tracking for week of May 29. • Ministry met with COO on April 26, 2017 and May 23rd regarding FN Rate implementation <u>Considerations</u> • Eligibility will be for First Nation on Reserve consumers who are receiving HST exemption to be automatically qualified for the Delivery credit. • Staff working with COO on a communication strategy • LDCs have been made aware of the eligibility requirement and indicate they can do this quickly/easily. • Work with LDCs on implementation details that need to be legislation required to have program funded by taxpayers. • Technical/governance structures needed to flow taxpayer money to programs. Need to work with IESO/OEB/MOF. •	• Legislation / House dates: ○ Legislation introduction – May 11, 2017 ○ Opposition Briefing (TBD) ○ Debate – Week of May 15, 2017 ○ Committee/Public Hearings – Week of May 23, 2017 ○ Committee/Clause by Clause – Week of May 29, 2017 • Regulations – June 2017 • Introduction of FNDC program targeting July 1 2017
5) Establishing an Affordability Fund (CRED)		
• ENERGY, IGS, LSB, Blakes, CSD, OPCD, TBS, MOF and H1 (KPMG and Osler)	• TBC/MBC Submission • Declaration of Trust (“Trust Deed”) • Transfer Payment Agreement (TPA) • Administrative Services Agreement (H1-Trust) <u>Recent Action Items</u> • Affordability Fund advisory committee met this week and reached consensus on three LDCs + two social agencies to be represented on Trust Board (Ottawa Carleton UW / Advocacy Centre for Tenants Ontario (ACTO) / Thunder Bay Hydro / Hydro One / Alectra)	April to May 2017: • Advisory Committee recommends Board of Trustees by May 31, 2017; Computershare appoints full Board of Trustees June 2017: • Trustees expected to engage with distributors, IESO, OEB, others, to define funding criteria and processes

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	- Hydro One to prepare letters that will go out to social service agencies ACTO declined the invitation to participate on the Board of Trustees due to other demands/priorities. The advisory committee is contacting the Neighbour to Neighbour Centre to invite a representative to participate on the Board. Response pending. - In its administrative capacity, Hydro One is preparing documentation to replace Computershare, as the original trustee, with the Board of Trustees. Hydro One is also developing back office support and preparing recommendations for the first meeting of the Board of Trustees. <u>Considerations</u> - Legislative changes not required.	June 2017: - Report back to TB/MBC with final program details and a performance management framework including outcome measures and targets Summer 2017: - LDCs begin to apply to the Trust for funds Late 2017/early 2018: - ENERGY can apply for additional funds through 2018-19 PRRT based on performance and need. Trust term can be extended with amended/new TPA if agreed by Trust
6) Expanding ICI (ESP)		
ENERGY, LSB, IESO and LDCs	<u>Recent Action Items</u> - Ministry promoting value of ICI (i.e., at upcoming OCC Annual General meeting) – OCC educational outreach work underway. - Ministry discussing with CME ongoing <u>Considerations</u> - Ongoing outreach with LDCs being undertaken by IESO.	- Report back to TB/MBC on May 9, 2017 - Effective April 2017
7) Energy Sector Efficiencies (i.e., Ontario Energy Board and IESO) (SNAP / ESP)		
ENERGY, LSB, OEB and IESO	OEB: Directive / Letter (TBD)	Continue this work as part of LTEP

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	<u>Considerations</u> - Signal efficiencies intent in OEB business plan letter - Work with OEB/LDCs on LTEP document and proposed directive to OEB IESO: - Directive / Letter (TBD) <u>Considerations</u> - IESO's stakeholder engagement re Market Renewal is ongoing.	
8) Additional Initiatives for Small Business and Industrials (i.e., Class B) (ESP)		
ENERGY, MEDG, MOF, MOECC, MOL and Small Business	- Identify additional opportunities to assist Class B electricity consumers and small and medium sized manufacturers' <u>Recent Action Items</u> - ESP to work with other ministries regarding other measures that can be considered for SMEs <u>Considerations</u> - TBD	Report back to TBC/MBC and Cabinet in spring 2017 (per Cabinet Minute)
9) Initiatives for Tenants (SNAP)		
ENERGY and MOH	Explore ways to provide direct assistance to tenants that are not sub-metered and do not directly benefit under the existing and proposed rate mitigation programs	Report back to TBC/MBC and Cabinet in fall 2017 (Per Cabinet Minute)

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	<u>Considerations</u> • MHO leading any legislative/regulatory changes needed to have tenants benefit from program. Consider whether benefits are limited to 8% and GA (rather than OESP which is harder to provide to tenants who do not pay their bills). • ENERGY working with MCSS to streamline/automate enrollment for ODSP/OW consumers into OESP.	
10) Stakeholder/Agency Outreach (Communications)		
• ENERGY	• Minister's letters to: ○ Ratepayers; ○ LDCs; ○ Business (e.g., OCC, CME, Concerned Manufactures, etc); and ○ Agencies (i.e., IESO, OPG, OEB and H1)	• Early-mid March
11) Engagement with Officers of the Legislature		
• ENERGY, MOF/OFA, Financial Accountability Officer (FAO)	• Provided FAO staff with a technical briefing on the OFHP • ENERGY provided feedback to FAO regarding its report on GA Refinancing • IESO to offer FAO separate meeting with KPMG (FAO declined)	• March 9, 2017: Preliminary discussion • March 14, 2017: Letter received requesting additional information by March 24, 2017 • March 31, 2017: Ministry submitted responsive materials • May 24, 2017: FAO report to be provided to MO on Tuesday morning and be released on Wednesday at 9AM

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ENERGY, MOF/OFA, Auditor General (AG)	- Provide the AG with a technical briefing on the OFHP <u>Recent Action Items</u> - Provide AG technical briefing presentation used in media lock-up on OFHP in advance of the technical briefing - OEB has been asked by AG for all correspondence between all parties by June 2 - OFA has received similar request - ENERGY has received AG request for contracts and ToR for accounting advice (request to be re-directed to agencies)	IESO is producing a document to respond to AG questions – to be shared with TBS for review
12) Bill Presentment (SNAP/LSB)		
ENERGY	- Ministry to begin work on bill presentment <u>Recent Action Items</u> - Bill inserts will be ready for July 1 with bill redesign to occur in the Fall	Initial discussion on March 31, 2017