Chair's Remarks for Cabinet on September 25, 2017: TB/MBC Report-In from September 27, 2017

TAB 6 - TB/MBC Report-In

- I would like to highlight two items reporting-in from the September 25th TB/MBC meeting.

Profile Items:

Provincial Support Agreement To Ontario Power Generation (OPG) Financing Entity

- The Ministers are seeking approval of their implementation plan to deliver on provisions within the Fair Hydro Plan legislation to essentially backstop, by providing protection and assurance arrangements, OPG's Financing Entities ability to finance from the markets and its ability to purchase on an ongoing basis regulatory asset from IESO.

- The plan is for the Ministers to provide a Provincial Protection Agreement to the OPG Financing Entity and prospective debt holders such that under certain circumstances, or triggers, the Province would pay the funding obligations of the Financing Entity. Triggers include amendments to legislation/regulations, judicial decisions, or changes to IESO or Ontario's electricity market that materially and adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investments interest so that it can pay its funding obligations.

- Fiscal impacts will depend on the circumstances of the trigger event, such as when it occurs, and whether some portions of the FHP continue in some form or not.

New Home Warranty Program Renewal (Tarion)

- In February 2017, MGCS received Cabinet approval of a two-staged approach to address recommendations from The Honourable John Douglas Cunningham's independent review of the *Ontario New Home* Warranties *Plan Act* (ONHWPA) and Tarion.

- MGCS' proposal addresses the first stage of the government's approach to renewing the new home warranty program.

- The Board noted draft legislation that would enable:
    - The designation of a new regulatory authority to regulate new home builders and vendors and a warranty authority to administer Ontario's new home warranty program.

    - The corporation designated under ONHWPA, currently Tarion, to continue to be designated as the warranty authority and the regulator of new home builders and vendors, under strengthened oversight provisions, until the new regulatory and warranty authorities are designated.

- MGCS is directed to continue to work with Treasury Board Secretariat on the control assessment for the new home warranty and regulatory authorities, and for the transitional phase of Tarion.

- In addition, the Board directed MGCS to report back to TB/MBC:
  - With the details of the Ministry's analysis on the new home warranty fund being considered a trust under the government's administration and any implications for:
    - The warranty authority; and,
    - Any necessary legislative amendments prior to legislation being proclaimed into force.

  - Through the PRRT with the details of the finalized control assessment and the estimated financial impacts, including the terms of the proposed fiscally neutral funding strategy to fund start-up/transition costs for the regulatory authority;

  - With details on the fees for the new home warranty and regulatory authorities prior to implementation of the fees;

  - With any implications for the regulatory authority, including its financial viability, as a result of the separation of the warranty and the regulatory functions prior to legislation being proclaimed into force;

- Through the quarterly reporting process with a status update on implementation of the new home warranty program renewal; and,

- With the details on any ministry resources required including costs and a full offset strategy prior to implementation.

- Lastly, the Board noted that the request is consistent with the item presented to the Legislation and Regulations Committee on September 25, 2017.

[The Decision Summaries for the remaining items [4] reporting in from the September 25th TB/MBC meeting are in the red sleeves of the green folders].

<u>Meeting Attendees</u>

September 25, 2017: Ministers Sandals, Albanese, Chiarelli, Naqvi, and McMahon.