

Cabinet agreed that:

ENERGY develop electricity rate mitigation actions that, in total, support a 25% electricity bill reduction (including the 8% reduction announced in 2016) in 2017 for a typical household by undertaking the following actions:

1. For consumers eligible to be billed under the Ontario Energy Board's Regulated Price Plan (RPP) and any other consumers who would be eligible for RPP if their electricity account was with a licensed distributor, ENERGY:

- A. Subject to completed legal, accounting and financing risk assessments, refinance the Global Adjustment (GA) in order to partially defer RPP-eligible ratepayer GA costs by reducing projected after-tax electricity costs for a typical customer consuming 750kWh per month in 2017 by about 16% (i.e., \$26 per month). Total projected bill increases will be kept in line with Consumer Price Index (CPI) until the end of 2021. From 2022 onwards, bills will increase at a rate that ensures gradual recovery of the accumulated debt by 2048, with escalation in subsequent years set above CPI in order to ensure that bill increases due to repayments are capped at around 10% of the total bill.

- B. . To this end:

- i. Explore expanding the powers of Ontario Energy Board (OEB), Independent Electricity System Operator (IESO), Ontario Power Generation (OPG), Ontario Financing Authority (OFA), and Ontario Electricity Financial Corporation (OEFEC) and using other mechanisms, including the putting in place of appropriate payment, settlement and cost-recovery authorities for and through the IESO (including accommodating payments to and from any appropriate entity) to manage the deferred GA costs.

2. ENERGY develop and implement, subject to appropriate Treasury Board/Management Board of Cabinet approvals, rate mitigation initiatives targeted at specific populations, including:

- A. Broadening the Rural or Remote Rate Protection (RRRP) program to mitigate distribution charges for customers of Local Distribution Companies (LDC) with some of the highest distribution rates, and moving the program from a ratepayer funded program to a government funded program beginning in 2017, including:
 - i. Harmonizing distribution cost for customers with the highest distribution rates (Hydro One (R1 and R2 rate classes), Algoma Power, Atikokan Hydro, InnPower, Chapleau Public Utilities Commission, Sioux Lookout Hydro, Lakeland Power (Parry Sound service territory) and Northern Ontario Wires Inc) at the lowest

Commented [CD(1)]: An average consumer would see a more than 25% reduction, whereas a typical consumer would see a 25% reduction. Some other consumers would receive more or less than 25%, based on consumption and distributor.

Commented [CD(2)]: Based on a \$26 reduction on a \$164 bill, this is 16%.

Commented [TC3]: Confirmed.

Commented [MG4]: Energy – can you confirm that accumulated debt includes interest on the deferred costs?

Commented [MG5]: Propose to remove as no known expansion of powers required

distribution rate paid by an average consumer in this group by fall 2017.

- B. Expanding every benefit level of the Ontario Electricity Support Program by 50%, moving the program from a ratepayer funded program to a government funded program beginning in 2017 and pursuing additional measures to substantially increase take-up;
 - C. Establishing a new one-time government funded Affordability Fund in 2016/17 to provide relief to electricity customers who do not qualify for existing low income programs and cannot purchase energy efficiency measures without financial assistance; and
 - D. Establishing a new province-wide government funded program beginning in 2017 that would eliminate the delivery charge for First Nations customers on reserve.
 - E. Expanding the Industrial Conservation Initiative (ICI) by reducing the eligibility threshold to 500 kW for consumers under North American Industry Classification System (NAICS) codes 31-33 to enhance competitiveness for Class B manufacturers beginning July 2017. Newly eligible consumers would be required to opt-in to the program if they wish to participate.
3. ENERGY report back to TB/MBC, prior to announcement, on:
- A. A feasible mechanism for refinancing the Global Adjustment, per minute 1A, including **complete** legal, accounting, and financing risk assessments.
 - B. If a non-fiscal mechanism cannot be established for refinancing the Global Adjustment, options for achieving a comparable level of electricity rate mitigation in the most cost effective way in order to minimize the impact on the province's fiscal plan.
 - C. Additional proposed rate mitigation initiatives targeted at specific populations, per minute 2, including a proposal to move the RRRP and OESP from ratepayer funded programs to government funded programs.
4. ENERGY, through the Long-Term Energy Plan, take steps to further reduce electricity rates across the system by:
- A. Ontario Energy Board (OEB) – Identify opportunities for OEB red-tape reduction and future LDC efficiencies and rates;
 - B. Directing Independent Electricity System Operator (IESO) – Modernize Ontario's electricity market through electricity Market Renewal initiatives.

Commented [CD(6)]: LDCs may struggle to have administrative changes in place in time to get notifications of eligibility out to newly eligible consumers in May. Otherwise, could defer to July 2018.

Commented [MG7]: Moved up to section 2 as we understand this is something we are moving on now, does not require further work and report back to cabinet.

5. ENERGY to explore additional rate mitigation initiatives targeted at specific populations, including:

- A. Working with the ministries of Economic Development and Growth (MEDG), Finance (MOF), Environment and Climate Change (MOECC), Labor (MOL) and Small Business to identify additional opportunities to assist Class B consumers and small and medium sized manufacturers' and report back to Treasury Board/Management Board of Cabinet and Cabinet in winter 2017.
- B. Working with the Ministry of Housing to 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 and report back to Treasury Board/Management Board of Cabinet and Cabinet in winter 2017.

6. ENERGY seek any further Treasury Board /Management Board of Cabinet approvals of these initiatives prior to implementation.

7. [ENERGY report back to Treasury Board / Management Board of Cabinet by 2021 with a review of the Rural or Remote Rate Protection (RRRP) program changes, including the efficiency and effectiveness of the program.]

8. ENERGY report to LRC and Cabinet in winter 2017 with legislative amendments to implement the above initiatives, as necessary.

9. ENERGY to report back to LRC and Cabinet for approval of any supporting regulations and complementary regulatory amendments in winter 2017.

10. ENERGY and MOF work with the Premier's Office and the Cabinet Office on the development and implementation of an integrated communications strategy.

Commented [MG8]: Energy – assume this is to cover those class B who still won't reap benefits of ICI changes as they can't load shift so idea would be what else could be done, explore that and report back?

Why include MOL?

ENERGY: concerned manufactures have raised concerns about labor laws.

Commented [MG9]: Need to confirm timing – idea would be once the OEB fixed rate regime is in place, government could revisit the \$38 distribution cap, not sure what timeline that is on?

Commented [HS(10)]: SNAP: Fixed rates will be in place for all LDCs apart from Hydro One by 2020 so 2021 is fine.