<u>Ontario Fair Hydro Plan – Key Definitions</u>

- **Clean Energy Initiative** – This is the term used to describe the Government of Ontario's policies to foster growth and investment in and remove barriers and promote opportunities for clean and renewable energy sources and technologies and promoting conservation and demand management. The "clean energy costs" under the legislation arise from the "clean energy initiative". Its purpose is to establish the fundamental basis for the legislation. The definition is self-explanatory and is as follows:

  "clean energy initiative" means the policies of the Government of Ontario related to,

  a) *eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies,,*
  b) *removing barriers to and promoting opportunities for clean and renewable energy sources and technologies,*
  c) *promoting conservation, demand management and energy efficiency; and*
  d) *investing in energy infrastructure to ensure a clean, modern and reliable system;*

- **Clean Energy Costs** – These are costs (attributable to the "clean energy initiative") that are to be more fairly distributed among generations of consumers.
- **Clean Energy Benefits** – These are the value of the benefits derived by the "specified consumers" (including the clean energy costs).
- **Clean Energy Adjustments** – This is adjustment to a consumer invoice on a monthly basis to repay principal, interest and other financing.
- **Fair Adjustment** – This is the adjustment that gives the "relief" to certain specified consumers during the period from July 1, 2017 to June 30, 2021 (including this program's portion of the 25 per cent reduction).
- **Fair Allocation Amount** – This is the concept/mechanism by which the fair distribution of "clean energy costs" (including, for example, financing costs, the cost of the power contracts, and the costs of the fair adjustment) is calculated and implemented.
- **Specified Consumers** – This is the defined group of consumers to whom the legislative program applies. These consumers are persons who have an account with an electricity vendor for the supply of electricity in Ontario and,
  - have a demand for electricity of 50 kilowatts or less (or as otherwise prescribed);
  - annually use not more than 250,000 kilowatt hours of electricity (or as otherwise prescribed);
  - carry on a farming business (basically pursuant to the *Farm Registration and Farm Organizations Funding Act*);
  - have an account with an electricity vendor that is for a "dwelling", condominium property, residential complex or co-operative housing; or
  - are otherwise prescribed.

- **Regulatory Asset** – This is fundamentally IESO's right to recover the revenues that it has deferred collecting because the clean electricity costs are being allocated across generations of ratepayers.

- **Investment Asset** – This is the asset that results when the regulatory asset is transferred to the (OPG) financing entities.

- **The Financing Plan** is the plan which is intended to set out when a "funding obligation" (financing) should be incurred so that the (OPG) financing entity can raise money to acquire the "investment interest" from IESO.