Ministry of ENERGY
Report back on spending: Policy and Programs – Services
(Vote/Item 2902-01)

Summary of Report Back

Report Back Requirements	Provided?	Details/Comment
Reportback on managing internal high risk pressures	Yes	

Details of Report Back

The Minsitry's budget for Policy and Programs – Services is $6.5 million, which account for only 0.3% of its total allocation. The Ministry is making best efforts to manage spending within its allocation, while managing new non-recurring pressures as indicated below. The Ministry will continue to monitor these pressures and find internal savings by delaying other projects. If needed, the Ministry may seek TB approval for funding increase with offset from within to address these pressures.

Key High Likelihood Pressures:

Fair Hydro Plan third-party legal services: $2.5 million

The Ministry is working to implement an electricity price mitigation strategy to lower the cost of electricity for Ontario consumers. The price mitigation plan is comprised of several initiatives that will either lower the price components of consumers' electricity bills, or remove components from electricity bills altogether.

To date, significant legal costs have been incurred to support the development of the legislative framework, drafting appropriate sale/purchase agreements, arranging financing between Special Purpose Vehicle/Trust and private sector lenders.

Cap and Trade Implementation Costs: $1.67 million

In 2016, Ontario's five-year Climate Change Action Plan committed to requiring Energy and Water Reporting and Benchmarking (EWRB) for large buildings. EWRB is the review of a building's energy and water use and comparison of the usage with similar buildings. The Ministry requires resources to ensure the proper adoption of EWRB, such as securing a client relationship management system and establishing a call centre. The Ministry did not receive resources for this project from GGRA funding.

Early Decant of Energy Staff from MacDonald Block: $1.25 million

The Ministry may require an early decant of staff from MacDonald Block to support the Queen's Park Reconstruction Project. Based on historical accommodation moves, the Ministry is projecting accommodation costs at approximately $1.25 million.

Ontario's participation at the Energy East hearings, $0.85 million

The Ministry is representing Ontario at the National Energy Board (NEB) hearing on TransCanada's Energy East projects. The Province is required to be present at the hearings in order to defend the government's position on Energy East pipelines.

To best represent Ontario's position, the Ministry procured four expert consultants to provide advice throughout the NEB hearings. It is anticipated the NEB's hearings will commence in summer/fall 2017.

Resources support for the Ontario Rebate for Electricity Consumers: $0.61 million

The Ministry introduced the Ontario Rebate for Electricity Consumers effective January 1, 2017. Successful implementation of this program requires dedicated resources to cover a variety of responsibilities critical to its delivery, including policy and program development, financial support, and communications and marketing support. The Ministry requested four new permanent FTEs during the 2017-18 PRRT process which were not approved. As such, the Ministry is managing these resources from within.

Long-Term Energy Plan (LTEP) 2017: $0.42 million

The Ministry is mandated to update its Long-Term Energy Plan. Costs are being incurred for engagement sessions and the release of the physical document. Major costs will be incurred prior to its release with minor implementation costs following.

NAFTA Arbitration: Tennant Energy LLC v. Canada: $0.35 million

Tennant Energy LLC has filed a Notice of Arbitration under Chapter 11 of the North American Free Trade Agreement (NAFTA) which commences an Investor-State Arbitration against Canada. Tennant claims that Canada, through measures and actions taken by the Government of Ontario in relation to the Feed-in tariff program and the Green Energy Investment Agreement, violate Article 1105 of NAFTA. It is extremely likely that an Arbitral Tribunal will be established by early September. The Ministry is expected to share the costs of the arbitration with the federal government.

Please refer to "Q1 Fiscal Management Plan - Part 2: High Likelihood Risks (Pressures and Savings)" for more details on the timing of each risk.