

Foundation Materials

Top Issues – Key Facts

1. Darlington Refurbishment

Key Context:

- The Ministry is reporting back to Treasury Board on the progress of Ontario Power Generation's (OPG) refurbishment of Darlington Unit 2, currently underway, and OPG's planning for Unit 3 refurbishment.
- The government has established "off-ramps" for the Darlington refurbishment that may be used in the event that OPG fails to adhere to the approved budget and schedule for the project.

Next Steps:

- Unit 2 refurbishment is on track to be complete ahead of schedule and within budget. As such, an off-ramp is not recommended.
- OPG will proceed to release additional funds to begin the Unit 3 refurbishment in late-2019 / early 2020.

2. Watay

Key Context:

- Ontario has committed to the grid connection of remote First Nation communities where it is economic. This would eliminate dependence on diesel-fired generation, which is costly and environmentally damaging.
- Wataynikaneyap Power (Watay) is a transmitter that is majority owned by First Nations and seeking to connect 16 remote communities to the grid.
- Ontario has nearly finalized a funding agreement with the federal government and Watay.

Next Steps:

- Seek approval from Treasury Board for the funding mechanism, on February 6th, 2018.
- Coordinate an announcement with Canada.

3. OEB Modernization

Key Context:

- The Minister announced the appointment of Richard Dicerri as Chair of the Panel on Dec. 14th, 2017.
- Work plan for the Panel calls for a full public launch in early March.
- The Ministry has been working with executive search firm Knightsbridge to identify additional candidates for the Panel.

Next Steps:

- Identify appointees and undertake Public Appointments Secretariat processes including conflict-of-interest checks.
- Launch public website.

4. microFIT

Key Context:

- microFIT was a standard offer program for renewable energy projects that supported projects which have a generating capacity of ≤ 10 kW.
- The 2017 application window for the microFIT program has officially closed, and the IESO is no longer accepting applications under the microFIT program.
- The Independent Electricity System Operator (IESO) has observed and identified marketplace misconduct issues in administering the microFIT program and reported that the frequency of these occurrences is increasing, with the largest volume of this activity attributed to a single company.
- On December 22, 2017, the Chair of the IESO Board of Directors wrote to the Minister of Energy to advise him of the issues in late December 2017 and describes the actions the IESO has undertaken to mitigate potential harm to microFIT participants.
- A letter responding to the Chair of the IESO has been sent.

Next Steps:

- The IESO is in the process of taking steps to disclose any alleged fraudulent activities to the appropriate regulatory and law enforcement authorities.
- The Ministry of Energy will continue to be in contact with IESO as they take appropriate steps to mitigate these issues.

5. MNO/IGS Update

Key Context:

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Commented [AH(1)]: IGS to include

Next Steps:

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6. Legislative Officers

Commented [AH(2)]: Anything else missing here?

Key Context:

- The Ministry of Energy and its agencies are subject to the review of the Officers of the Legislature which include the Auditor General, Environmental Commissioner and Financial Accountability Officer.

Next Steps:

- The Environmental Commissioner of Ontario (ECO) will be releasing her annual Greenhouse Gas Progress report on January 30th and is currently in the process of gathering information to draft the next annual Conservation Progress Report (expected spring/summer 2018).
- The ECO will share the final draft of the Conservation Progress Report before it is made public, providing the ministry with the option to submit a comment for publication.
- The ministry has been called to appear before the Standing Committee on Public Accounts (SCOPA) on February 28 for Chapter 2 of the AG's 2017 Annual Report, *Public Accounts of the Province*.
- The Ministry has also been called to appear in front of SCOPA on March 7 for Chapter 3, *IESO – Market Oversight and Cybersecurity*.

7. Board Appointments

Commented [AH(3)]: Anything upcoming for Hydro One?

Key Context:

- A number of agency appointments are slated to expire by the end of June.
- The OEB (Premier's prerogative) have upcoming vacancies in a Vice Chair and a full-time Board Member. The Chair of the OEB has requested their re-appointment.
- OPG (Minister's prerogative) have upcoming vacancies in the Chair position as well as all Board Members.
- The IESO has no upcoming vacancies.

Next Steps:

- Identify appointees and undertake Public Appointments Secretariat processes including conflict-of-interest checks.

- The process to reappoint OPG's Board is underway with reappointments to take place at the March Board meeting. Minister's Shareholder Declaration is required.

8. Ontario Fair Hydro Plan (OFHP) Implementation

Key Context:

- OFHP has lowered electricity bills by 25 per cent on average for residential electricity customers and will hold increases to the rate of inflation for four years. The reduction reflects a number of initiatives, including the refinancing of a portion of the Global Adjustment (GA).
- OFHP also includes initiatives to reduce costs for low-income, rural/remote, and First Nations consumers, as well as measures to benefit larger consumers.
- Implementation of OFHP initiatives is ongoing.

Next Steps:

- Ontario Power Generation (OPG), as Financial Services Manager under the GA Refinancing program, is undergoing the first issuance of long term debt and is expected to close in mid-February.

Commented [AL4]: Other divisions may have next steps to be added here

9. Market Renewal

Key Context:

- The Market Renewal initiative, led by the Independent Electricity System Operator (IESO) aims to redesign the province's electricity markets.
- The project is expected to save up to \$5.2 billion over a 10-year period by providing a more efficient marketplace with competitive, flexible, and transparent mechanisms to meet system needs at lowest cost.

Next Steps:

- The IESO is conducting stakeholder engagement workshops as Market Renewal proceeds through the detailed design phase.

10. Climate Change Action Plan

Key Context:

- In June 2016, Ontario released its five-year Climate Change Action Plan (CCAP) to outline how cap and trade auction proceeds will be used to fund actions to reduce greenhouse gas emissions.
- The CCAP Cabinet Minute stipulates that ENERGY is responsible for leading on 11 actions and supporting on 15 actions.

Next Steps:

- ENERGY is currently actively involved in the following CCAP actions:
 - Green Ontario Fund;
 - Electric Vehicles;
 - Community Energy Planning;
 - Microgrid Program for Remote First Nations;
 - Renewable Natural Gas; and
 - Home Energy Rating and Disclosure.
- The IESO has announced plans to issue a Request for Information (RFI) to support understanding of the technical, operational and commercial considerations of non-emitting resources (NER) as the marketplace is renewed. Phase I of the RFI is expected the week of January 29th with responses due in April/May.