

Energy

Electricity Price Mitigation

TB/MBC Sept. 12, 2017	Cabinet Sept. 12, 2016	Effective Date Jan 1, 2017 (8% rebate)	TB/MBC Feb 15, 2017	Cabinet Feb 15, 2017	Announcement Feb 16, 2017	Effective Date July 1, 2017
-----------------------------	------------------------------	--	---------------------------	----------------------------	------------------------------	--------------------------------

This government's commitment	"The government will also take steps, through investments in residential energy efficiency, to ensure that the net impact of cap and trade on electricity cost would actually provide a modest benefit of up to \$2 per month, on average, to residential consumers. – Ontario Budget 2016 "We're going to come out with what we can do [on hydro bills] before the budget," – Premier Wynne, January 18 2017
-------------------------------------	---

SUMMARY OF PROPOSAL

This note contains the final proposed minute.

The Ministry of Energy is seeking Cabinet approval to implement the following electricity price mitigation initiatives. The approach identified below would provide relief across all residential [and other] electricity consumer classes:

1. Provide 25% rate relief to [describe consumer class] by XX GA smoothing mechanism would be delivered by XXX;
2. Enhancing electricity support programs and shifting the costs of those programs from the rate base to the tax-base:
 - Enhance [details based on option] the Rural or Remote Electricity Rate Protection (RRRP);
 - Expand the Ontario Electricity Support Program (OESP);
 - Establish an LDC Affordability Fund; and
 - Provide support to on-reserve First Nations customers.
3. Ongoing activities to bend the future cost curve of electricity:
 - Ontario Energy Board (OEB) – Identify opportunities for OEB red-tape reduction and future LDC efficiencies and rates.

- Independent Electricity System Operator (IESO) – Modernize Ontario’s electricity market through electricity Market Renewal initiatives.

The proposal will require a number of legislative, regulatory and other changes, while maintaining other public policy objectives such as ensuring electricity ratepayers are protected. This includes policy approval to amend the authority of the OPG to include XX.

Provide 20% rate relief to [describe consumer class] by XX GA smoothing mechanism would be delivered by XXX

The Global Adjustment (GA) accounts for the fixed costs, including capital costs, of running Ontario's generation fleet, as well as the cost of conservation programs. The GA is instrumental in maintaining a reliable electricity system by ensuring that sufficient generating capacity is available. The GA has risen over the past decade as the province has invested in greenhouse gas (GHG) emissions-free renewable and nuclear generation facilities.

Some of the contracted generation assets are expected to have a useful life that extends beyond the term of their current financial contracts (typically 20 years). Similarly, conservation costs are recovered through the GA on an annual basis while conservation initiatives provide benefits to the electricity system over many years. Many of these assets operate well beyond their current contracts.

The proposal defers some of the current costs to ratepayers by recognizing the longer term benefit of these assets to the electricity system. The cost to ratepayers is lowered in the short term by borrowing money, but increases over the long term. Only XX% rate relief can be justified by amortizing contracts over the useful life of the underlying assets. Reducing electricity rates beyond this amount is dependent on increased borrowing.

The ministry is proposing to provide immediate ratepayer relief by:

- Refinancing Global Adjustment assets in order to defer ratepayer Global Adjustment costs (similar to re-financing a mortgage).
- Expanding the objects and powers of Ontario Power Generation to include responsibility for management of deferred ratepayer Global Adjustment costs, including borrowing up to \$2.2B in 2017/18 and \$XB by [end date].

This would lower the GA payment from ratepayers in the short term to keep residential bills relatively flat, then increases payments at 3% each year – up to a maximum of XX above the true cost of GA – until the borrowed money is paid back over an XX year financing period.

Those ineligible to receive the GA rate relief will benefit from one or more of the other initiatives under this proposal (e.g., [list others]).

Eligible for the 8% rebate (< 50 kW or < 250,000 kWh/year)	Not eligible for the 8% rebate (> 50 kW or > 250,000 kWh/year)
• Residential Regulated Price Plan consumers • Residential retail consumers • Multi-unit residential buildings and other facilities used as residential rental units • Long-term care homes and school residences • Regulated Price Plan eligible farms • Small businesses - Coffee / snack retailer - Convenience store - Apparel store - Hair salon - Small insurance office	• Class A consumers - Manufacturer - Large grocery store - Mines - Auto assembly plants • Class B consumers (except farms that have opted out of the Regulated Price Plan) - Commercial offices (low rise) - Hotel - General warehousing

Enhancing electricity support programs and shifting cost from the rate base onto the tax-base:

RRRP Enhancement (Delivery Charge Relief):

RRRP is a rate-based funded program that helps offset the higher costs to distribute electricity to Ontario residents who live in rural or remote locations all across the Province. Costs to these Hydro One customers are higher than average because of their relatively low density. Currently, RRRP is an \$XX million program. For an average residential customer, the cost of supporting RRRP is roughly \$1.58 per month. For other customers, the cost can range from \$65 for a greenhouse to \$8,000 for a medium industrial. To mitigate these costs, the RRRP was recently enhanced to help lower the bills of Hydro One's R2 customers.

The OEB is gradually moving towards fixed distribution rates in order to mitigate the impact of increases to low volume consumers. Most LDCs would receive fully fixed rates in 2019/2020, with Hydro One transitioned by 2022/2023. Some LDCs and ratepayers have expressed concern that RRRP unfairly requires them to subsidize other high cost ratepayers.

The ministry proposes to:

- move the RRRP from the rate base to the taxbase
- Enhance RRRP and harmonize fixed distribution rate for Hydro One and other high distribution cost LDCs.

Ontario Electricity Support Program (OESP) Expansion:

The OESP is an income-tested, application based program that lowers electricity costs of the most vulnerable consumers by providing a rebate directly on electricity bills. There are two benefit scales; the basic program credits by income and household size (credits range from \$30/month to \$50/month); the enhanced benefit credits for Indigenous, electric heat consumers and certain medical devices (credit ranges from \$45/month to \$75/month).

The ministry is proposing to:

- move the OESP from the rate base to the tax base
- Increase OESP monthly credits by 50%

LDC Affordability Fund

The Home Assistance Program provides eligible low-income customers with energy efficiency upgrades and education, at no cost, to help improve the energy efficiency and comfort of their homes. Program eligibility is aligned with other low-income support programs such as the OESP and the program is delivered by LDCs.

Some electricity customers who struggle to pay their electricity bills do not meet the definition of a low-income household and therefore are not eligible for the Home Assistance Program.

The ministry is proposing to:

- Establish an “Affordability Fund” for LDCs in 2016/17 that would help struggling customers who do not qualify for low income programs and cannot upgrade their homes without financial assistance. The Fund would be funded through the tax base
- Over time the Fund could help these customers get back on track with their bills and also save on disconnection costs
- The Fund would be targeted to customers on an as-needed basis (vs. widely marketed as an open-intake program)

Provide support to on-reserve First Nations customers

First Nation and Political-Territorial Organization leaders have advocated for the need for electricity rate relief for on-reserve customers and the review of delivery charges associated with transmission and distribution within the context of historical grievances.

The ministry is proposing to:

- Eliminate the delivery charge for all on-reserve First Nations residential customers and eliminate the monthly service charge for customers of licensed distributors which charge a bundled rate
 - This would be funded through the tax base and would provide residential customers an average monthly benefit of \$85 at a total annual cost of up to \$20 million or 11 cents a month for a typical residential electricity consumer.
- Automatically qualify on-reserve First Nations residential customers (~21,500 customers)
- Enable greater information sharing between distributors and band councils to identify all on-reserve First Nations customers
- Fund these supports through the tax base

Ongoing activities to bend the future cost curve of electricity:

Ontario Energy Board (OEB) – Identify opportunities for OEB red-tape reduction and future LDC efficiencies and rates.

[details]

Independent Electricity System Operator (IESO) – Modernize Ontario’s electricity market through electricity Market Renewal initiatives.

[details]

Expected Impacts of the Proposal on Electricity bills:

[Brief overview/narrative]

Residential (750 kWh/month)	Actual 2016	2017	2018	2019	2020	2021
Total Bill (includes HST)	163	172	175	178	189	187
Total Bill (excludes HST)	145	153	155	158	168	165
Impact of GA Financing		-27	-27	-27	-34	-29
Impact of Tax-Basing Social Programs		-2	-2	-2	-3	-3
Subtotal		123	126	128	131	133
8% rebate		-10	-10	-10	-10	-11
HST		16	16	17	17	17
Revised Bill (includes HST)	163	129	132	135	137	140
Year-over-Year Change		-21%	2%	2%	2%	2%
Change from Forecast		-25%	-25%	-24%	-28%	-25%

Commercial & Small Industrial (\$/MWh)	Actual 2016	2017	2018	2019	2020	2021
Class B Total (excludes HST)	160	165	160	162	173	169
Class B Revised Total (excludes HST)	160	162	157	159	170	166
Year-over-Year Change		1%	-3%	1%	7%	-2%
Change from Forecast		-2%	-2%	-2%	-2%	-2%

Large Industrial (\$/MWh)	Actual 2016	2017	2018	2019	2020	2021
Class A Total (excludes HST)	90	91	93	88	95	96
Class A Revised Total (excludes HST)	90	88	90	84	92	93
Year-over-Year Change		-2%	2%	-6%	9%	1%
Change from Forecast		-4%	-4%	-4%	-4%	-4%

What is the expected cost to government?

The proposal would cost an estimated \$XX per year. This is not in the government’s fiscal plan and so represents an additional pressure on the plan.

Fiscal Impact (\$M)	16-17	17-18	18-19	19-20	20-21
Legacy Rural or Remote Rate Protection (RRRP)*	-	126	130	133	136
RRRP 2016 – Speech from the Throne Expansion*	-	117	120	123	127
Accelerating Fixed Rates for Hydro One**	-	61	51	40	29
Harmonizing Fixed Rates for Hydro One and High Cost LDCs***	-	150	149	150	152
Ontario Electricity Support Program 50% Enhancement	-	178	239	290	334
First Nation Rate	-	20	20	20	20
LDC Affordability Fund****	200	-	-	-	-
<i>Fiscal Impacts – Sub Total</i>	200	652	709	756	798
Change in 8% Rebate (Option 1)*****		-138	-120	-171	-147
Change in 8% Rebate (Option 2)*****		-75	-56	-106	-86

Notes:

*Current regulatory framework calls for RRRP to increase by average distribution rate increase. Forecast assumes 2.6% annually though is subject to OEB proceedings.

**Funding for accelerating fixed rate benefits is completed as the move to fixed rates is accomplished over OEB timelines.

***Cost forecasts assumes 2.6% annual rise in distribution rates; will be subject to 2017 Hydro One cost of service application. Until move to fixed rates is complete, fiscal projection is subject to consumer consumption patterns that may change due to extreme weather or other factors.

**** Funding for the LDC Affordability Fund is one-time in 2016/17.

***** The 8% rebate represents savings compared to fiscal plan due to the bill reduction from GA financing and other mitigation measures.

The impact of moving program funding from the electricity rate base to the tax base is XXX.

How will the changes be communicated?

Public high-profile announcement and communications would occur in February 2017. Stakeholder outreach/technical briefings will be held with [all tbc - LDCs, Ontario Chamber of Commerce, Association of Major Power Consumers of Ontario, Ontario Energy Board low-income table, Association of Municipalities of Ontario], and others.

The changes will be positioned as:

- Building on the January 2017 8% HST rebate.
- A plan to benefit all ratepayers in a meaningful way.
- The most vulnerable will receive significant rate relief.

Terms you need to know

- **Global Adjustment (GA)** – Amount that accounts for differences between the market price of electricity and rates paid to regulated and contracted generators and for conservation programs. The GA is collected from all electricity ratepayers in Ontario.
- **Local Distribution Companies (LDCs)** – Local electricity utilities, responsible for distributing power from transmission lines to people's homes (e.g., Hydro Ottawa, Toronto Hydro, etc.)
- **Regulated Price Plan (RPP)** - Since April 2005, the Ontario Energy Board (OEB) has administered an electricity price plan that provides stable and predictable electricity pricing, encourages conservation and ensures the price consumers pay for electricity better reflects the price paid to generators. This pricing plan is known as the Regulated Price Plan (RPP). About 5 million residential consumers, small businesses and farms are eligible for the RPP.
- **OPG** -
- **OEB** –
- **IESO** -
- **Class B Consumer** – commercial, institutional and small industrial consumers, typically with load size between 0.05 – 3 MW. Class B consumers pay GA as a flat rate applied to electricity consumption. Class B consumers include those that choose not to become Class A.
- **Class A Consumer** – large commercial and large industrial consumers with average peak load size above 3 MW, subject to eligibility. Class A consumers pay GA based on their electricity consumption during the five highest peak demand hours during the year.

CABINET OFFICE ANALYSIS

The proposal aims to provide further rate relief to Ontario electricity ratepayers. The proposal builds on earlier electricity rate mitigation initiatives, including the ORECA [spell out], which was announced in September 2016 in the Throne Speech, Ontario Clean Energy Benefit (OCEB), ending the electricity Debt Retirement Charge (DRC), and the Ontario Electricity Support Program (OESP) that targets low-income households.

Since 2010, electricity prices have risen considerably in Ontario, particularly for families and small businesses. The price of electricity is among the highest priority items for Ontarians. Prices are forecast to continue to increase as additional renewable energy generation is brought online. Ontario currently provides rate mitigation to various electricity consumers through a combination of tax-based and rate-based programs. Rate-based programs are funded by shifting costs from one electricity consumer group to another.

Ontario produces and publishes a Long Term Energy Plan every four years, with the next LTEP scheduled for release in the spring of 2017. LTEP principles that will guide decision-making are affordability, reliability, clean energy, community and Indigenous engagement and conservation and demand management. Through extensive consultation with the public, stakeholders and Indigenous partners through the fall of 2016, the LTEP will identify priorities (e.g., conservation, key transmission projects). Elements of this proposal

[list them] would be combined with new policy or program announcements in the LTEP to provide the comprehensive future planning perspective for Ontario's energy sector.

Under the proposal, all electricity consumers will benefit from one or more of the proposed electricity price mitigation initiatives.

Residential and Small Business

[impacts]

Industrial and Commercial Consumers

[impacts]

Delivery:

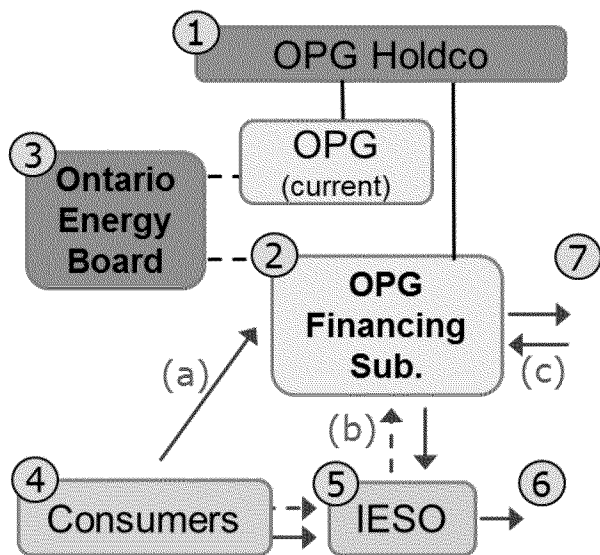
The initiatives in this proposal would be announced in February 2017, with the price mitigation measures in effect for July 1, 2017. The LTEP will be released to the public in [April 2017] and would reinforce/integrate with this proposal.

In order for the GA smoothing mechanism not to impact the current fiscal plan, an entity that the province does not govern would be needed to finance and administer the debt. This entity would need to meet Government Business Enterprise accounting treatment. Through this proposal, the Ontario Power Generation (OPG) would be restructured through legislation to be able to assume this responsibility.

In order for [the new subsidiary of OPG] to meet the Government Business Enterprise accounting control, the following conditions need to be met:

- separate entity with power to contract, sue and be sued,
- delegated financial and operational authority to carry on a business,
- sells good and services to individuals and organizations outside of the government reporting entity as its principal activity,
- It can maintain operations and meet liabilities from revenues received from sources outside of the government reporting entity.

[description of rationale for OPG and necessary steps, details on Governance, financing, recovery and contractual/legislative considerations]



1. OPG would create a holding company which would own shares in the existing OPG Inc., as well as a new Financing Subsidiary.
2. The OPG Financing Sub. funds part of the GA and (a) would have a legislative right to recover associated principle, interest and administrative costs from customers (settled via service agreement with IESO)
3. OEB, while continuing to regulate the current OPG, provides light-touch oversight of the OPG Financing Sub., as well as the GA smoothing mechanism
4. Consumers pay IESO a portion of the GA in early years. In the future, the OPG Financing Sub. recovers principle, interest and administrative costs from consumers. Customers bill presentation remains unchanged (costs should diminish in early years).
5. The IESO pays generators (in early years), partially from consumers and partially financed by the OPG Financing Sub. (b) The IESO provides collection services to the Financing Entity under a service contract
6. Generators continue to receive payments from IESO according to existing contract / regulatory structures
7. The OFA or a 3rd party lender funds the GA shortfall in early years and (c) receives payments from the OPG Sub. as debt is repaid.

Risks and Considerations:

Future Impacts to Electricity Rates

The proposal will impose higher costs on ratepayers in the future, increasing over time to an estimated \$46-51 above the actual cost of electricity on an average monthly bill over the next 12-17 years).

The GA smoothing mechanism is structured and delivered in a similar fashion to the former Ontario Clean Energy Benefit (OCEB). It is likely that the government will be criticized for replacing the debt retirement charge? with a new, larger stranded debt. The debt retirement charge was removed from residential bills in 2016 and will be removed for remaining customers in 2018.

Future repayment cost estimates are based on interest rates and anticipated number of customers. Interest rates XXX. Programs aimed at expanding/encouraging generation and conservation are likely to result in a lower number of customers. A lower number of customers would mean increased repayment costs for remaining customers (possibly a very high percentage of their electricity bill). [Possible mitigation is a one-time charge for customers leaving the system.]

The proposal may create the expectation that the government is committed to reducing or holding constant the absolute cost of electricity for consumers. Many other factors, including nuclear refurbishment and new renewable energy generation, will contribute to forecasted electricity rate increases. Not all generating assets will continue operations at the end of their contract. Nuclear licensing or low demand conditions would mean that

some generators will shut down at the end of their contract. Future ratepayers would be paying for these assets that no longer produce power.

Higher ratepayer costs in the future could impact the economy by XX.

Provincial Credit Rating and Borrowing

The significant amount of additional provincial borrowing needed to finance the GA and associated risks (interest rates, repayment timelines) could put pressure on the Province's credit rating and overall borrowing capacity.

Rating agencies and investors in the Province's debt may view this borrowing as an obligation of the Province, regardless of accounting treatment. Depending on the magnitude of the debt incurred, the Province's borrowing cost may be impacted.

Fiscal Pressures

This proposal does not align with the 2016 Budget fiscal plan and there are no proposed offsets identified. In 2017-18 the proposal would result in a fiscal pressure of \$XXXM, growing to \$XX in 2018-19 and beyond. The proposal does not include a scheduled review period or an end date, resulting in an ongoing fiscal pressure that could only be removed by legislative amendment. (tbc depending on final proposal)

The extent of fiscal pressures is also dependent on other factors (e.g. the Auditor General could reverse the accounting treatment, impact would be XXB on the fiscal plan in XX year).

Borrowing rate and the repayment rate used for modeling are XX, could have variations of XXX. The cost projections in this proposal are highly sensitive to interest rates.

Restructuring of OPG

- A new entity/revised agency would need to be created independent from government and oversight from legislative officers. [How to balance this with creation through legislation? Mechanism would need to be in place to prevent the province from dissolving the entity.]
- After initial set up, the government would have no control of the entity, including future rate increases. The entity would not be accountable to the government or the public.
- Public perception of similar process with Hydro One share sales
- Risk transfer / portion of debt that Ontario would be responsible for would be the higher risk portion
- Transition from delivery agency to financial agency – skillset of OPG
- New agency/structure would be unique to Canada – uniqueness and speed of decision making reduces likelihood of all risks being known/mitigated. Highly specialized expertise would be required. Connection to BPS compensation framework/lack of national comparator. Need to tease out the transaction, admin, consultant costs related to this.

- Dilution of OPG focus on current high priority responsibilities (electricity delivery and nuclear refurbishment)
- Opportunity for significant shifting of the Ontario's electricity sector over the lifespan of the repayment (30 years). Through sector/policy/government position shifting, possibility of new entity/structure abandoning debt and Ontario having to take a write down.
- Repayment plan highly dependent on interest rates (e.g. 1% increase in interest rate = 10% increase in cumulative interest cost, 2% increase = 20%)
- Accounting treatment dependent on OPG third party auditor, Auditor General

Industrial and Commercial sector

The impact of cap and trade has been added to electricity bills as of January 2017. Class B consumers have raised concerns about the cost of electricity and its impact on their business competitiveness.

If Class B electricity consumers, such as commercial and small industries, do not receive the benefit of GA Smoothing (i.e., because it is only targeted to RPP consumers) – consideration could be given to provide tax-based measures to off-set electricity costs (e.g., tax-credits, programs, etc).

Alternative Options Considered

- 1) X% rate relief across all consumer classes funded from the fiscal plan – providing a X% rate relief to all consumers would ensure that residential, small business, commercial and industrial consumers would receive the benefit. The projected cost of X% rate relief to all consumers would be approximately \$XXXB/year.
- 2) Capping the amount an LDC can bill consumers for distribution service at a to-be-determined reasonable cost, with distribution costs that exceed this cap covered by the support from the fiscal plan. Options include creating a customer specific program that would provide support to targeted groups. This program would have been temporary until the completion of the OEB-mandated move to completely fixed distribution costs (scheduled for 2019, 2020-2022 for Hydro One).
- 3) procuring additional hydroelectricity from Quebec, would require upgrade the transmission infrastructure
- 4) Other options considered (vs OPG restructuring) have included using the Independent Electricity System Operator (IESO) and/or creating a new special purpose entity, independent from the Province that would be dedicated to GA smoothing.

Linkages:

Long Term Energy Plan

Electricity Rate Mitigation Initiatives:

The ORECA [details]

The OCEB was a five-year legislated program put in place as a broad-based, transitional measure to a cleaner electricity system. OCEB was also put in place following the implementation of the Harmonised Sales Tax (HST). Unlike the previous provincial Retail Sales Tax (RST), the HST (and GST) included electricity in the taxable base. OCEB expired on December 31, 2015.

The government also recently ended the electricity Debt Retirement Charge (DRC) on residential users earlier than planned, as of January 1, 2016, and put in place the low-income targeted Ontario Electricity Support Program (OESP), effective 2016.

Ontario's Climate Change Action Plan (CCAP)

Programs aimed at expanding/encouraging generation and conservation (consistent with CCAP, net zero homes)

The CCAP, released in summer 2016, reiterated the 2016 Budget commitment and stated that Ontario intends to invest in initiatives that both reduce greenhouse gas (GHG) emissions and ensure that the net impact of cap and trade would not result in an overall increase in electricity costs for commercial and industrial consumers, and that there would be a modest benefit of up to \$2 per month, on average, to residential consumers.

Specifically, the CCAP committed to “use cap and trade proceeds to offset the cost of greenhouse gas pollution reduction initiatives that are currently funded by residential and industrial consumers through their bills.” Redirecting cap and trade auction proceeds to lower the cost of electricity would offset committed investments/initiatives which reduce GHG emissions (e.g., non-emitting generation and conservation programs). By using the proceeds to lower the cost of electricity, there is potential to incent fuel-switching away from fossil fuels toward much cleaner grid-connected electricity and support CCAP goals of electrification.

At the time, it was estimated that redirecting cap and trade auction proceeds to lower the cost of electricity would reduce up to 3,000,000 tonnes of greenhouse gas (GHG) emissions by 2020.

Other Jurisdictions

PROPOSED CABINET MINUTE

Cabinet agreed that:

1. ENERGY implement further electricity rate mitigation for all electricity consumers eligible to be billed under the Ontario Energy Board's Regulated Price Plan by:
 - A. Refinancing Global Adjustment assets in order to defer ratepayer Global Adjustment costs at a rate equal to a XX% reduction in pre-tax electricity costs for the average residential ratepayer, in 2017.
 - B. Expanding the objects and powers of Ontario Power Generation to include responsibility for management of deferred ratepayer Global Adjustment costs, including borrowing up to \$XB in 2017/18 and up to \$XB by year XX.
 - C. Accelerating the transition to fixed distribution rates for:
 - i. residential R1 and R2 consumers under the Rural or Remote Rate Protection Program (RRRP) to ensure completion by summer 2017;
 - ii. select LDCs (Northern Ontario Wires, Parry Sound, Chapleau, Sioux Lookout, InnPower, Atikokan and Algoma) to ensure completion by summer 2017;
2. ENERGY implement additional rate mitigation initiatives targeted at specific populations and paid for by the province, including:
 - A. Expanding the Ontario Electricity Support Program benefits by 50% and moving the program from the rate base to the tax base;
 - B. Establishing a new LDC Affordability Fund through the tax base to provide relief to customers who do not qualify for existing low income programs and cannot upgrade their homes without financial assistance;
 - C. Establishing a new province-wide program that would eliminate the delivery charge for First Nations customers on reserve;
3. 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.

4. ENERGY seek necessary Treasury Board /Management Board of Cabinet approvals of these initiatives in winter 2017.
5. ENERGY, working with Cabinet Office, Ministry of Finance, Ministry of the Attorney General, Ministry of Government and Consumer Services, and Treasury Board Secretariat, pursue legislative and/or regulatory amendments to remove, amend or add legislative and regulatory requirements for OPG, including but not limited to, the following:
 - a) *Electricity Act, 1998*, in order to:
 - a. xx
 - b) Ontario Energy Board Act, 1998 (OEBA), in order to:
 - a. xx
6. ENERGY report to LRC and Cabinet in winter 2017 with legislative amendments to implement the above initiatives, as necessary.
7. ENERGY to report back to LRC and Cabinet for approval of any supporting regulations and complementary regulatory amendments in winter 2017.
8. ENERGY and MOF work with the Premier's Office and the Cabinet Office on the development and implementation of an integrated communications strategy.

September 2016 ORECA minute:

1. ENERGY implement electricity price mitigation for residential, commercial and industrial consumers, as follows:
 - i) Provide a rebate of 8% on the pre-tax cost of electricity for all electricity consumers eligible to be billed under the Ontario Energy Board's Regulated Price Plan; and any other consumers who would be eligible if their electricity account was with a licensed distributor;
 - 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 2004;
 - iii) Implement a mechanism to periodically adjust the total annual amount of rate protection available to R2 low density electricity consumers under the RRRP, effective on or after January 1, 2018; and

- iv) Expand eligibility for participation in the Industrial Conservation Initiative (ICI) to smaller industrial, institutional and commercial customers by lowering the eligibility threshold to 1 MW and removing restrictions on eligible sectors.
2. ENERGY seek necessary Treasury Board /Management Board of Cabinet approvals in fall 2016.
3. ENERGY, working with Ministry of Finance (MOF), seek approvals for:
- i) the proposed *Ontario Rebate for Electricity Consumers Act, 2016* which would, subject to the Legislature's approval of the Act, include the following elements:
 - a. The rebate would be available starting January 1, 2017;
 - b. The legislation would specify the types of costs to which the rebate would or would not be applied, with authority to make changes by regulation;
 - c. The legislation would address invoicing requirements, including authority to prescribe how the rebate is to appear on consumers electricity bills;
 - d. The legislation would include authority to prescribe the way in which the rebate is to be flowed through to consumers, and the way in which electricity vendors providing the rebate are to be reimbursed;
 - e. The legislation would include record-keeping requirements for electricity vendors and other prescribed persons;
 - f. The legislation would include inspection powers for inspectors appointed by the minister of Finance, including powers related to the recovery of overpayments;
 - g. The legislation would include consequential amendments to the *Ontario Energy Board Act, 1998* and the *Ontario Clean Energy Benefit Act, 2010*,
 - h. The legislation would provide for regulation-making authority to establish a limitation period for ceasing payments and reimbursement based on past entitlement. Similar amendments would be provided for the *Ontario Clean Energy Benefit Act, 2010* but would allow the ceasing of all payments and reimbursements after a prescribed date.
4. ENERGY to report back to LRC and Cabinet for approval of any supporting regulations under the proposed *Ontario Rebate for Electricity Consumers Act, 2016*, and with other complementary regulatory amendments.
5. ENERGY notes the following amendments:
- i) amendments to Ontario Regulation 429/04 (Adjustments Under Section 25.33 of the Act) made under the *Electricity Act, 1998* to lower the Industrial Conservation Initiative (ICI) threshold to 1 megawatt and allow electricity consumers and market participants between 1 MW and 5 MW to opt in.
 - ii) amendments to Ontario Regulation 442/01 (Rural or Remote Electricity Rate Protection) made under the Ontario Energy Board Act, 1998, to increase support through the the Rural and Remote Rate Protection Plan to R2 low

density electricity customers.

6. Further to the Minute approved at Cabinet May 11, 2016, with respect to the Climate Change Action Plan (#91), ENERGY work with Ministry of Environment and Climate Change (MOECC), Treasury Board Secretariat, the Premier's Office and the Cabinet Office, to allocate proceeds to address rate-impacts on non-Regulated Price Plan electricity consumers (e.g., industrial, commercial and institutional) related to cap and trade and the expansion of other rate-based programs. ENERGY, working with MOECC, report back to Cabinet in 2016 with options on the appropriate mechanism.
 - i) Any proceeds no longer required, based on the intended funding approved at Treasury Board on May 19, 2016, be used for other existing initiatives within the fiscal plan and the Climate Change Action Plan that reduce greenhouse gas emissions, subject to the evaluation of the Minister of the Environment and Climate Change.
7. ENERGY and MOF work with the Premier's Office and the Cabinet Office on the development and implementation of an integrated communications strategy.

Cabinet approved version [number] of the proposed *Ontario Rebate for Electricity Consumers Act, 2016* for introduction, subject to the following:

1. The Office of Legislative Counsel is authorized to prepare a French version and to make minor adjustments to the English version, for the purpose of ensuring consistency between the two versions and making other improvements or correcting mistakes discovered in the translation process.

H1 minute April 2015

- i. The Ministry of Energy, working with Cabinet Office, Ministry of Finance, Ministry of the Attorney General, Ministry of Government and Consumer Services, and Treasury Board Secretariat, pursue legislative and/or regulatory amendments to remove or amend a number of current legislative and regulatory provisions that currently apply to Hydro One, as well as ones that would impose certain new requirements upon Hydro One, prior to the IPO, including but not limited to the following: