Ontario

LEGISLATION AND REGULATIONS COMMITTEE: PRELIMINARY REGULATORY IMPACT ASSESSMENT FORM

Date:	June 14, 2017
Ministry:	Ministry of Energy
Name of Act:	*Ontario Fair Hydro Plan Act, 2017, Ontario Energy Board Act, 1998, Electricity Act, 1998* and *Ontario Rebate for Electricity Consumers Act, 2016*
Name of Regulations:	**A. GA Refinancing** 1. Creating a new Regulation to be made under Part II of the *Ontario Fair Hydro Plan Act*, 2017, which is Schedule 1 of the *Fair Hydro Act, 2017*; and 2. Amendment to O. Reg. 280/14 (IESO Eligible Investments and Borrowing) to be made under the *Electricity Act, 1998.* **B. Social Programs** 1. Creating a new Invoicing Regulation to be made under the *Ontario Fair Hydro Plan Act, 2017;* 2. Creating a new Regulation (First Nation Delivery Credit) to be made under the *Ontario Energy Board Act, 1998 (OEBA);* 3. Creating a new Regulation (Distribution Rate Protection) to be made under the *OEBA;* 4. Amendments to O. Reg. 442/01 (Rural or Remote Electricity Rate Protection) to be made under the *OEBA*; 5. Amendments to the O. Reg 363/16 (General) to be made under the *Ontario Rebate for Electricity Consumers Act, 2016 (ORECA)*; and 6. Amendments to O. Reg. 275/04 (Information on Invoices to Certain Classes of Consumers of Electricity) to be made under the *OEBA.*

Section 1: Proposal and Context

A. GA Refinancing

1. **Creating a new Regulation to be made Under Part II of the *OFHPA* which is Schedule 1 of the *Fair Hydro Act, 2017***

   - The Ministry of Energy is seeking approval to create a new Regulation under the *Ontario Fair Hydro Plan Act* (*OFHPA*) to support the required calculations and determinations to be made by the Ontario Energy Board

(OEB) under Part II of that Act (sections 6-12).

- The proposed regulation outlines the methodology that the OEB would use in applying *OFHPA* reductions to eligible consumers who participate in the OEB's Regulated Rate Plan (RPP) and non-regulated consumers who are eligible for GA refinancing under *OFHPA*.
- The proposed regulation sets out the near-term reductions (i.e., the reductions that will be applied by the OEB from July 1, 2017 to April 30, 2018), as well as the reductions from May 1, 2018 to April 30, 2019. The further adjustments to be made for future periods beginning May 1, 2019 would be set out in further amendments to the Part II regulation.
- In addition, the proposed regulation also sets out that customers of unit sub-meter providers (USMPs) would receive a proportionate share of near-term *OFHPA* reductions.
- If the regulation is approved, the OEB intends to release new RPP rates effective July 1, 2017 that would include the full impact of *OFHP* as determined under the Part II adjustments.
- For consumers eligible for GA refinancing that are not on the RPP, adjustments would be made on their electricity bills on their consumption from July 1, 2017 onwards as necessary. Note: Consumers not paying RPP would also receive GA refinancing if they meet the other criteria defined within the *OFHPA* for "specified consumers". These include consumers that have opted-out of RPP to sign contracts with electricity retailers or who have become wholesale consumers and those who are eligible for *Ontario Rebate for Electricity Consumers Act, 2016* (*ORECA*) but not RPP, such as long-term care homes.
- In accordance with the *OFHPA* and the proposed Part II regulation, if approved, the OEB would determine the adjustment to be made to the GA charge on eligible non-RPP consumers' bills, effective July 1st, 2017. Electricity vendors would be expected to ensure the adjustment is reflected on their customers' bills as soon as possible, and to make retroactive payments where necessary.

2. Amendment to O. Reg. 280/14 (IESO Eligible Investments and Borrowing) to be made under the Electricity Act, 1998

- The Ministry of Energy is seeking to amend O.Reg. 280/14 in response to the *OFHPA* and related regulations.
- The proposed amendments would provide the Independent Electricity System Operator (IESO) with the necessary authority related to its OFHPA activities, including the funding, borrowing and financial arrangements contemplated under the *OFHPA*. The IESO would be responsible for selling specified portions of the regulatory asset to OPG's financing entities, and to fund the IESO monthly deferrals which are to commence July 1, 2017, as provided for under section 23 of the OFHPA.

- The additional authority set out under the proposed amendments to O.Reg. 280/14 would enable IESO to borrow amounts to fund the above-noted deferrals related to GA refinancing.

- IESO would be expected to amend its Statement of Borrowing in a manner consistent with the amended regulation, once approved.

B. Social Programs

1. Creating a new Invoicing Regulation to be made under the *Ontario Fair Hydro Plan Act, 2017*

- The Ministry of Energy is seeking to create a new Regulation under the *OFHPA* related to electricity invoicing to communicate Ontario's Fair Hydro Plan (OFHP), and its associated bill impacts, to consumers.
- The proposed regulation would require electricity vendors and unit sub-meter providers (USMPs), as defined in the *OFHPA*, to include specified OFHP on-bill messaging, as well as accompany paper invoices with a descriptive OFHP bill insert once every quarter for a 12-month period.
- The new regulation would specify the messaging electricity vendors and unit submeter providers (USMPs) would be required to display on invoices, as well as the bill insert. These messaging requirements would apply to French invoices as well.
- In advance of these new OFHP messaging requirements, the Ministry has removed outdated "8% provincial rebate" messaging requirements from invoices and envelopes under Minister's O. Reg. 364/16. LDCs were in favor of removing these requirements, indicating they had no additional space on invoices to include new messaging.

2. Creating a new Regulation (First Nation Delivery Credit) to be made under the *Ontario Energy Board Act, 1998*

- The Ministry of Energy is seeking to create a new Regulation to be made under the OEBA to establish the First Nations Delivery Credit.
- The regulation would define eligibility for the program to include all on-reserve residential customers who are members of a Band as defined in the *Indian Act* (Canada) who are accountholders served by a licensed Local Distribution Company (LDC).
- The regulation would also address circumstances where certain LDCs charge a bundled rate rather than a monthly delivery charge.

  The regulation proposes that the program is to be delivered commencing July 1st, 2017 but it would provide for a three month period for LDCs to get their billing systems ready to deliver the credit. The entitlement would be retroactive ensuring that customers would receive the benefit in a lump sum from the period of July 1st up to October 1st if LDCs are required to use this provision.

- The regulation would also contain a requirement for all LDCs to provide the First Nations Delivery Credit on the bill as a line item appearing directly below the delivery charge line item. If an LDC is unable to comply with the bill presentment requirements for technical or operational reasons, the regulation would also allow them to seek an exemption or alternative from the Minister.
- The regulation would enable payment flows to the affected LDCs to allow recovery of the First Nations Delivery Credit provided to customers. Eleven LDCs are affected. Planned payment flows would follow the same reimbursement process under the *ORECA* and would contain several provisions requiring information to be shared with the IESO, requiring the OEB to report to ENERGY on annual projected costs of the program and tracking the funds for reimbursement purposes.

3. Creating a new Regulation (Distribution Rate Protection) to be made under the *Ontario Energy Board Act, 1998*

- The Ministry of Energy is seeking to create a new Regulation under the OEBA to enable the provision of enhanced distribution rate protection to full-time residential customers of prescribed LDCs.
- The proposed prescribed distributors are
  - Atikokan Hydro Inc.
  - InnPower Corporation
  - Chapleau Public Utilities Corporation
  - Sioux Lookout Hydro Inc.
  - Northern Ontario Wires Inc.
  - Lakeland Power Distribution Ltd. (Parry Sound Rate Zone)
  - Algoma Power Inc. (R1 residential)
  - Hydro One Networks Inc. (Low & medium density classified customers)
- The proposed new regulation would establish a mechanism for the OEB to calculate maximum monthly distribution charge for prescribed consumers. This charge would be established by calculating the fully-fixed base distribution rates, using approved 2017 rates for the prescribed residential rate classes of a prescribed group of distributors, having regards to costs.
- Additionally, the regulation would enable payment flows to prescribed LDCs to allow recovery of rate protection provided to customers. Planned payment flows would follow the same reimbursement process under the *ORECA*, including requirements to provide information for reimbursement purposes, duty to provide information, records, invoicing requirements.

4. Amendments to O. Reg. 442/01*(Rural or Remote Electricity Rate Protection)* to be made under the *Ontario Energy Board Act, 1998*

- The Ministry of Energy is seeking to amend O. Reg. 442/01 (Rural or Remote Rate Protection) to be made under the OEBA to enable tax-based funds to support the provision of RRRP to Hydro One's low-density residential classified customers (R2).
  - Under O. Reg. 442/01, the amount of rural or remote electricity rate protection (RRRP) available to Hydro One's R2 customers is capped at a fixed annual amount of $241.8 million – which amounts to a monthly subsidy of $60.50 for R2 customers.
  - Proposed amendments would provide for a fixed monthly credit ($60.50), replacing the existing prescribed annual amount and would remove the escalating factor, as provisions under the new section 79.3 under the *OEBA* provides benefits in addition to RRRP, making the escalating factor unnecessary.
  - Proposed amendments would enable payment flows to Hydro One to allow recovery of RRRP payments made to its customers.
  - Current funding for the RRRP program is paid for by all electricity customers across the province. Removing $241.8 million from the global RRRP, as provided for in the proposed regulation, would lower the monthly cost for an average residential customer by ~$1.30.

5. Amendments to O. Reg 363/16 (General) to be made under the *Ontario Rebate for Electricity Consumers Act, 2016* (*ORECA*)

- The Ministry of Energy is seeking to make a consequential amendment to O. Reg 363/16 (General) to be made under the *ORECA*, in order to provide clarity on how the proposed First Nations Delivery Credit should be treated with respect to the calculation of the 8% provincial rebate
- The proposed amendments to O. Reg 363/16 would clarify that the First Nations Delivery Credit should be included in the base amount used to calculate the 8% rebate.
- This proposed consequential amendment aligns the existing policy treatment for credits received under the Ontario Electricity Support Program (OESP).

6. Amendments to O. Reg. 275/04 *(Information on Invoices to Certain Classes of Consumers of Electricity)* to be made under the *Ontario Energy Board Act, 1998*

- The Ministry of Energy is seeking to amend O. Reg. 275/04 made under the OEBA to remove the requirement for electricity vendors and USMPs to include informational messaging about the Debt Retirement Charge (DRC) from bills to create room for new OFHP messaging.

- The requirement to include a DRC line item on electricity invoices would remain.
- In addition, the Ministry is proposing to exempt Hydro One from the application of this invoicing regulation, which would allow Hydro One to proceed with a planned bill redesign, unconstrained by regulation, for fall 2017.
- The Ministry is also proposing to amend the regulation by adding the French version.

Section 2: Approach and Intended Outcomes

A. GA Refinancing

1. Creating a new Regulation to be made Under Part II of the *OFHPA*, which is Schedule 1 to the *Fair Hydro Act, 2017*

- The proposed regulation sets out in detail the methodology that the Ontario Energy Board (OEB) would, if this regulation is approved, use to make determinations under the Ontario Fair Hydro Plan Act (*OFHPA*) including:
  - Defining the “hypothetical” regulated rate consumer upon which the *OFHPA* calculations to achieve the initial 25% reductions would be based;
  - The methodology that the OEB is to apply in order to provide the initial OFHPA-related reduction for Regulated Price Plan (RPP) consumers;
  - The methodology that the OEB is to apply in order to determine the initial adjustment to be made in respect of consumers eligible for Global Adjustment (GA) refinancing who are not RPP consumers;
  - The roles of Local Distribution Companies (LDCs) and retailers regarding the application of the *OFHPA* adjustments to electricity consumers;
  - The methodology for determining *OFHPA*-related adjustments for the year beginning May 1, 2018; and
  - Enabling the flow-through of *OFHPA*-related adjustments for electricity consumers of Unit Sub-Meter Providers (USMP)s.
- In addition, the proposed amendments would set out the requirements on the OEB, LDCs/Retailers and USMPs for the near term adjustments to be made under the *OFHPA*.
- The proposed regulation sets out the near-term reductions (i.e., the reductions that will be applied by the OEB from July 1, 2017 to April 30,

2018) as well as the reductions from May 1, 2018 to April 30, 2019. Further adjustments to be made for future periods beginning May 1, 2019 would be set out in further amendments to the Part II regulation which would be brought forward at a future date.

2. Amendment to O. Reg. 280/14 (IESO Eligible Investments and Borrowing) to be made under the *Electricity Act, 1998*

- The proposed amendments would provide IESO with the necessary authority related to its *OFHPA* activities including the funding, borrowing and financial arrangements contemplated under the *OFHPA*.
- IESO would be expected to amend its Statement of Borrowing in a manner consistent with the amended regulation, once approved.
- The additional authority set out in the proposed amendments would enable IESO to borrow amounts to fund the deferrals related to GA refinancing which is a key element in Government's approach to GA refinancing. Specified portions of the Regulatory Asset would be sold by the IESO as investment interests to the financing entity (ies) to be established by Ontario Power Generation as Financial Services Manager.

B. Social Programs

1. Creating a new Invoicing Regulation to be made under the *Ontario Fair Hydro Plan Act, 2017*

- The proposed invoicing regulation would require electricity vendors and USMPs to include standardized on-bill messaging about OFHP in a location where conservation or other utility messages to consumers are usually placed. This message would serve to inform consumers about OFHP and the resultant bill impacts.
- Electricity vendors and USMPs would also be required to accompany paper invoices with a descriptive OFHP bill insert once a quarter for a 12-month period, beginning with the first invoice issued on or after July 1, 2017 until the first invoice issued on or after July 1, 2018. Seasonal bill customers would only receive bill inserts twice during this same period.
- This regulation would allow electricity vendors and USMPs to seek an alternative arrangement, or exemption, from the Minister of Energy (via a letter) if they are unable to comply with the requirements due to technical reasons or operational difficulties.
- In anticipation of these new OFHP invoicing requirements, the government has revoked outdated "8% provincial rebate" messaging requirements from bills and envelopes under O. Reg. 364/16 (Invoicing Requirements). Amendments to this Minister's regulation, made under the *Ontario Rebate for Electricity Consumer Act, 2016* (*ORECA*), do not require approval by Lieutenant Governor-in-Council and become effective upon filing with the Registrar of Regulations. Note: The requirement to include a "8% Provincial

Rebate” line item remains.

2. **Creating a new Regulation (First Nation Delivery Credit) to be made under the *Ontario Energy Board Act, 1998***

- In recognition of the long-standing contribution made by First Nations people to the development of the province’s electricity infrastructure the government has delivered on its commitment to work with the Chiefs of Ontario (COO) in pursuing reconciliation. The elimination of the delivery charge has received support as a way to begin to address these historic grievances. It also helps to address unique challenges that impact electricity affordability for on-reserve First Nations customers.

- Bill 132, the *Fair Hydro Act*, *2017,* Schedule 2, which amends the OEBA, introduced section 79.4 which establishes the authority, through regulation, to prescribe certain customers and classes of customers as being eligible to receive a 100% rebate on the delivery line on their bills. The rebate would be funded entirely through money appropriated from the legislature for that purpose.

- Under the proposed new regulation created pursuant to section 79.4 under the *OEBA,* ENERGY proposes eligibility for the program to include all on-reserve First Nations residential customers. The regulation proposes that for LDCs who charge either, a bundled minimum monthly charge or a monthly service charge, that those charges would be credited instead of a delivery charge.
- The regulation would also prescribe a new “First Nations Delivery Credit” line item which would appear directly below the delivery charge. It also would provide for LDCs to gain an exemption from this requirement from the Minister of Energy by way of a Minister’s Letter.
- As the First Nations Delivery Credit involves the expenditure of tax money to fund the entire program costs, the Ministry of Finance and Treasury Board Secretariat require that such money be tracked and accounted for throughout the process. Provisions in the regulation would enable appropriate auditing and information to ensure appropriate oversight of public funds.

3. **Creating a new Regulation (Distribution Rate Protection) to be made under the *Ontario Energy Board Act, 1998***

- As part of the Government’s Fair Hydro Plan, Energy made a commitment to expand rate protection beyond the existing RRRP eligibility.
- While the RRRP helps mitigate some of the higher distribution costs for customers residing in low-density rural areas and/or remote areas, recent amendment to the OEBA, enacted through Bill 132, expand distribution rate relief beyond RRRP to include consumers in higher-distribution cost LDCs.
- The new Section 79.3, under the OEBA, enables the Minister to provide

distribution rate protection to residential-class consumers, having regard to the costs of distributing electricity to those consumers. This relief would be financed from the tax base.

- In order to deliver the rate protection enabled under Section 79.3, the proposed new regulation under the OEBA is needed to prescribe the following matters: the relevant LDCs, the classes of consumers or consumers designated as distribution rate protected consumers, the maximum amount of the monthly base distribution charge, limitation periods, and the type of information required by the OEB and Ministry to implement and administer the program, including financial transactions.
- Under the new regulation, Energy proposes to prescribe the following LDCs for the purposes of the provision of distribution rate protection:

  Atikokan Hydro Inc.

  InnPower Corporation

  Chapleau Public Utilities Corporation

  Sioux Lookout Hydro Inc.

  Northern Ontario Wires Inc.

  Lakeland Power Distribution Ltd. (Parry Sound Rate Zone)

  Algoma Power Inc. (R1 residential)

  Hydro One Networks Inc. (Low & medium density classified customers)
- Distribution rate-protected residential consumers would be residential-class customers of the prescribed LDCs. In the case of Lakeland Power Distribution Ltd., the rate protection would be limited to customers subject to Parry Sound Rate Zone residential class rates. In the case of Algoma Power Inc., the rate protection would be limited to residential customers residing in a dwelling and for Hydro One Networks Inc., the rate protection would be extended to the R1 (medium density) and R2 (low-density) rate classes.
- Section 79.3 (3) enables the setting of a maximum monthly charge for prescribed distributors. Under the proposed new regulation, by July 1, 2017, the OEB would determine the maximum monthly charge, using the approved 2017 base distribution rates for prescribed LDCs, as expressed as a fixed monthly charge. The lowest fixed monthly charge among prescribed LDCs would be used to establish the maximum monthly charge prescribed LDCs would charge distribution rate protected residential consumers.
- The proposed new regulation establishes a 2-year limitation period for consumers for past entitlements and a 6-month limitation period for LDCs for reimbursement.
- The proposed new regulation establishes payment flows to reimburse LDCs for lost revenue associated with charging distribution rate protected residential customers that maximum monthly charge, as established by the OEB, rather than the full amount owing to them, as provided for through

OEB-approved distribution rates.

- As the distribution rate protection involves the expenditure of tax money to fund the entire program costs, provisions in the regulation would enable the collection of necessary information to ensure appropriate oversight of public funds.

4. **Amendments to O. Reg. 442/01*(Rural or Remote Electricity Rate Protection)* to be made under the *Ontario Energy Board Act, 1998***

- RRRP is an existing program currently funded by ratepayers through the regulatory line of the electricity bill. The program currently costs \$1.58/month for a 750kWh consumer.
- Recent amendments to Section 79 of the OEBA, as enacted under Schedule 2 of the Fair Hydro Act, 2017, enables the government to pay the costs of providing prescribed customers with RRRP from funds appropriated from the legislature.
- The majority of the current RRPP costs are directed to Hydro One customers classified into the “R2” residential rate class, who receive a monthly benefit of \$60.50.

  There are approximately 330,000 customers of Hydro One, classified as R2, who receive RRRP benefits. These consumers have some of the highest distribution costs in the Province.
- Proposed amendments to O. Reg 442/01 would establish that Hydro One would be reimbursed, for the provision of RRRP to its eligible customers, from money provided for through a legislative appropriation.
- Proposed amendments to O. Reg 442/01 would remove the annual fixed amount of RRRP funding for Hydro One’s R2 consumers, including the escalating factor and would replace it with a monthly amount of \$60.50 per customer.

  The escalating factor is an unnecessary provision, in light of the additional rate protection provided under Section 79.3 of the OEBA

  Proposed amendments to enable a customer monthly benefit maintains the current level of benefit for consumers and simplifies the reconciliation process.
- The proposed amendments are consistent with policy direction to move the costs of RRRP from the rate base to the tax base, as the provision of RRRP to Hydro One’s R2 customers represents approximately 85% of the program costs.
- The proposed new regulation would also establish payment flows to reimburse Hydro One for the provision of RRRP to its eligible customers.
- As the provision of RRRP involves the expenditure of tax money to fund the majority of the program costs, provisions in the regulation would enable the collection of necessary information to ensure appropriate oversight of public

funds.

5. **Amendments to O. Reg 363/16 (General) to be made under the *Ontario Rebate for Electricity Consumers Act, 2016***
   - Proposed amendments to O. Reg 363/16 (General) under the ORECA, would provide clarity on how the First Nations Delivery Credit, provided for under Section 79.4 of the OEBA should be treated with respect to the calculation of the 8% provincial rebate
   - The proposed amendments to O. Reg 363/16 would clarify that the First Nations Delivery Credit should be included in the base amount used to calculate the 8% rebate.
   - This proposed consequential amendment aligns the existing policy treatment for credits received under the Ontario Electricity Support Program (OESP).

6. **Amendments to O. Reg. 275/04 *(Information on Invoices to Certain Classes of Consumers of Electricity)* to be made under the *Ontario Energy Board Act, 1998***
   - The proposed amendment to O. Reg. 275/04 would remove invoicing requirements related to the DRC on-bill exemption message, per s. 8.2. Electricity vendors and USMPs would no longer have to include informational messaging about the DRC on or with invoices. However, the requirement to include a DRC line item would remain (even for charges of $00.00).
   - These proposed amendments would also exempt Hydro One from the application of this regulation, allowing them to move forward with their planned bill redesign in Fall, 2017.
   - Hydro One has recently been investigating ways to improve the appearance and comprehension of its bill. This proposed regulatory exemption would allow them to focus their efforts on developing an “ideal bill” unconstrained regulatory requirements. However, under the proposed *OFHPA* invoicing regulation, Hydro One would still be required to issue the quarterly OFHP bill inserts with its invoices. In addition, Hydro One has agreed to include dynamic OFHP messaging on invoices beginning July 1, 2017, which will display savings ($) on a per customer basis.
   - The Ministry is also proposing to amend the regulation by adding the French version.

The purpose of Section 3 is to identify stakeholders that will be affected by the regulatory proposal, and briefly describe the anticipated impact (whether a cost or a benefit). These factors will be considered in the determination of whether a full RIA is required.

Section 3: Affected Stakeholders	Yes	No
Individuals (specific groups or consumers)	❑	❑
A. GA Refinancing **1. Creating a new Regulation to be made Under Part II of the *OFHPA*, which is Schedule 1 to the *Fair Hydro Act, 2017*** • The proposed regulation would enable the OEB to make the necessary calculations Under Part II of the *OFHPA*. • This would mean that electricity bills of typical residential consumers would be reduced by 25% starting on July 1, 2017. • In addition, further increases to electricity bills would be held to the rate of inflation until April 30, 2019. Note: Further adjustments to be made for future periods beginning May 1, 2019 would be set out in further amendments to the Part II regulation. **2. Amendment to O. Reg. 280/14 (IESO Eligible Investments and Borrowing) to be made under the *Electricity Act, 1998*** • No fiscal impact felt by consumers – the amendments are to ensure IESO has the authority to act as set under the *OFHPA*. **B. Social Programs** **1. Creating a new Invoicing Regulation to be made under the *Ontario Fair Hydro Plan Act, 2017*** • No fiscal impact felt by consumers. **2. Creating a new Regulation (First Nation Delivery Credit) to be made under the *Ontario Energy Board Act, 1998*** • First Nations residential consumers living on reserve would see a savings of approximately $85 a month as a result of having the delivery line on their electricity bills eliminated. • Non-indigenous persons living on reserve would not see any benefit as a result of this program. **3. Creating a new Regulation (Distribution Rate Protection) to be made under the *Ontario Energy Board Act, 1998*** • Residential customers of prescribed LDCs would have their distribution charges harmonized to a particular charge set by the OEB.		

4. **Amendments to O. Reg. 442/01*(Rural or Remote Electricity Rate Protection)* to be made under the *Ontario Energy Board Act, 1998*** • Every Ontarian would receive a benefit on their electricity bills in the form of a reduction on the regulatory charge line of their bills as the bulk of the RRRP program costs would be switched from the rate-base to the tax-base. • The average residential consumer is expected to save approx. $1.30 as a result of the transfer of the program to the tax-base. 5. **Amendments to O. Reg 363/16 (General) to be made under the *Ontario Rebate for Electricity Consumers Act, 2016*** • Consequential amendment, no intended benefit or loss. 6. **Amendments to O. Reg. 275/04 *(Information on Invoices to Certain Classes of Consumers of Electricity)* to be made under the *Ontario Energy Board Act, 1998*** • No fiscal impact felt by consumers.		
Businesses	❑	❑
A. **GA Refinancing** 1. **Creating a new Regulation to be made under Part II of the *OFHPA*, which is Schedule 1 to the *Fair Hydro Act, 2017*** • The proposed regulation would enable the OEB to make the necessary calculations Under Part II of the *OFHPA*. • Up to 500,000 small businesses and farms would participate in GA refinancing. 2. **Amendment to O. Reg. 280/14 (IESO Eligible Investments and Borrowing) to be made under the *Electricity Act, 1998*** • No fiscal impact felt by businesses – the amendments are to ensure IESO has the authority to act as set under the *OFHPA*. B. **Social Programs** 1. **Creating a new Invoicing Regulation to be made under the *Ontario Fair Hydro Plan Act, 2017.*** • LDCs would be required to retrofit their billing systems to		

abide by the requirements of this regulation.

- These costs are mitigated by the fact that LDCs would need to make adjustments to their billing systems to facilitate the changes necessary for the First Nations Delivery Credit, O. Reg 275/04 and O. Reg 363/16.

2. **Creating a new Regulation (First Nation Delivery Credit) to be made under the *Ontario Energy Board Act, 1998***
   - The 11 affected LDCs would be required to alter their billing systems to be able to impose a First Nations Delivery Credit (FNDC) line item appearing directly below the deliver line or bundled monthly rate line item.

3. **Creating a new Regulation (Distribution Rate Protection) to be made under the *Ontario Energy Board Act, 1998***
   - No fiscal impacts will be felt by businesses as a result of the creation of this regulation.

4. **Amendments O. Reg. 442/01*(Rural or Remote Electricity Rate Protection)* to be made under the *Ontario Energy Board Act, 1998*.**
   - No fiscal impacts will be felt by businesses as a result of these amendments.

5. **Amendments to O. Reg 363/16 (General) to be under the *Ontario Rebate for Electricity Consumers Act, 2016*.**
   - The amendment would require the 11 affected LDCs involved in the FNDC program to alter their billing systems to provide the credit prior to calculating the 8% *ORECA* benefit.

6. **Amendments to O. Reg. 275/04 *(Information on Invoices to Certain Classes of Consumers of Electricity)* to be made under the *Ontario Energy Board Act, 1998***
   - The amendment would require all LDCs to remove the Debt Retirement Charge line item from the bills of all consumers. This would require LDCs to modify their billing systems, at a cost, in order to fulfill this requirement.
   - Hydro One Inc. would be exempted from the bill presentment requirements found within the regulation in order to facilitate their expected billing design changes.

Non-profit Groups	❑	❑
A. GA Refinancing **1. Creating a new Regulation to be made under Part II of the *OFHPA*, which is Schedule 1 to the *Fair Hydro Act, 2017*** • The proposed regulation enables OEB to make the necessary calculations Under Part II of the *OFHPA*. • Non-profit groups would participate in GA refinancing if they are a specified consumer as defined under the *OFHPA*. **2. Amendment to O. Reg. 280/14 (IESO Eligible Investments and Borrowing) to be made under the *Electricity Act, 1998*** • No fiscal impact felt by non-profit groups – the amendments are to ensure IESO has the authority to act as set under the *OFHPA*. **B. Social Programs** **1. Creating a new Invoicing Regulation to be made under the *Ontario Fair Hydro Plan Act, 2017*** • No fiscal impacts will be felt by not-for-profit organizations as a result of these amendments. **2. Creating a new Regulation (First Nation Delivery Credit) to be made under the *Ontario Energy Board Act, 1998*** • The Chiefs of Ontario (COO) will be involved in helping to educate on-reserve consumers as to the benefits of the program and this may result in advertising/marketing costs. **3. Creating a new Regulation (Distribution Rate Protection) to be made under the *Ontario Energy Board Act, 1998*** • No fiscal impacts will be felt by not-for-profit organizations as a result of this new program. **4. Amendments to O. Reg. 442/01*(Rural or Remote Electricity Rate Protection)*to be made under the *Ontario Energy Board Act, 1998*** • No fiscal impacts will be felt by not-for-profit organizations as a result of these amendments.		

5. **Amendments to O. Reg 363/16 (General) to be made under the *Ontario Rebate for Electricity Consumers Act, 2016*** • No fiscal impacts will be felt by not-for-profit organizations as a result of these amendments. 6. **Amendments to O. Reg. 275/04 *(Information on Invoices to Certain Classes of Consumers of Electricity)* to be made under the *Ontario Energy Board Act, 1998*** • No fiscal impacts will be felt by not-for-profit organizations as a result of these amendments.		
Communities	❑	❑
A. **GA Refinancing** 1. **Creating a new Regulation to be made Under Part II of the *OFHPA*, which is Schedule 1 to the *Fair Hydro Act, 2017*** • No fiscal impact felt by communities as a result of the proposed regulation. 2. **Amendment to O. Reg. 280/14 (IESO Eligible Investments and Borrowing) to be made under the *Electricity Act, 1998*** • No fiscal impact felt by communities as a result of the proposed amendment. B. **Social Programs** 1. **Creating a new Invoicing Regulation to be made under the *Ontario Fair Hydro Plan Act, 2017*** • No fiscal impacts will be felt by communities as a result of this new regulation. 2. **Creating a new Regulation (First Nation Delivery Credit) to be made under the *Ontario Energy Board Act, 1998*** • No fiscal impacts will be felt by communities as a result of this new regulation. 3. **Creating a new Regulation (Distribution Rate Protection) to be made under the *Ontario Energy Board Act, 1998*** • No fiscal impacts will be felt by communities as a result of this new regulation.		

4. Amendments to O. Reg. 442/01*(Rural or Remote Electricity Rate Protection)* to be made under the *Ontario Energy Board Act, 1998* • No fiscal impacts will be felt by communities as a result of this these amendments. **5. Amendments to O. Reg 363/16 (General) to be made under the *Ontario Rebate for Electricity Consumers Act, 2016*** • No fiscal impacts will be felt by communities as a result of this these amendments. **6. Amendments to O. Reg. 275/04 *(Information on Invoices to Certain Classes of Consumers of Electricity)* to be made under the *Ontario Energy Board Act, 1998*** • No fiscal impacts will be felt by communities as a result of this these amendments.		
Governments	❑	❑
A. GA Refinancing **1. Creating a new Regulation to be made Under Part II of the *OFHPA*, which is Schedule 1 to the *Fair Hydro Act, 2017*** • No fiscal impact will be felt by the government as a result of the proposed regulation. • The OEB will be required to use the methodology set out in the proposed regulation to determine the impact on rate-regulated consumers and non-rate regulated consumers under the *OFHPA*. **2. Amendment to O. Reg. 280/14 (IESO Eligible Investments and Borrowing) to be made under the *Electricity Act, 1998*** • No fiscal impact will be felt by the government as a result of the proposed amendment. • The IESO requires the additional authority set out in the proposed amendments to proceed its finance-related activities under the *OFHPA*.		

B. Social Programs

1. Creating a new Invoicing Regulation to be made under the *Ontario Fair Hydro Plan Act, 2017*

- No fiscal impacts will be felt by government as a result of this new regulation.

2. Creating a new Regulation (First Nation Delivery Credit) to be made under the *Ontario Energy Board Act, 1998*

- The IESO (government agency) would need to create a new portal (similar to OCEB) to process LDC payments and to receive LDC data. There would be some administrative costs associated with developing the portal.

3. Creating a new Regulation (Distribution Rate Protection) to be made under the *Ontario Energy Board Act, 1998*

- The IESO (government agency) would need to create a new portal (similar to OCEB) to process LDC payments and to receive LDC data. There would be some administrative costs associated with developing the portal.

4. Amendments to O. Reg. 442/01*(Rural or Remote Electricity Rate Protection)* to be made under the *Ontario Energy Board Act, 1998*.

- The IESO (government agency) would need to create a new portal (similar to OCEB) to process Hydro One Networks Inc. payments and to receive Hydro One data. There would be some administrative costs associated with developing the portal.

5. Amendments to O. Reg 363/16 (General) to be made under the *Ontario Rebate for Electricity Consumers Act, 2016*.

- The amendment would ensure that the base amount used to calculate the 8% rebate under the *ORECA* includes the FNDC. This approach aligns with treatment of OESP. This would result in a small reduction in *ORECA* costs.

6. Amendments to O. Reg. 275/04 *(Information on Invoices to Certain Classes of Consumers of Electricity)* to be made under the *Ontario Energy Board Act, 1998*

- No fiscal impacts will be felt by government as a result of this these amendments.

The purpose of Section 4 is to identify and describe the types of impacts anticipated as a result of the regulatory proposal. These factors will be considered in the determination of whether a full RIA is required.

<table>
<tr><th>Section 4: Type of Impact</th><th>Yes</th><th>No</th></tr>
<tr><td>Health and Safety</td><td>❑</td><td>❑</td></tr>
<tr><td>A. GA Refinancing
1. Creating a new Regulation to be made Under Part II of the OFHPA, which is Schedule 1 to the Fair Hydro Act, 2017
• N/A
2. Amendment to O. Reg. 280/14 (IESO Eligible Investments and Borrowing) to be made under the Electricity Act, 1998
• N/A
B. Social Programs
1. Creating a new Invoicing Regulation to be made under the Ontario Fair Hydro Plan Act, 2017
• N/A
2. Creating a new Regulation (First Nation Delivery Credit) to be made under the Ontario Energy Board Act, 1998
• N/A
3. Creating a new Regulation (Distribution Rate Protection) to be made under the Ontario Energy Board Act, 1998
• N/A
4. Amendments to O. Reg. 442/01(Rural or Remote Electricity Rate Protection) to be made under the Ontario Energy Board Act, 1998
• N/A
5. Amendments to O. Reg 363/16 (General) to be made under the Ontario Rebate for Electricity Consumers Act, 2016
• N/A</td><td></td><td></td></tr>
</table>

6. Amendments to O. Reg. 275/04 *(Information on Invoices to Certain Classes of Consumers of Electricity)* to be made under the *Ontario Energy Board Act, 1998* • N/A		
Environment	❑	❑
A. GA Refinancing **1. Creating a new Regulation to be made Under Part II of the *OFHPA*, which is Schedule 1 to the *Fair Hydro Act, 2017*** • N/A **2. Amendment to O. Reg. 280/14 (IESO Eligible Investments and Borrowing) to be made under the *Electricity Act, 1998*** • N/A **B. Social Programs** **1. Creating a new Invoicing Regulation to be made under the *Ontario Fair Hydro Plan Act, 2017*** • N/A **2. Creating a new Regulation (First Nation Delivery Credit) to be made under the *Ontario Energy Board Act, 1998*** • N/A **3. Creating a new Regulation (Distribution Rate Protection) to be made under the *Ontario Energy Board Act, 1998*** • N/A **4. Amendments to O. Reg. 442/01*(Rural or Remote Electricity Rate Protection)* to be made under the *Ontario Energy Board Act, 1998*** • N/A **5. Amendments to the O. Reg 363/16 (General) to be made under the *Ontario Rebate for Electricity Consumers Act, 2016*** • N/A		

6. Amendments to *O. Reg. 275/04 (Information on Invoices to Certain Classes of Consumers of Electricity)* to be made under the *Ontario Energy Board Act, 1998* • N/A		
Social Impacts	❑	❑
A. GA Refinancing **1. Creating a new Regulation to be made Under Part II of the *OFHPA*, which is Schedule 1 to the *Fair Hydro Act, 2017*** • N/A **2. Amendment to O. Reg. 280/14 (IESO Eligible Investments and Borrowing) to be made under the *Electricity Act, 1998*** • N/A **B. Social Programs** **1. Creating a new Invoicing Regulation to be made under the *Ontario Fair Hydro Plan Act, 2017*** • N/A **2. Creating a new Regulation (First Nation Delivery Credit) to be made under the *Ontario Energy Board Act, 1998*** • N/A **3. Creating a new Regulation (Distribution Rate Protection) to be made under the *Ontario Energy Board Act, 1998*** • N/A **4. Amendments to O. Reg. 442/01*(Rural or Remote Electricity Rate Protection)* to be made under the *Ontario Energy Board Act, 1998*** • N/A **5. Amendments to O. Reg 363/16 (General) to be made under the *Ontario Rebate for Electricity Consumers Act, 2016*** • N/A **6. Amendments to O. Reg. 275/04 *(Information on Invoices to Certain Classes of Consumers of Electricity)* to be made under the *Ontario Energy Board Act, 1998*** • N/A		

Trade	❑	❑
A. GA Refinancing **1. Creating a new Regulation to be made Under Part II of the *OFHPA*, which is Schedule 1 to the *Fair Hydro Act, 2017*** • N/A **2. Amendment to O. Reg. 280/14 (IESO Eligible Investments and Borrowing) to be made under the *Electricity Act, 1998*** • N/A **B. Social Programs** **1. Creating a new Invoicing Regulation to be made under the *Ontario Fair Hydro Plan Act, 2017*** • N/A **2. Creating a new Regulation (First Nation Delivery Credit) to be made under the *Ontario Energy Board Act, 1998*** • N/A **3. Creating a new Regulation (Distribution Rate Protection) to be made under the *Ontario Energy Board Act, 1998*** • N/A **4. Amendments to O. Reg. 442/01*(Rural or Remote Electricity Rate Protection)* to be made under the *Ontario Energy Board Act, 1998*** • N/A **5. Amendments to O. Reg 363/16 (General) to be made under the *Ontario Rebate for Electricity Consumers Act, 2016*** • N/A **6. Amendments O. Reg. 275/04 *(Information on Invoices to Certain Classes of Consumers of Electricity)* to be made under the *Ontario Energy Board Act, 1998*** • N/A		
Economy	❑	❑
A. GA Refinancing **1. Creating a new Regulation to be made Under Part II of the *OFHPA*, which is Schedule 1 to the *Fair Hydro Act, 2017*** • N/A		

2. Amendment to O. Reg. 280/14 (IESO Eligible Investments and Borrowing) to be made under the *Electricity Act, 1998*
- N/A

B. Social Programs

1. Creating a new Invoicing Regulation to be made under the *Ontario Fair Hydro Plan Act, 2017*
- N/A

2. Creating a new Regulation (First Nation Delivery Credit) to be made under the *Ontario Energy Board Act, 1998*
- The new regulation would have a fiscal impact of $15 million for fiscal 2016/17. The cost of this program will be bore by tax payers and is perpetual.

3. Creating a new Regulation (Distribution Rate Protection) to be made under the *Ontario Energy Board Act, 1998*
- The new regulation would have a fiscal impact of $75.75 million to the province in fiscal 2016/17. The program is entirely funded through tax-payer funds and is perpetual.
- The costs of administering the program are expected to vary over time as the harmonized cap is adjusted.

4. Amendments to O. Reg. 442/01*(Rural or Remote Electricity Rate Protection)* to be made under the *Ontario Energy Board Act, 1998*
- The costs of funding Hydro One's R2 customers from the tax-base is approx. $181.5 million. The program is perpetual and the costs are expected to vary and could drop as the number of R2 customers has been steadily decreasing over the past several years.

5. Amendments to O. Reg 363/16 (General) to be made under the *Ontario Rebate for Electricity Consumers Act, 2016*
- N/A

6. Amendments to O. Reg. 275/04 *(Information on Invoices to Certain Classes of Consumers of Electricity)* to be made under the *Ontario Energy Board Act, 1998*
- N/A

Other	❑	❑
A. GA Refinancing **1. Creating a new Regulation to be made Under Part II of the *OFHPA*, which is Schedule 1 to the *Fair Hydro Act, 2017*** • N/A **2. Amendment to O. Reg. 280/14 (IESO Eligible Investments and Borrowing) to be made under the *Electricity Act, 1998*** • N/A **B. Social Programs** **1. Creating a new Invoicing Regulation to be made under the *Ontario Fair Hydro Plan Act, 2017*** • N/A **2. Creating a new Regulation (First Nation Delivery Credit) to be made under the *Ontario Energy Board Act, 1998*** • N/A **3. Creating a new Regulation (Distribution Rate Protection) to be made under the *Ontario Energy Board Act, 1998*** • N/A **4. Amendments to *O*. Reg. 442/01*(Rural or Remote Electricity Rate Protection)* to be made under the *Ontario Energy Board Act, 1998*** • N/A **5. Amendments to O. Reg 363/16 (General) to be made under the *Ontario Rebate for Electricity Consumers Act, 2016*** • N/A **6. Amendments to O. Reg. 275/04 *(Information on Invoices to Certain Classes of Consumers of Electricity)* to be made under the *Ontario Energy Board Act, 1998*** • N/A		

The purpose of Section 5 is to estimate the direct costs for external stakeholders to comply with the regulatory proposal. If direct compliance costs are expected to exceed $2 million per year, a full regulatory impact analysis will be required. Other factors (as described in Sections 3 and 4 above) will also be reviewed in the determination of whether a full RIA is required.

Section 5: Costs	Yes	No
Are direct compliance costs likely to exceed $2 million per year?	❑	✓
Is a full RIA required?	❑	✓

Contacts

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