PROPOSED CABINET MINUTE

1. ENERGY implement a [minimum] overall rebate of 25% (additional 17% plus the current 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 as follows:

   i) Refinance Global Adjustment assets in order to defer ratepayer Global Adjustment costs through new legislative authority for the OPG;

   ii) Accelerate the moved to fixed distribution rates for residential R1 and R2 consumers under the Rural or Remote Rate Protection Program (RRRP) to 2017;

      a) Accelerate the fixed distribution rate for select LDCs (Northern Ontario Wires, Parry Sound, Chapleau, Sioux Lookout, InnPower, Atikokan and Algoma);

   ii) Expanding the Ontario Electricity Support Program benefits by 50% and moving the program from the rate base to the tax base;

   iii) Establishing a new LDC Affordability Fund through the tax base to provide relief to customers who do not qualify for low income programs (the Home Assistance Program) and cannot upgrade their homes without financial assistance;

   iv) [Establish a program funded through the tax base to] eliminate the delivery charge for First Nations on reserve;

   v) Direct the OEB to work with the LDCs to drive efficiencies and productivity, focusing on areas that would further reduce rates;

   vi) Through the Concurrence Letter, direct the OPG to meet more aggressive cost targets [improving efficiency by ~$3/Megawatt hour].

   vii) Continue to move forward with the IESO Market Renewal Initiatives

Commented [MC1]: Unclear if there is any new direction in this

2. ENERGY seek necessary Treasury Board /Management Board of Cabinet approvals in winter 2017.

3. 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 OPG, as well as ones that would impose certain new requirements upon OPG, including but not limited to the following:

a) *Electricity Act, 1998,* in order to:

   a. Remove a prohibition in the *Electricity Act, 1998* which precluded Hydro One from owning or operating transmission and distribution systems outside of Ontario;
   b. Require Hydro One to establish an Office of the Ombudsman to act as a liaison with customers and report to the Hydro One Board of Directors on matters raised with the Ombudsman by or on behalf of customers of Hydro One;
   c. Require Hydro One to maintain its principal executive head office in the Province of Ontario;
   d. Ensure that substantially all of the executives of Hydro One with strategic decision-making and management authority reside in the Province of Ontario;
   e. Prohibit Hydro One from selling, leasing, divesting or otherwise disposing of all or substantially all of the business, property, or assets related to its transmission system regulated by the Ontario Energy Board;
   f. Prohibit Hydro One from selling, leasing, divesting or otherwise disposing of all or substantially all of the business, property, or assets related to its distribution system regulated by the Ontario Energy Board;
   g. Limit any one shareholder from owning more than 10 per cent of any class or series of voting shares of the company;
   h. Restrict the Province from reducing its ownership position in Hydro One to less than 40 per cent of the number of Hydro One's common shares it held immediately prior to the IPO.
   i. Provide for a transaction between the Ontario Electricity Financial Corporation and the Province as described in Section (v) above so that the gain from disposition can be credited to the Trillium Trust as described in Section (i)(c) above.
   j. Amend the transfer tax and payments-in-lieu of tax (PILs) rules as follows, effective for a three year period beginning on January 1, 2016 and ending December 31, 2018, with these rules to remain in effect for any utility with a related Merger, Acquisition, Amalgamation and Divestiture application before the OEB before January 1, 2019, and a written agreement completed before January 1, 2019 provided the agreement is not materially changed thereafter:
      i. Reduce the transfer tax rate from 33 per cent to 22 per cent;
      ii. Reduce the transfer tax rate from 33 per cent to 0 per cent for municipal electric utilities with less than 30,000 customers; and
      iii. Exempt capital gains arising under the PILs departure tax rules.

b) *Management Board of Cabinet Act*

   a. Exclude Hydro One and its subsidiaries from being considered part of the "public service" under the *Management Board of Cabinet Act* so that the Act, including policies and directives made under it, could no longer apply to Hydro One and its subsidiaries.

c) *Lobbyist Registration Act, 1998*
   a. Remove the reference to Hydro One and its subsidiaries from the definition of "public office holder" in subsection 1(1) of the *Lobbyists Registration Act*;
   b. Remove three unproclaimed references to Hydro One and its subsidiaries from subsections 4(4), 5(3) and 6(3) of the Act.

d) *Public Sector Salary Disclosure Act, 1996*
   a. Remove Hydro One and its employees from salary disclosure requirements in respect of salaries and benefits paid after December 31, 2014.

e) *Financial Administration Act*
   a. Remove Hydro One and its subsidiaries from oversight of the Act. However, retain the right to request information from Hydro One and the administrator of the pension plan sponsored by it for the sole purpose of preparing the consolidated financial statements of the Province (annual and quarterly). Hydro One and the pension plan administrator are not required to provide any information that relates to a period for which Hydro One has not yet disclosed to the public its audited or unaudited financial statements.

f) *Auditor General Act*
   a. Exclude Hydro One and its subsidiaries from the purview of the Auditor General and provide the Auditor General with 6 months to complete any open special audits or special assignments commenced before Royal Assent. Create a new right of the Auditor General to access information from Hydro One and its auditors that is necessary and relevant to enable the Auditor General to prepare his or her report, for inclusion in the Public Accounts, on the consolidated financial statements of the Province. Hydro One and its auditors are not required to provide information for a period for which Hydro One has not yet disclosed to the public its audited or unaudited financial statements.

g) *Ombudsman Act*
   a. Exclude Hydro One and its subsidiaries from the purview of the Ombudsman, with provision for transitional matters.
      i. For transition purposes, the Ombudsman may continue to exercise his or her powers for six months after Royal Assent with respect to investigations started prior to Royal Assent, but is prohibited from starting any new investigation of Hydro One and its subsidiaries.
      ii. An investigation of Hydro One and its subsidiaries taking place during the six month transition period may be reported on after that period.

h) *Freedom of Information and Protection of Privacy Act (FIPPA)*
   a. Exclude Hydro One and its subsidiaries from FIPPA. As of the date of Royal Assent, provide that no new access to information requests be made to Hydro One and its subsidiaries, but allow for the completion of existing requests and any related appeals.
   b. Provide the Information and Privacy Commissioner with six months to complete all outstanding appeals and privacy investigations after the date of Royal Assent.
   c. Amend the schedule of institutions in Ontario Regulation 460 under FIPPA to remove Hydro One and its subsidiaries.

i) *Municipal Freedom of Information and Protection of Privacy Act (MFIPPA)*
   a. Exclude Hydro One and its subsidiaries from MFIPPA. As of the date of Royal Assent, provide that no new access to information requests be made to Hydro One and its subsidiaries, but allow for the completion of existing requests and any related appeals.
   b. Provide the Information and Privacy Commissioner with six months to complete all outstanding appeals and privacy investigations after the date of Royal Assent.
   c. Amend Ontario Regulation 372/91 under MFIPPA to clarify that MFIPPA does not apply to any Hydro One subsidiaries.

j) *Public Sector Expenses Review Act*
   a. Exclude Hydro One and its subsidiaries from being considered “public entities” under the *Public Sector Expenses Review Act*, but provide for a six month transition period during which the Integrity Commissioner can continue to exercise her powers in respect of expense claims made before April 1, 2015 and Hydro One and its expense officers continue to have duties in respect of those expenses.

k) *Broader Public Sector Executive Compensation Act, 2014*
   a. Exclude Hydro One from application of the Act

l) *Broader Public Sector Accountability Act, 2010*
   a. Create an exception in section 3 of the Broader Public Sector Accountability Act so that Hydro One and its subsidiaries could not be prescribed by regulation to be “designated broader public sector organizations” or “publicly funded organizations” for the purposes of the Act; and remove the reference to Hydro One and its subsidiaries in section 4 of the Act so that they would no longer be prohibited from paying lobbyists to lobby government and create an exception so that they could not be prescribed for the purpose of that prohibition by regulation from the time of the IPO.
   b. Create an exception in section 7.5 of the Broader Public Sector Accountability Act, 2010 to end the compensation restraint measures applicable to Hydro One and its subsidiaries, designated executives and designated office holders and amend section 7.13 to ensure that certain limits on restructuring do not apply to Hydro One and its subsidiaries; create an exception to exclude Hydro One

and its subsidiaries from the requirement to conduct compensation studies if required by Management Board of Cabinet directive.

m) *Financial Accountability Officer Act*

   a. Exclude Hydro One and its subsidiaries from obligation to provide information to the Financial Accountability Officer, but include a transition period of six months with respect to research commenced before Royal Assent.

i. With respect to appointments:

   a) the Minister of Energy would appoint a new Chair of Hydro One;
   b) the Minister of Energy would appoint a new Board of Directors of Hydro One, based on the recommendation of the new Chair;
   c) the Board of Directors of Hydro One would then be authorized to make a determination as to whether to appoint new or additional senior management of Hydro One including but not limited to the Chief Executive Officer, Chief Financial Officer, and Chief Regulatory Officer.

Commented [MC2]: From the H1 submission, some similar provisions would be included, some not

3. ENERGY, working with Ministry of Finance (MOF), seek approvals for:

Commented [MC3]: If new legislation is needed

   i) the proposed *[title] Act, 2017* 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*,

Commented [MC4]: These are the drafting instructions from the Fall ORECA bill, as a placeholde

4. ENERGY to report back to LRC and Cabinet for approval of any supporting regulations under the proposed *[title] Act, 2017*, and with other complementary regulatory amendments.

7. 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:

   ii) 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.