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Legal Services Branch

**Ministère du  
Procureur général**  
Direction des services juridiques



**Ministry of Energy  
Ministry of  
Economic Development and Growth  
Ministry of Research, Innovation and  
Science  
Ministry of Infrastructure  
Accessibility Directorate of Ontario**

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Ministère du Développement économique et  
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PRIVILEGED AND CONFIDENTIAL

**Memorandum To:** The Honourable Glen Murray  
Chair  
Legislation and Regulations Committee

**From:** Carolyn Calwell  
Director, Legal Services Branch  
Ministry of Energy / Ministry of Economic Development and Growth / Ministry  
of Research, Innovation and Science / Ministry of Infrastructure / Accessibility  
Directorate of Ontario

**Date:** October 28, 2016

**Re:** Supporting Rate Mitigation – Proposed amendments to *Rural or Remote  
Electricity Rate Protection* (O. Reg. 442/01)  
Variance from Approved Policy

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I have examined the draft of the above-referenced item being submitted to Cabinet on November 16, 2016 and have compared that draft with the policy approved by Cabinet on September 12, 2016.

As a result of this comparison, I am able to advise you that the proposed regulations described in the Supporting Rate Mitigation submission correspond to the approved policy with the exception of the variances identified on the attached chart.

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Carolyn Calwell  
Director

Encl.

Supporting Rate Mitigation – Proposed amendments to *Rural or Remote Electricity Rate Protection*  
(O. Reg. 442/01) -- Variance from Approved Policy

| Minute Item | Approved Policy/Policy Sought to be Approved                                                                                                                                                                                                                                 | Proposed Variance                                                                                                                                                                                                                            | Degree of Variance | Rationale/Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.ii        | Increase the total amount of rate protection available to R2 low density electricity consumers under the Rural or Remote Rate Protection Program (RRRP) by increasing the subsidy by \$110 million from its current level of \$127 million which has been capped since 2003. | Increase the total amount of rate protection available to R2 low density electricity consumers under the Rural or Remote Rate Protection Program (RRRP) by increasing the subsidy by \$116.4 million from its current level of \$127 million | low                | <p>The variance between the approved funding increases for rate protection for eligible customers and the proposed funding increase is \$6.4 million.</p> <p>The additional \$6.4 million in rate protection would ensure that eligible R2 customers of Hydro One Networks Inc (“Hydro One”) would receive a combined benefit of approximately \$45 per month, as announced by the Ministry of Energy when the <i>Ontario Rebate for Electricity Consumers Act, 2016</i> received Third Reading on October 19, 2016.</p> <p>\$110 million was the initial estimate to provide eligible R2 customers with approximately \$45 benefit per month, including the 8% rebate. Updated information provided by Hydro One indicated that the number of eligible Hydro One R2 customers is greater than originally estimated. The \$6.4 million increase in funding will ensure that R2 customers receive a combined benefit of approximately \$45 per month.</p> <p>RRRP is funded by a charge paid by all electricity consumers. The impact of this increase is minimal and has no material impact on the estimated cost of approximately \$0.60 per month for an average consumer using 750 kWh per month.</p> |