MO Questions re: Wataay

1. **Once the project is completed, how many people in the 16 communities will be connected to Ontario's grid? How many businesses? (approximation is fine. so is using current population numbers)**

- Once the project is completed, over 13,000 people in the 16 connected communities will have the benefit of clean and reliable power from Ontario's grid.

2. **What electricity savings/rebates programs will families and businesses be eligible for once they're connected? RRRP, FHP, First Nation On-Reserve Delivery Credit? Any others?**

- When connected, all communities will become part of the regulated Ontario electricity system with oversight by the OEB and access to customer subsidies such as Rural or Remote Electricity Rate Protection program.

- Both the First Nation On-Reserve Delivery Credit and the 8% Fair Hydro Plan rebate are currently applied by Hydro One Remote Communities Inc. in the remote communities it serves (9 of the 16 First Nations in the Wataynikaneyap project). When connected, all communities in the Wataynikaneyap project would be served by Hydro One Remote Communities Inc. and would receive the First Nation On-Reserve Delivery Credit and the Fair Hydro Plan rebate.

3. **Once connected, how will it work for community members in terms of costs? Will they begin receiving electricity bills? Will the Federal government cover these costs?**

- Community members in First Nations currently served by Hydro One Remote Communities Inc. (9 of the 16 communities in the Wataynikaneyap project) will continue to receive bills from that distributor. The Rural and Remote Rate Protection program will continue to apply to these customers.

- Rates are set by the Ontario Energy Board as a result of rate applications submitted by Hydro One Remotes and the Board is currently undertaking a hearing on Hydro One Remotes' 2018 distribution rates.

- As in past rate applications, Hydro One Remotes is proposing that non-government customers, as prescribed in regulation, pay a subsidized rate benchmarked to other distribution customers in grid-connected Ontario. The difference in cost between what is collected from community ratepayers and the high cost of diesel service is then made up by Rural or Remote Electricity Rate Protection, which is a subsidy from all Ontario ratepayers. **See the appendix for more detailed information on the proposed rates.**

- Hydro One Remotes' low-volume customers that are eligible for RRRP-subsidized rates currently pay among the lowest electricity rates in Ontario, at less than $0.10/kWh for the first 1,000 kWh. It is expected that when connected, Hydro One Remotes will continue to seek subsidized rates to offset costs associated with the connection.

- When communities are connected, it is proposed that Hydro One Remote Communities Inc. will take over service responsibility for customers in First Nations currently served by an Independent Power Authority (7 of the communities in the Watay project)

- In this case the billing experience for customers may change depending on the current billing practices of the Independent Power Authorities. Hydro One Remotes bills customers monthly based on metered consumption.

- Having each connected community served by Hydro One Remote Communities Inc. will allow for Rural or Remote Electricity Rate Protection to be applied and will create a common approach to billing in all communities.

**4. Is the MOU between Ontario, Canada and Wataу public?**

- The MOU is not currently public and it contains binding provisions that deem the MOU to be confidential commercial and technical information. It cannot be disclosed unless each party agrees to its disclosure.

- A decision will need to be made as to what details of the MOU will be disclosed with regard the public announcement of the agreement.

- The joint communications teams are developing products and through this process all parties will need to be certain of which details can be shared or kept confidential.

**5. Does any data exist that could highlight the health benefits for specific communities that have already eliminated diesel use?**

- There is not much data available on health impacts. Wataay had contracted PwC to quantify the socioeconomic impact of the project in 2016. In terms of health impacts, they looked at air emissions from diesel and then applied emission factors to build in a costing of this impact. The specific numbers related to health impact were rolled up into the overall economic benefits in the report and are not quoted separately so it would take further work to name a dollar benefit. We are also not sure if this is a well-supported calculation that would be worth including in the Minister's remarks. SNAP recommendation is to stick with the qualitative language in the remarks.

**6. Will the other 7 communities moving from Independent Power Authority to Hydro One Remote Communities experience an increase in their bills? Surely with the 2018 rate proposal from Hydro One Remote Communities these incoming customers will experience at least a 1.8% increase, one that they may have been exempt from prior to connecting to H1.**

- Independent Power Authorities (IPAs) are run by the First Nation and are not regulated by the Ontario Energy Board.

- As a result there is limited information about how the First Nations manage billing for community members or about the rates they pay.

- While we have been working closely with the federal government on the business case for the project, this is one area where even the Department of Indigenous Services does not have good information from communities.

- The provision of First Nation financial information to Canada is an ongoing policy issue for the federal government.

- It is likely that there are a range of approaches to billing and rate amounts across the different Independent Power Authorities.

- We also know that in general, Independent Power Authorities are financially constrained and do not invest in maintenance and operation activities to the level that is undertaken by Hydro One Remote Communities Inc. There may also be deficiencies in metering.

- For this reason it is likely that some communities currently charge lower rates and will experience higher rates under Hydro One service, but the extent of the change in each community is difficult to determine.

- Each IPA-served community that is part of the Wataynikaneyap Power project has written to the Minister to request service to be provided by Hydro One Communities Inc. These requests would have been made with the knowledge of the current rates applied in other remote First Nations.

**7. To the following point, "It is expected that when connected, Hydro One Remotes will continue to seek subsidized rates" – while it is expected that they will seek subsidized rates, is it correct to assume bills go up prior to the expected subsidy taking place? I believe in the MOU it states that the Federal government has funding to make this transition from diesel more seamless, but looking to the Ministry to confirm the specifics.**

- As part of the transition of service from IPAs to Hydro One Remote Communities Inc., Ontario would need to make regulatory amendments to modify Hydro One Remotes service area and to make Rural and Remote Rate Protection (RRRP) available to customers in the community.

- These regulatory amendments would be made to take effect when the community distribution service is transferred, which is expected to be at the time of connection.

- Due to the state of diesel generators and environmental concerns in IPA communities, Hydro One has indicated that it does not want to assume operation of generation assets in the communities prior to grid connection.

- The plan would be for the regulatory amendments to proceed as a package, so application of the RRRP subsidy, and transition of service from IPAs to Hydro One Remotes, would occur seamlessly.  We do not anticipate changes to bills before connection of the communities occurs.

**Appendix: Hydro One Remote Communities Inc. 2018 Rate Proposal**

The following tables were taken from Exhibit G, Tab 2, Schedule 1 of Hydro One Remote Communities Inc.'s 2018 Rate Application, currently before the Ontario Energy Board. This application can be found at:

https://www.hydroone.com/abouthydroone/RegulatoryInformation/remotecommunities

The rates in the tables show how different customer classes are charged. Note that due to the Rural or Remote Electricity Rate Protection subsidy, customer rates (except for Standard A which is applied to government funded accounts) are set to be comparable to other non-remote customers in Ontario and held to a 1.8% increase. This increase is determined by taking the average rate increase for all distributors in Ontario.

Standard A accounts for government-funded customers (including INAC-funded band offices / buildings) are set to reflect the true cost of service and vary in accordance with the remoteness of the community (e.g. road vs fly in). A connected Standard A rate has also been proposed due to the potential for Hydro One Remote Communities Inc to serve Cat Lake (currently connected), Pikangikum (soon to be connected) and ultimately the other communities connected through the Wataynikaneyap Power project. All rates are subject to Board decision.

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**Table 1**

**Current and Proposed Remote Community Rates**

| Year-Round Residential (R2) | | | |
|---|---|---|---|
| | **Existing Rates** | **Proposed 2018** | **Increase** |
| **Service Charge** | $19.45 | $19.80 | 1.8% |
| **Block 1** *First 1,000 kWh* | $0.0915 | $0.0931 | 1.8% |
| **Block 2** *Next 1,500 kWh* | $0.1221 | $0.1243 | 1.8% |
| **Block 3** *All additional (Over 2,500 kWh)* | $0.1840 | $0.1873 | 1.8% |
| | | | |
| **Residential Seasonal (R4)** | | | |
| | **Existing Rates** | **Proposed 2018** | **Increase** |
| **Service Charge** | $32.87 | $33.46 | 1.8% |
| **Block 1** *First 1,000 kWh* | $0.0915 | $0.0931 | 1.8% |
| **Block 2** *Next 1,500 kWh* | $0.1221 | $0.1243 | 1.8% |
| **Block 3** *All additional (over 2,500 kWh)* | $0.1840 | $0.1873 | 1.8% |

| General Service Single Phase (G1) | | | |
|---|---|---|---|
| | **Existing Rates** | **Proposed 2018** | **Increase** |
| **Service Charge** | $33.06 | $33.66 | 1.8% |
| **Block 1** *First 6,000 kWh* | $0.1026 | $0.1044 | 1.8% |
| **Block 2** *Next 7,000 kWh* | $0.1361 | $0.1385 | 1.8% |
| **Block 3** *All additional (over 13,000 kWh)* | $0.1840 | $0.1873 | 1.8% |
| | | | |
| **General Service Three Phase (G3)** | | | |
| | **Existing Rates** | **Proposed 2018** | **Increase** |
| **Service Charge** | $41.39 | $42.14 | 1.8% |
| **Block 1** *First 25,000 kWh* | $0.1026 | $0.1044 | 1.8% |
| **Block 2** *Next 15,000 kWh* | $0.1361 | $0.1385 | 1.8% |
| **Block 3** *All Additional (Over 40,000 kWh)* | $0.1840 | $0.1873 | 1.8% |
| | | | |
| **Street Lighting** | | | |
| | **Existing Rates** | **Proposed 2018** | **Increase** |
| **kWh** | $0.1017 | $0.1035 | 1.8% |
| | | | |
| **Standard A Residential Road Rail** | | | |
| | **Existing Rates** | **Proposed 2018** | **Increase** |
| **Service Charge** | $0.00 | $0.00 | 0% |
| **Block 1** *First 250 kWh* | $0.6025 | $0.6133 | 1.8% |
| **Block 2** | $0.6884 | $0.7008 | 1.8% |
| **Standard A Residential Air Access** | | | |
| | **Existing Rates** | **Proposed 2018** | **Increase** |
| **Service Charge** | $0.00 | $0.00 | 0% |
| **Block 1** *First 250 kWh* | $0.9096 | $0.9260 | 1.8% |
| **Block 2** | $0.9955 | $1.0134 | 1.8% |

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| | | | |
|---|---|---|---|
| **Standard A General Service Road Rail** | | | |
| | **Existing Rates** | **Proposed 2018** | **Increase** |
| **Service Charge** | 0.00 | 0.00 | 0% |
| **kWh** | $0.6884 | $0.7008 | 1.8% |
| | | | |
| **Standard A General Service Air Access** | | | |
| | **Existing Rates** | **Proposed 2018** | **Increase** |
| **Service Charge** | 0.00 | 0.00 | 0% |
| **kWh** | $0.9955 | $1.0134 | 1.8% |
| | | | |
| **Standard A Grid Connected** | | | |
| | **Existing Rates** | **Proposed 2018** | **Increase** |
| **Service Charge** | 0.00 | 0.00 | 0% |
| **kWh** | $0.3119 | $0.3175 | 1.8% |