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.

<u>September 2016 ORECA minute:</u>

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.