

Implementation of Ontario's Fair Hydro Plan

Week of December 4, 2017

Global Adjustment (GA) Refinancing – Business Issues / Implementation

Issue	Overview	Supporting Documentation	Timing / Next Steps
Provincial Support Agreements	Province to provide contingent supports to enable structure	- Term Sheet - Change of Law Protection Agreement - Change of Law Process Agreement	- MOF / OPG / ENERGY to finalize Protection Agreement and Process Agreement based on Term Sheet approved by TB/CAB Timing / Next Steps: - Agreements to be finalized by mid-December (Note: No later than December 15)
OPG's Financing Plan / Market Activity	OPG, as Financial Services Manager (FSM), to provide a Financing Plan in accordance with legislation, to evaluate the incurrence of funding obligations consistent with the FAA	- Minister's FAA letter to OPG - Financing Plan - Transaction Documents	- OPG has provided another draft of the Financing Plan to ENERGY for review Timing / Next Steps: - Final Financing Plan expected the week of December 11, pending conclusion of rating agency assessment and Ministry of Energy review - Finalization of Transaction Documents in December / January as required (TBD): - December – OPG initial purchase of IESO regulatory asset utilizing warehouse facility - January – OPG to proceed with initial issuance of term debt
Equity Injection	Province to purchase shares of OPG on a monthly basis	- Master Subscription Agreement – Complete - MOU between OFA and Energy – Complete - Notice of Subscription	- Master Share Subscription Agreement and Shareholder resolution signed on November 29 - OFA/ENE MOU will be signed by December 7

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		Amendment to Articles Signed – Complete	Timing / Next Steps: First equity injection expected to be completed by December 18
Protocol for Subordinated and Junior Subordinated Debt	OPG will lend the equity injection from the Province to the Trust by way of subordinated debt	- Draft Term Sheet - Debt Loan Arrangement	- OFA has provided comments - OPG to draft Debt Loan Arrangement Timing / Next Steps: - OPG to provide additional details
PILs Exemption	- The beneficiary of the OFHP Trust would be subject to tax under the payments in lieu of taxes (PILs) regime under the <i>Electricity Act, 1998</i> (EA), and would pay PILs to the Ontario Electricity Financial Corporation (OEFC) - Province to mitigate cost to ratepayers by minimizing PILs payable by the Trust beneficiary - A regulation under the EA is required to exempt the beneficiary from PILs	Regulation	- MOF is drafting the regulation Timing / Next Steps: - Regulation expected to proceed to LRC (TBD)
OPG / IESO Commercial Agreement	OPG and IESO to enter in to commercial agreements governing the Financing Entity purchase of the regulatory assets (i.e., the Master Transfer and Servicing Agreement, Security Agreement and Acknowledgement and Indemnity Agreement)		- OPG and IESO working to finalize Agreement - IESO Board has approved delegation of approval for agreements - IESO provided an update to its Board on November 29 Timing / Next Steps: - Agreements to be finalized. - Further changes may be required pending the completion of the rating process

Ontario's Fair Hydro Plan – Implementation Matrix of Other Items

Item	Key Deliverables / Considerations	Timing / Next Steps
1) Broadening Rural or Remote Rate Protection (RRRP) (SNAP)		
ENERGY, LSB and LDCs	<u>Recent Action Items</u> - All LDCs have indicated they have implemented the program - IESO has begun to submit reimbursement claims to the Ministry	- Discussions have begun with OEB over content of cost forecast report, as contemplated in Regulation
2) Expanding Ontario Electricity Support Program (OESP) (SNAP)		
ENERGY, LSB, MCSS and OEB	<u>Recent Action Items</u> - MCSS has begun work to enroll social assistance (SA) clients to OESP, and is directly contacting these clients by phone and letters. The temporary call center is operational and OESP posters and brochures are being distributed to SA offices. - OEB and MCSS are working together on aligning software systems to electronically automate enrollment of SA clients into OESP. Targeting summer 2018 for completion. - The OEB and CRA have reached an agreement to implement an e-signature solution for OESP applications. Work is underway to implement the solution and is expected for Q1 2018. Once completed, the MOU between CRA and MOF will be updated to reflect change. - Ministry is targeting a January 22 – LRC date to proclaim OEBA amendments to shift the OESP to the tax base and to transfer program administration authorities to the Ministry. OESP variance account is expected to deplete in February 2018, and mechanisms to compensate program delivery partners through the tax base needs to be in place for that date. - The Ministry is working with the OEB on knowledge transfer in order to take over program administration in Q1 / Q2 2018. Awaiting feedback from TBS on FTE allocations – the Ministry requested 5 FTEs to support OESP administration through PRRT	- LRC package being developed for proclaiming OEBA provisions and amending OESP regulation for Q1 2018 - Continue to work with OEB to build up the Ministry's knowledge base on administering the OESP

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3) Providing a First Nations On-Reserve Delivery Credit (SNAP)		
ENERGY and LSB	<u>Recent Action Items</u> - All LDCs have indicated they have implemented the program. - FNDC post card has been distributed to First Nations Band Councils - IESO has begun submitting claims for reimbursement to the Ministry	Receiving regular updates from H1 on enrollment
4) Establishing an Affordability Fund (CRED)		
ENERGY, IGS, LSB, Blakes, CSD, OPCD, TBS, MOF and H1 (KPMG and Osler)	<u>Recent Action Items</u> - October 12 – Soft launch of microsite and 1-800 number - October 24 – Formal announcement in Hamilton involving the Minister of Energy - As of November 16 – 1,634 intake forms submitted; over 1,000 AFT applications sent to Hydro One or the 41 active/pending participating distributors - On Oct. 24 – the Trustees held a webinar with 200 participants to overview program design, walk-through the web site, and answer distributor questions - Next Trustee meetings scheduled for December 14, 2017 - The Trust expects to enter into agreements with interested electricity distributors starting mid to late December 2017 (Hydro One will deliver the program in service areas of those distributors who do not apply)	Fall 2017: - The Trustees are considering the use of Ontario 211 services for the Affordability Fund - The Fund will have an iterative design process to support continuous improvement, and will revisit design elements every 6 months and measures every 3 months - ENERGY has amended the TPA with the Affordability Fund Trust to require use of the Ontario logo in Fund marketing and communications and is waiting for the Trustees to sign - Report back to TB/MBC through the PRRT process with final program details and a performance management framework including outcome measures and targets Early 2018: - ENERGY can apply for additional funds through an in-

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		year TB submission based on performance and need. Trust term can be extended with amended/new TPA if agreed by Trust
5) Bill Presentment (SNAP/LSB)		
ENERGY	<u>Recent Action Items</u> Ongoing Ministry work re bill presentment	2017-2018 – Bill redesign
6) Expanding ICI (ESP/COMs)		
ENERGY, LSB, IESO and LDCs	<u>Recent Action Items</u> - Ongoing OCC outreach campaign to promote ICI. Ministry finalizing OCC's expansion proposal - Ministry finalizing CME proposal	Quarterly Report Backs re ICI to TBS / MBC
7) Energy Sector Efficiencies (i.e., Ontario Energy Board and IESO) (SNAP / ESP)		
ENERGY, LSB, OEB and IESO	<u>Recent Actions Items</u> Work with agencies ongoing	Continue this work as part of 2017 LTEP implementation