Ontario

MINISTRY OF
ENERGY

Electricity Rate Mitigation Implementation Update

November 25, 2016

Rate Mitigation Initiatives: Status Overview

- On November 2, 2016 the *Ontario Rebate for Electricity Consumers Act, 2016*, (ORECA) received Royal Assent. On November 14th, the Ministry's regulatory package received Cabinet approval (see appendix).
- The regulatory framework for the rate mitigation initiatives is now complete and both the ORECA and associated regulations come into force on January 1, 2017.
- The finalized regulations were posted to e-laws on November 22, 2017. This enables the final preparations needed for LDCs and USMPs to begin delivering the rebate in January 2017.
    - Final updates to CIS systems could only be completed once the final regulations were may available.
    - LDCs have indicated that they are striving for a January 2017 launch.
- As LDCs make the necessary billing system changes in order to provide the rebate, the Ministry is undertaking a number of administrative initiatives to ensure all financial flow-through processes are operational for January 1, 2017.

Working Group Session Update

- To facilitate the implementation of the 8% provincial rebate, the Ministry established a working group with number of key LDCs, USMPs, the IESO, the OEB and other stakeholders.
- The first working group sessions was held on October 6 to provide WG members with the opportunity to provide input into the development of the supporting regulations under the ORECA.
- A follow-up session was held on November 21 to provide a de-brief to LDCs/USMPs on the regulatory requirements under the ORECA and associated regulations – which were recently posted on e-laws.
- Staff walked LDCs through the Invoicing Requirements regulation to ensure that LDCs are aware of the key requirements and timelines in order to be ready to provide the rebate in January 2017.
- No significant issues were raised by LDCs about the invoicing requirements; however, LDCs noted the tight timelines and asked that Energy provide camera-ready art as soon as possible for the bill inserts.
- No LDCs indicated that they would not be able to deliver the rebate starting in January 2017; however, some technical and coding requirements for unique scenarios (such as customers being in a credit-balance situation) may require some more time finalize.
- Links to the regulations posted on e-laws were shared with working group members and the EDA to share more broadly with their membership. (On November 23, the EDA shared the final regulations with its membership through its weekly newsletter.)

Bill Inserts and Envelope Design – Update post WG

- WG members were alerted that while the language for the bill inserts and on-envelope messaging is prescribed in regulation, including broad direction on message placement, the specific design requirements are not.
- At the WG session, the Ministry committed to provide LDCs with camera-ready design suggestions that could be incorporated into the design of the insert and envelope that LDCs work up.
- Based on the WG session, LDCs are looking for design art-work as soon as possible.
- Communications is creating bill inserts for each LDC based on each LDC’s specific sizes
- The guidelines for the usage of envelop design elements and wording is near completion
- Communications is developing a password protected section of our website for LDCs who want to develop their own bill insert. The site will have the prescribed language, Ontario logo and starburst icon, as well as guidelines on usage.
- This Friday the LDCs will receive an email with their custom bill insert and guidelines for envelope design.
    - The email will direct LDC that want to develop their own insert to the Ministry for the password to access the folder so they can access the bill insert language, logo, starburst icon.

Key Operational Next Steps:

8% Rebate:

- To ensure that the financial flow-through will be operational, the appropriate administrative tools need to be put in place.
  - MOUs with the IESO and the OFA need to be put in place to define operational roles in the reimbursement process.
  - The Ministry and the IESO need to have their independent reporting portals operational for LDCs and USMPs to report into.
  - Proper documentation and notice needs to be provided to LDCs to ensure they understand the financial flow-through process (Explanation letters, user guides, etc.)
  - Extending rebate to IPAs

RRRP

- Hydro One needs to update it’s rate application and the OEB needs to set the RRRP tariff for 2017

ICI

- Outreach to LDCs

8% Operational Requirement: Data Reporting Portals

- The rebate program will require a mechanism to ensure there were payments flowing from the Ministry to the IESO, and a way for the Ministry to verify the claims (similar to what was created under the Clean Energy Benefit program).
- A dedicated SharePoint access site will be created to ensure that IESO/ENERGY/MOF/LDCs can input and review data and make invoice payments.
- The website is being created internally by MGS's Government Services Integration Cluster (e.g. not a procurement).

Status Update:

- **Ministry Portal:**
  - Government Services has begun to create a new portal for the rebate program. The portal will be largely similar to the current OCEB Portal.
  - IT has indicated that portal development is expected to be complete by December 2nd, and all necessary service activations completed by December 16th. With the current timelines the portal will be fully operation before January 1, 2017. The Portal user guide and LDC/USMP instructions will also be drafted and provided before January 1, 2017.
- **IESO Portal:** IESO has confirmed that they will have an operational portal (similar to OCEB) to process LDC payments and to receive LDC data before the end of this year.

8% Operational Requirement: MOUS

- **MOUs:** there were MOUs put in place when the OCEB was created to ensure that work activities with the different entities was clear. It is expected that the new MOUs will be largely similar to the previous OCEB MOUs.
  - MOU with OFA: provides clarity on initiatives that OFA would be responsible for (e.g. settling the IESO invoice and paying IESO). OFA provided a draft of the revised MOU. Ministry staff are reviewing with legal services to provide a revised draft to the OFA.
  - MOU with IESO: provides roles for the IESO, reporting requirements, payment process. Ministry staff are reviewing with legal services to provide a revised draft to the IESO.
  - MOU with MOF: outlines the responsibilities of MOF with respect to administering sections of the Bill for which MOF is responsible, and states the deliverables that each ministry would complete (e.g. audits, spot checks of the program). MOU can be place early next year (no requirement to have in place Jan 1). Ministry Corporate Services Division to lead.

8% Operational Requirement: IPA Process

- A separate process will need to be put in place to deliver the 8% rebate to IPAs.

- The process to administer the 8% Provincial rebate for the four First Nation communities that are exempt from re-submitting an enrolment package is the following:

    - Send an outreach letter to communities informing them that they are eligible to receive the 8% Provincial Rebate as of January 1, 2017. Letter expected to be sent week of December 5th 2016.
    - Review and verify IPA's billing practices during the OCEB program, and request any further information, as required.
    - Commence contracting between First Nation community and the Province of Ontario.

- For the 6 communities who were not receiving the OCEB, they would still be eligible for the 8% rebate, but would need to go through the application enrollment process prior to signing an Agreement with the Province. An outreach letter would be sent to the six communities explaining the program and enrolment process and updates to the forms will be needed as well (See Appendix).

Rural or Remote Electricity Rate Protection (RRRP) Expansion – Next Steps

Implementing the Enhanced Program

- In order for the increased rate protection to flow to consumers, Hydro One will need to file an updated draft rate order with the OEB to reflect the additional $116.4M in RRRP funding for eligible rural customers (Hydro One R2).
- Once Hydro One's 2017 rates and RRRP credit for R2 customers are approved by the OEB, the new rates and RRRP credit will be applied to customers' bills. Hydro One has applied for rates effective January 1, 2017. It is anticipated that the OEB will approve Hydro One's rate orders before Dec 31, 2016.
- The amount of RRRP credit available to customers for their January bill will be prorated for consumption before and after January 1, 2017. Therefore, RRRP will be a blend of the amount available prior to January 1 ($31.50) and the amount available after January 1 (assumed $60.50). Subsequent bills will reflect the entire 2017 monthly amount.

Establishing New RRRP Charge

- Prior to end of year, the OEB will release a decision on the regulatory charge, which includes charges for RRRP, OESP and IESO charges. The OEB will determine the $/kWh charge levied to all Ontario electricity customers to recover funding for RRRP.

Industrial Conservation Initiative Expansion (ICI) – Next Steps

- The amended regulation (i.e., Ontario Regulation 429/04) comes into force January 1, 2017.
- Eligible electricity consumers who wish to participate in ICI must opt in to the program by giving written notice to their LDC no later than June 15, 2017.
- Eligible electricity consumers who have opted in to the program will begin to see the impact of their participation from July 1, 2017.
- The Ministry of Energy and IESO are currently in discussions in relation to potential engagement with smaller electricity consumers and LDCs (i.e., who may not have experience in the administration of ICI).
- Note: Outreach to LDCs would be undertaken in early 2017 after the regulation comes into force (timing TBD).

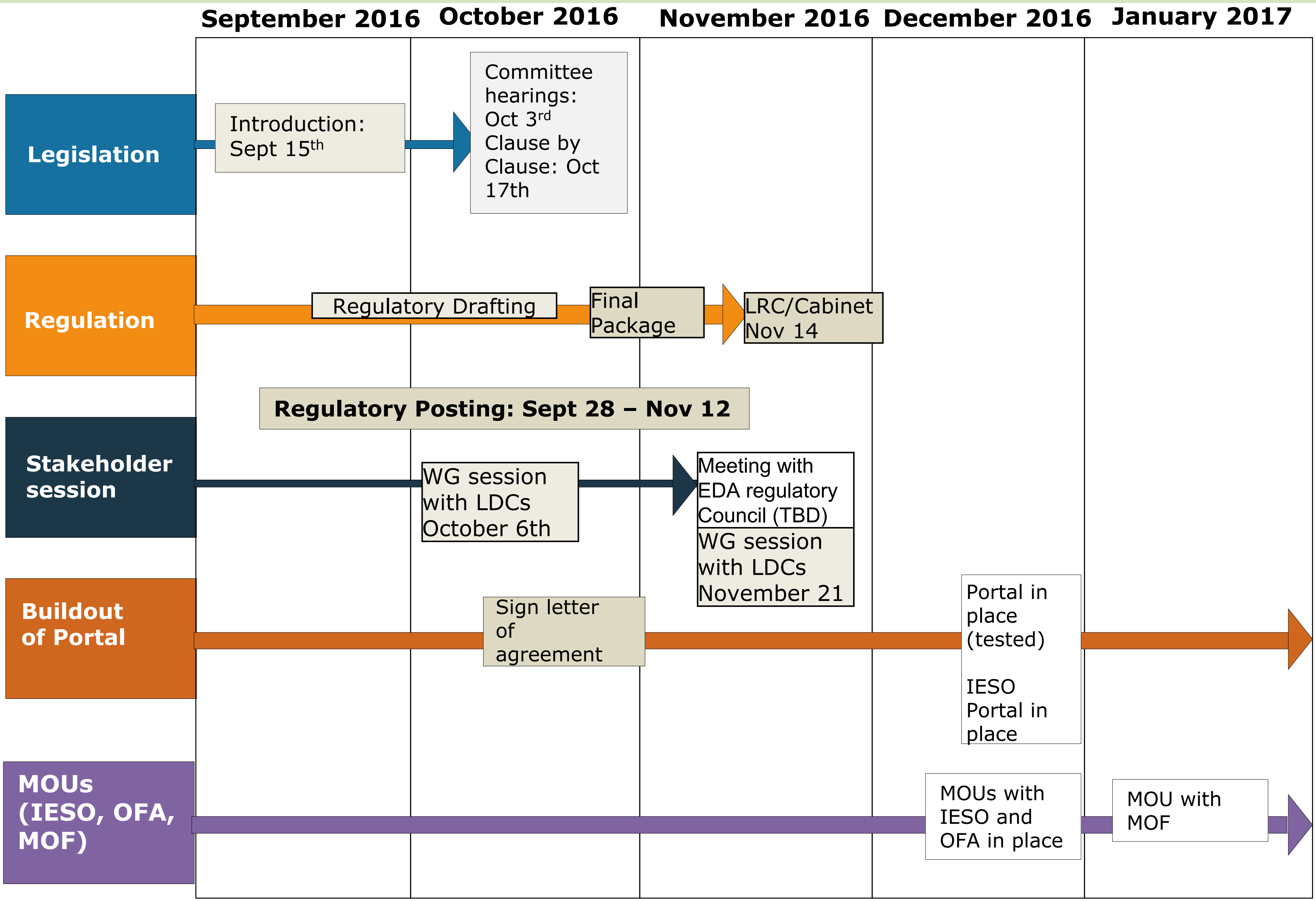
Appendix

Summary of Approved Regulatory Package for Rate Mitigation

- On November 14, 2017, Cabinet approved 2 new regulations under the ORECA and 5 regulatory amendments in support of the broader rate mitigation initiative.
- New regulations and amended regulations come into force on January 1, 2017.

1. General Regulation to implement the 8%: Creating a new General Regulation made under the *Ontario Rebate for Electricity Consumers Act, 2016.*	• New regulation that provides the necessary mechanics to support the implementation of the 8% rebate, including treatment of Independent Power Authorities (IPAs)
2. Rural or Remote Electricity Rate: Amending O. Reg. 442/01(Rural or Remote Electricity Rate Protection) made under the *Ontario Energy Board Act, 1998*.	• Updates the Rural or Remote Rate Protection (RRRP) program, to provide increased rate relief to eligible rural customers (low-density customers of Hydro One)
3. ICI: Amending O. Reg. 429/04 (Adjustments Under Section 25.33 of the Act) made under the *Electricity Act, 1998*	• Expands eligibility for Class A status to all electricity consumers with an average peak demand over 1MW, regardless of sector. Newly eligible consumers will have to opt-in, should they wish to participate.
4. OCEBA Amending O. Reg. 495/10 (General) made under the *Ontario Clean Energy Benefit Act, 2010*	• Prescribe a cut-off date for electricity consumers to submit Ontario Clean Energy Benefit claims to bill issuers and a second cut-off date for bill issuers to submit reimbursement claims
Consequential Amendments **5. Amending O. Reg. 275/04** (Information on Invoices to Certain Classes of Consumer of Electricity) **6. Amending O. Reg. 161/99** (Definitions and Exemptions) made under the Ontario Energy Board Act, 1998.	• Minor regulatory amendments consequential to implementing 8% rebate. • Updates invoicing regulation to allow rebate line item to appear on invoices.
7. Creating a new Minister's Regulation on Invoicing Requirements	• New regulation under the ORECA, including direction on required wording for line item, placement on invoice, bill inserts, and on-envelope messaging.

Rate Mitigation Package Timeline



Working Group Member

- Hydro One
- Bluewater Power
- Burlington Hydro
- Enercare (USMP)
- Enwin Utilities
- Horizon Utilities
- London Hydro
- Oakville Hydro
- Powerstream
- Thunder Bay Hydro
- Toronto Hydro
- Veridian Connections
- EDA
- Hydro Ottawa
- Greater Sudbury Hydro
- Enersouce
- AMO (Retailer)
- ENERGY
- OEB
- IESO

List of IPA Communities

- List of IPA communities:

1. Eabametoong First Nation
2. Keewaywin First Nation
3. North Spirit Lake First Nation*
4. Weenusk First Nation*
5. Pikangikum First Nation
6. Poplar Hill First Nation
7. Nibinamik First Nation*
8. Wunnumin Lake First Nation
9. Muskrat Dam First Nation*
10. Wawakapewin First Nation

* These communities and or its third party provider had a contract with the Ministry of Energy and actively received the Ontario Clean Energy Benefit.

- The following forms are currently being updated and simplified to align with the 8% Provincial rebate program:

  Form 1: It provides a detailed step-by-step guide outlining the operation of the program

  Form 2: The enrolment package provides basic information about IPA and the billing practices which informs the contract between Province and IPA. The steps explained will help the community's IPA administer the program in the first billing cycle showing the 8% rebate. It also outlines how the ministry will submit Energy Report instructions.

  Form 3: This documents the amount and explanation of one-time setup costs incurred specifically for the purposes of the implementing the 8% Provincial rebate program.

  Form 4: Outlines the electronic banking direct deposit requirement

  Form 5: Ensures that authorised individuals sign program documents will help prevent delays to the first reimbursement

  Form 6: Consent to Release Financial and Program Information to a Third Party. It is designed to provide the Ministry of Energy with the necessary authority and consent from the First Nation or IPA to allow the Ministry to exchange (release and/or receive) financial and program information with a duly authorized third party.

8% Operational Requirement: Financial Flow-through

- The General Regulation under the *Ontario Electricity Rebate Act, 2016* establishes a framework for how the payments flow through to customers and how LDCs & USMPs recover the rebate from the government (per the diagram below)