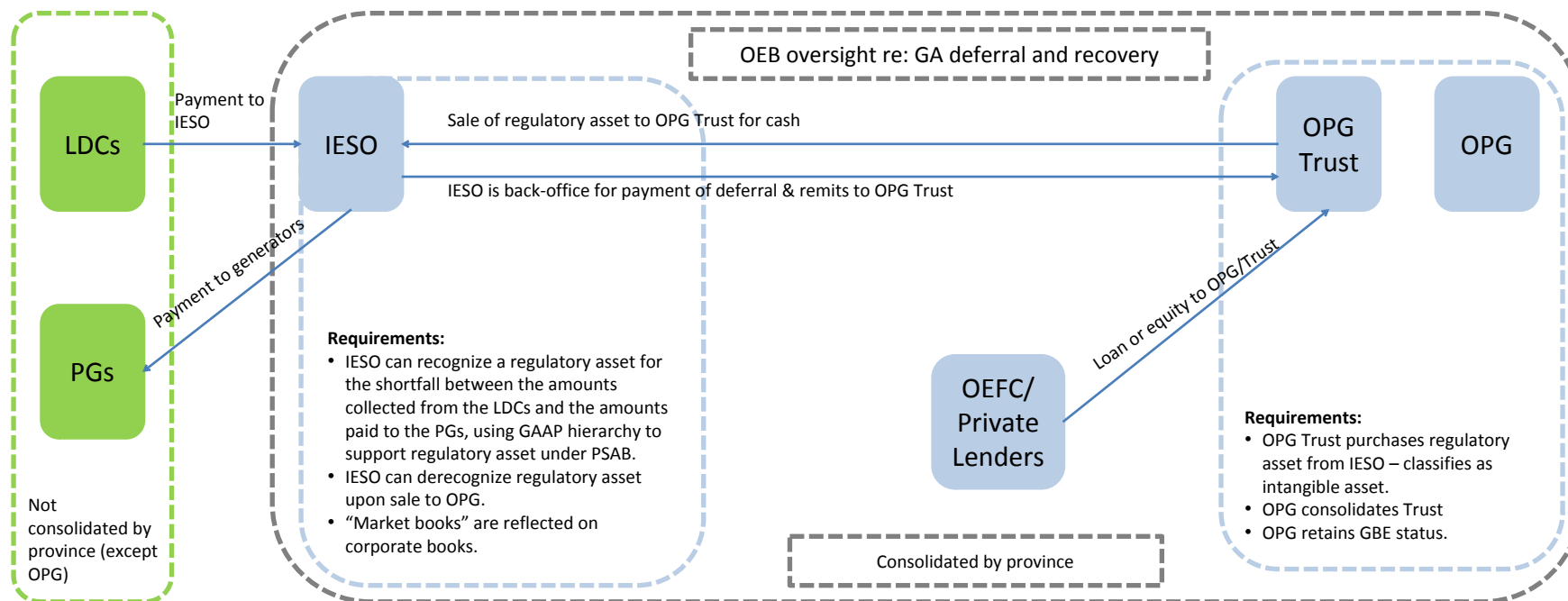


PROPOSED STRUCTURE

From March 2017 Cabinet submission documents



Note: Proposed structure is subject to legal and accounting confirmation, absent that confirmation, there would be a fiscal impact to the province.

LDC: Local Distribution Companies

PG: Power Generator

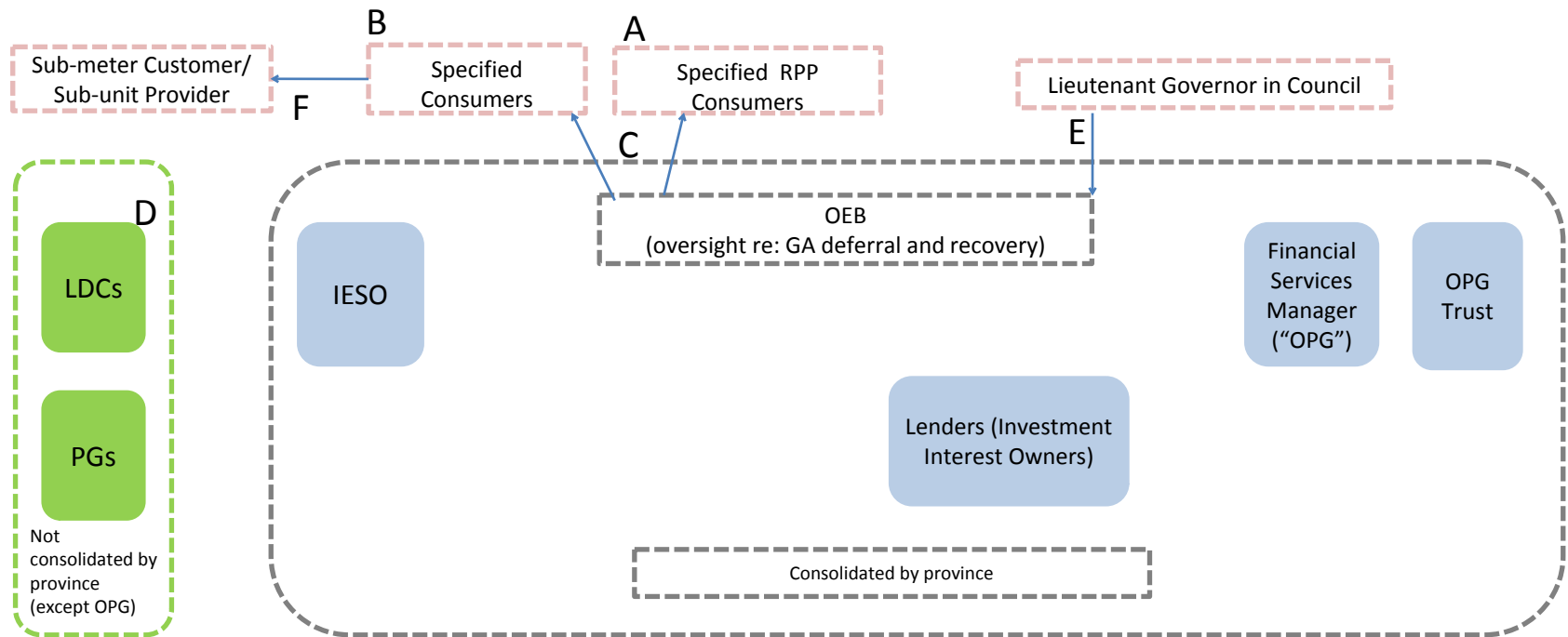
IESO: Independent Electricity System Operator

OEFC: Ontario Electricity Financial Corporation

OPG: Ontario Power Generation

OEB: Ontario Energy Board

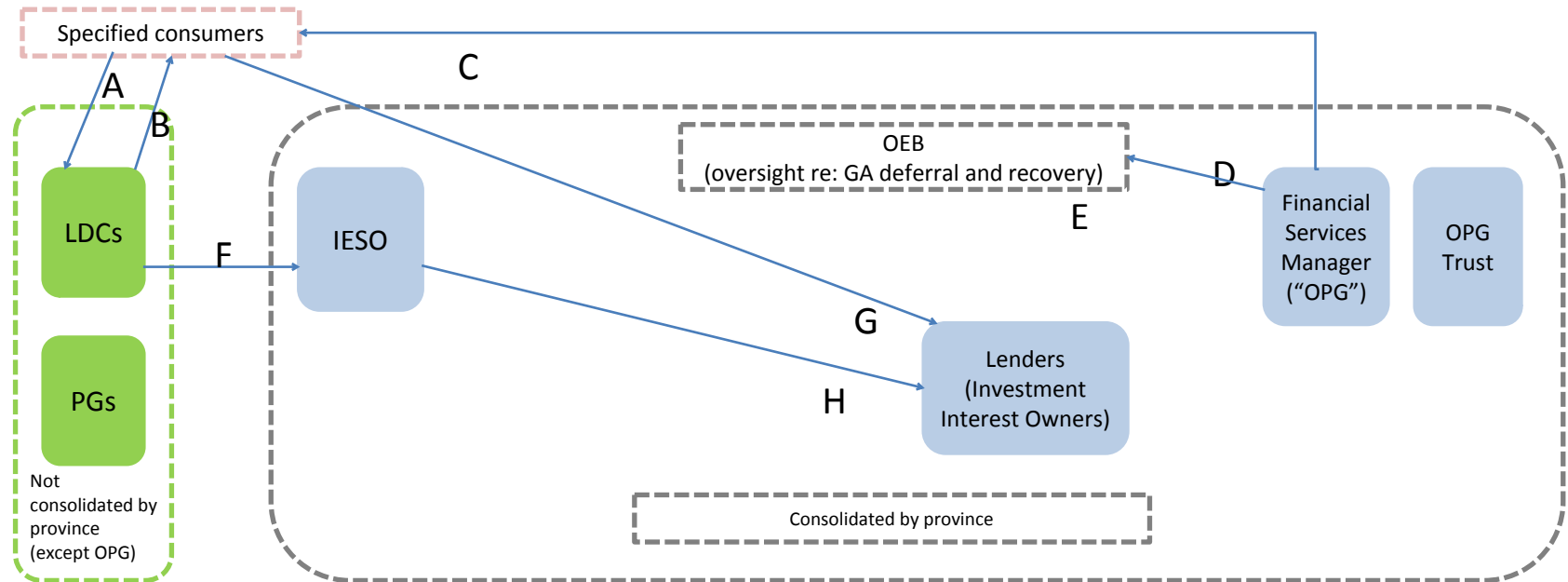
DRAFT LEGISLATION PART II: FAIR ADJUSTMENT OF ELECTRICITY RATES



SPECIFIED IN THE DRAFT LEGISLATION:

- A** • 6.1xx (1)/(2): The rate for electricity payable by a specified RPP consumer for the period beginning on the effective date (**ending April 30, 2018**) is the rate required by a specified RPP consumer who meets the prescribed criteria to receive a monthly invoice amount that is 25% lower than monthly invoice amount for that consumer under the comparison rate
- B** • 6.2xx: The rate for electricity payable by a specified consumer who is **not** a specified RPP consumer for the same period is the rate that would be necessary in order for the [adjustment rate] to be reduced by the same amount as the difference between the comparison rate and the rate determined under subsection 6.1xx
- C** • 6.3xx: The Board determines the RPP and non-RPP rates within 7 days of Royal Assent
• 6.5xx: The rates are effective on the earlier of (i) **the first day of the month immediately following the last day of the seven day period, or (ii) July 1, 2017**
- D** • 6.4xx: Each vendor will adapt billing practices and invoices to reflect the new rates
- E** • 7xx: Lieutenant Governor in Council may make regulations prescribing the methodology to be applied by the Board to determine rates for electricity payable by specified consumers and sub-meter customers during the period **beginning May 1, 2018 and ending on April 30, 2022**
- F** • 7.1xx: A specified consumer who provides electricity to a sub-meter customer and any unit sub-meter provider who provides unit sub-metering for the specified consumer will ensure the rate payable by each sub-meter customer is the applicable rate determined

DRAFT LEGISLATION PART III: CLEAN ENERGY ADJUSTMENT

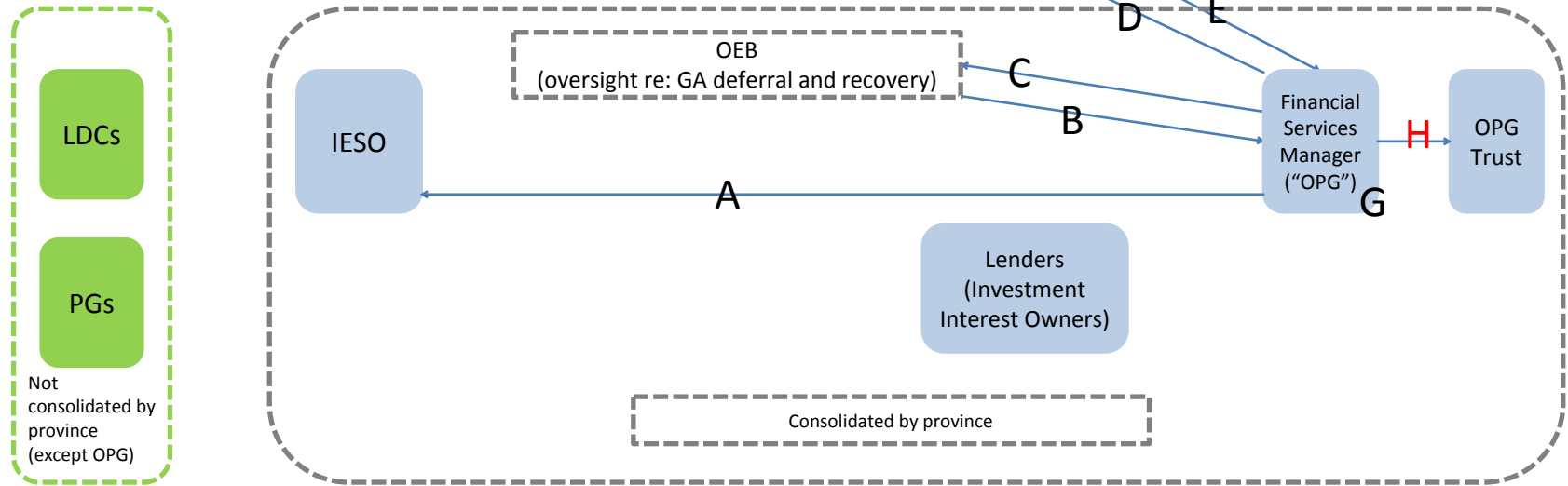


SPECIFIED IN THE DRAFT LEGISLATION:

- A**
 - 8xx (1): Upon receipt of invoice, a specified consumer will pay to the electricity vendor (as agent of the investment interest owners)
 - 9xx (1): Amount issued to a specified consumer is determinative of the amount of the consumer's indebtedness and is irrevocable (with exceptions)
 - 12xx (4) Payments received are to be held in trust
- B**
 - 12xx (1): Electricity vendor to issue invoice to each specified consumer for amount payable in regards to the clean energy adjustment
 - 12xx (2): Electricity vendor, as an agent of the IESO, to collect amounts in respect of the clean energy adjustment from specified consumers
- C**
 - 10xx (1): The Financial Services Manager determines the clean energy adjustment payable for all specified consumers in respect of each month in a reference period – calculated by adding the estimated finance amount and the true up amount
- D**
 - 10xx (4): Financial Services Manager to notify the Board of the clean energy adjustment and information related to the determination as may be prescribed
- E**
 - 10xx (5): The Board to determine the rate at which specified consumers are invoiced to recover the clean energy adjustment, in accordance with the regulations
- F**
 - 11xx (2)/(4): The IESO – as an agent of the investment interest owners - will receive amounts of the clean energy adjustment from electricity vendors and hold these in trust
 - 12xx (1.1): The Electricity Vendors to report to the IESO the total amount invoiced to specified consumers
 - 12xx (5): Electricity Vendors to remit amounts to IESO for the benefit of the investment interest owners
- G**
 - 8xx (4)/(5): An unpaid amount that is required to be paid by specified consumer constitutes indebtedness to each investment interest owner, which may be enforced independently
- H**
 - 11xx (5): IESO will remit amounts received to or for the benefit of the investment interest owners

DRAFT LEGISLATION PART IV: IMPLEMENTATION

****See additional notes on next page**



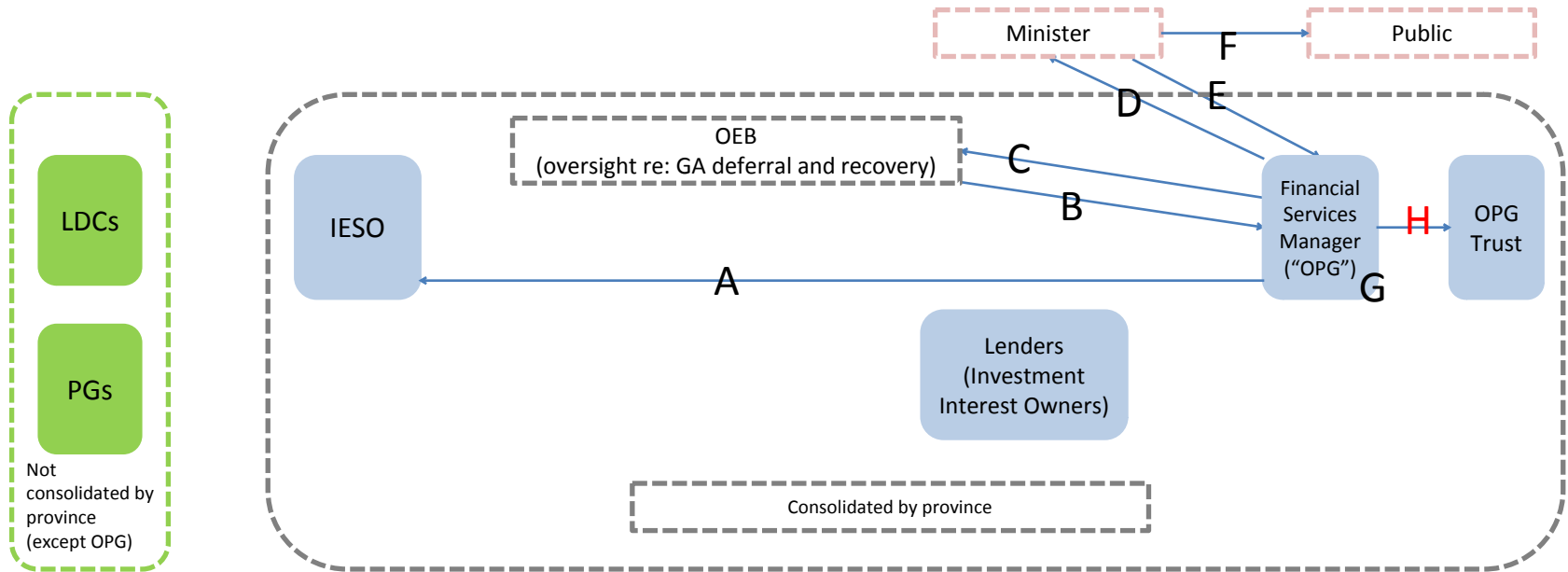
SPECIFIED IN THE DRAFT LEGISLATION:

- A** • 14xx (2)2: Financial Services Manager provides information to IESO in respect of obligations under Part III
- B** • 14xx 3): Board reviews administrative costs of Financial Services Manager
- C** • 14xx (2)1: Financial Services Manager provides information to Board in respect of funding obligations
 - 15xx (4): Financial Services Manager notifies the Minister of the methods used to calculate the Fair Allocation amount
- D** • 16xx (2)/(3.1): Financial Services Manager to provide Minister with the Financing Plan in accordance with principles and other reports as required
 - 16xx (6): The Financial Services Manager may amend the Financing Plan at any time (role of Minister or Board?)
- E** • 13xx (2): Minister may terminate the appointment in accordance with regulations
- F** • 15xx (7): Minister provides methods for the calculation of the Fair Allocation amount to public
- G** • 13xx (1): OPG is appointed as the Financial Services Manager
 - 14xx (1): The Financial Services Manager administers the investment assets on behalf of investment interest owners
 - 15xx (1)/(1.1): the Financial Services Manager calculates the fair allocation amount in regards to each reference period, before any funding obligation is incurred
 - 16xx (1): Financial Services Manager to prepare written plan to evaluate whether potential funding obligations should be incurred

H COE ASSUMPTION

- 17XX (3): The Financial Services Manager may establish one or more financing entities that may incur funding obligations

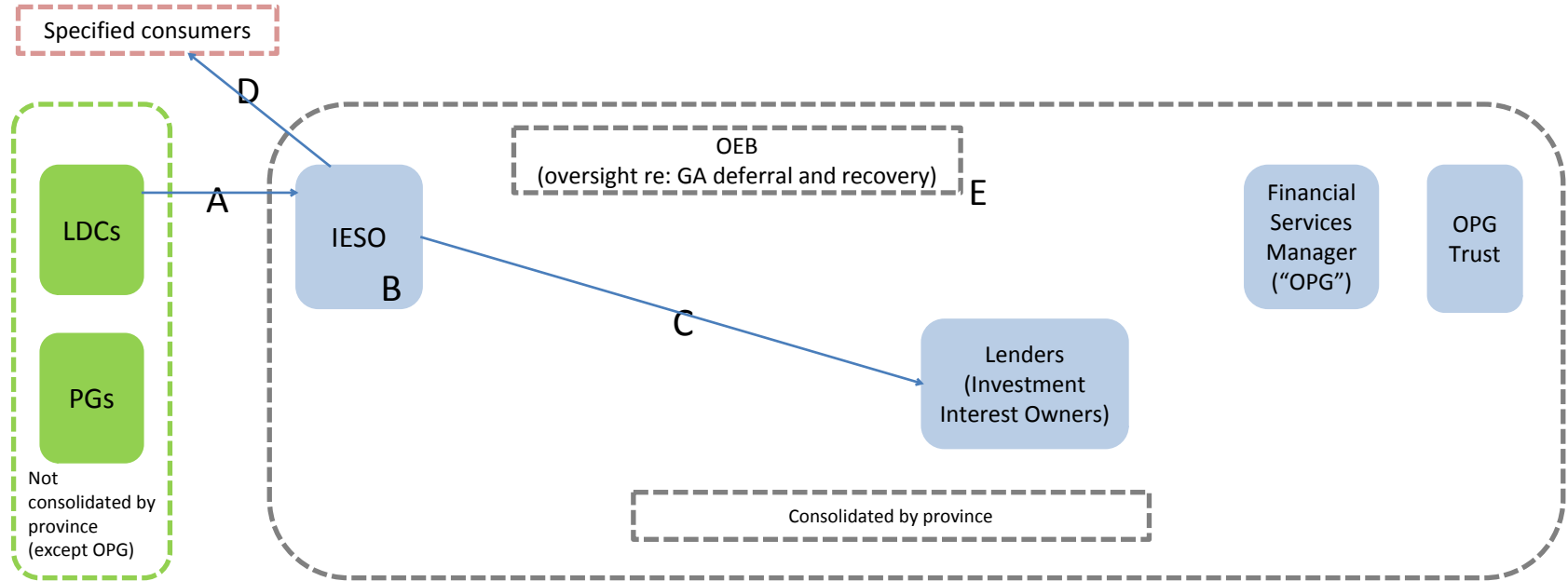
DRAFT LEGISLATION PART IV: IMPLEMENTATION - Notes



Details from proposed legislation not reflected here regarding:

- Fair allocation amount:
 - 15xx (1.2): Calculation
 - 15xx (2): Principles
 - 15xx (6): Date of effect
- Financing Plan:
 - 16xx (2): Details

DRAFT LEGISLATION PART V: REGULATORY ASSET



SPECIFIED IN THE DRAFT LEGISLATION:

- A**
 - 20xx (1): IESO funding shortfall for each month determined in accordance with regulations
 - 20xx (2): Electricity vendors provide information to IESO for the purposes of determining the IESO shortfall
- B**
 - 20.1xx (1)/(2) The IESO will establish and maintain a variance account, which records the amount of IESO shortfall each month and all payments and transfers
 - 20.1xx (3): As of the time of recording, the variance account of the balance is determinative of the balance at the time
- C**
 - 20.1xx (4): If previous balance was relied upon by an investment interest owner in context of a transfer, no change made by IESO will affect the rights of the investment interest owner acquired after transfer
 - 22xx (1)/(2): IESO may transfer all or a portion of the regulatory asset to any financing entity. Upon receipt of payment, the IESO has no further rights or obligations regarding the regulatory asset or investment asset created by the transfer
 - 23xx (1): Transfer of a regulatory asset is a valid and enforceable sale, and absolute transfer to the investment interest owner of the regulatory asset
- D**
 - 21xx (1): The IESO has the right to recover the balance recorded in the variance account from specified consumers
 - 21xx (2): IESO shall not be entitled to collect the balance recorded in the variance account from specific customers **before May 1, 2022**
- E**
 - (21xx (3): From time to time, the Board will determine and set rates payable by specified consumers to allow for IESO to recover balance recorded in the variance account (in accordance with regulation)