ONTARIO TRANSFER PAYMENT AGREEMENT

THE AGREEMENT, effective as of the 29th day of March, 2017 (the **"Effective Date"**)

B E T W E E N :

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

(the "Province")

- and -

The Trustees of the Affordability Fund Trust

(the "Recipient")

BACKGROUND

The Recipient are the trustees of the Affordability Fund Trust ("AFT") and are obliged to carry out the terms of such trust..

The Province wishes to provide Funds to the Recipient to be held and distributed in accordance with the terms of the AFT.

CONSIDERATION

In consideration of the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is expressly acknowledged, the Province and the Recipient (the **"Parties"**) agree as follows:

ENTIRE AGREEMENT

This agreement (the **"Agreement"**), including:

Schedule "A" - General Terms and Conditions
Schedule "B" - Project Specific Information and Additional Provisions
Schedule "C" - Project Description and Timelines
Schedule "D" - Budget
Schedule "E" - Payment Plan
Schedule "F" - Reporting, and
any amending agreement entered into as provided for below,

constitutes the entire agreement between the Parties with respect to the subject matter contained in this Agreement and supersedes all prior oral or written representations and agreements.

COUNTERPARTS

The Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

AMENDING THE AGREEMENT

The Agreement may only be amended by a written agreement duly executed by the Parties.

ACKNOWLEDGEMENT

The Recipient:

(a) acknowledges that it has read and understands the provisions contained in the entire Agreement; and

(b) agrees to be bound by the terms and conditions contained in the entire Agreement.

IN WITNESS WHEREOF, the Parties have executed the Agreement on the dates set out below.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO as represented by Minister of Energy

by:

______________ Date

____
Name: Segre Imbrogno
Title: Deputy Minister

Authorized Signing Officer

The Trustees of the Affordability Fund Trust

by:

______________ Date

____
Name:
Title:

by:

______________ Date

____
Name:
Title:

I/We have authority to bind the Recipient.

SCHEDULE "A"
GENERAL TERMS AND CONDITIONS

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1.0 INTERPRETATION AND DEFINITIONS

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1.1 **Interpretation.** For the purposes of interpretation:

(a) words in the singular include the plural and vice-versa;

(b) words in one gender include all genders;

(c) the headings do not form part of the Agreement; they are for reference only and will not affect the interpretation of the Agreement;

(d) any reference to dollars or currency will be in Canadian dollars and currency; and

(e) "include", "includes" and "including" denote that the subsequent list is not exhaustive.

1.2 **Definitions.** In the Agreement, the following terms will have the following meanings:

"Additional Provisions" means the terms and conditions referred to in section 9.1 and as specified in Schedule "B".

"BPSAA" means the *Broader Public Sector Accountability Act, 2010* (Ontario).

"Budget" means the budget attached to the Agreement as Schedule "D".

"Business Day" means any working day, Monday to Friday inclusive, excluding statutory and other holidays, namely: New Year's Day; Family Day; Good Friday; Easter Monday; Victoria Day; Canada Day; Civic Holiday; Labour Day; Thanksgiving Day; Remembrance Day; Christmas Day; Boxing Day and any other day on which the Province has elected to be closed for business.

"Event of Default" has the meaning ascribed to it in section 15.1.

"Expiration Date" means the date on which this Agreement will expire and is the date set out in Schedule "B".

"Funding Year" means:

(a) in the case of the first Funding Year, the period commencing on the Effective Date and ending on the following March 31; and

(b) in the case of Funding Years subsequent to the first Funding Year, the period commencing on April 1 following the end of the previous Funding Year and ending on the following March 31.

"Funds" means the money the Province provides to the Recipient pursuant to the Agreement.

"Indemnified Parties" means Her Majesty the Queen in right of Ontario, Her ministers, agents, appointees and employees.

"Maximum Funds" means the maximum amount the Province will provide the Recipient under the Agreement as set out in Schedule "B".

"Notice" means any communication given or required to be given pursuant to the Agreement.

"Notice Period" means the period of time within which the Recipient is required to remedy an Event of Default, and includes any such period or periods of time by which the Province considers it reasonable to extend that time.

"Party" means either the Province or the Recipient.

"Project" means the undertaking described in Schedule "C".

"PSSDA" means the *Public Sector Salary Disclosure Act, 1996* (Ontario).

"Reports" means the reports described in Schedule "F".

2.0 "Timelines" means the Project schedule set out in Schedule "C".REPRESENTATIONS, WARRANTIES AND COVENANTS

2.1 **General.** The Recipient represents, warrants and covenants that:

(a) they are the trustees of the AFT;

(b) they have, and will continue to have for the term of the Agreement, the experience and expertise necessary to fulfill their duties as trustees of the AFT;

2.2 **Execution of Agreement.** The Recipient represents and warrants that it has:

(a) the full power and authority to enter into the Agreement; and

(b) taken all necessary actions to authorize the execution of the Agreement.

2.3 **Governance.** The Recipient represents, warrants and covenants that it has, and will maintain, in writing for the period during which the Agreement is in effect:

(a) a code of conduct and ethical responsibilities for all the trustees of the AFT and their agents and delegates;

(b) ;

(c) decision-making mechanisms for the Recipient;

(d) procedures to enable the Recipient to manage Funds prudently and effectively;

(e) procedures to enable the Recipient to carry out the terms of the AFT;

(f) procedures to enable the Recipient, in a timely manner, to identify risks to the fulfillment of the objects and purposes of the AFT, and strategies to address the identified risks;

(g) procedures to enable the preparation and delivery of all Reports required pursuant to Article 7.0; and

(h) procedures to enable the Recipient to deal with such other matters as the Recipient considers necessary to ensure that the Recipient carries out its obligations under the Agreement.

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2.4 **Supporting Documentation.** Upon request, the Recipient will provide the Province with proof of the matters referred to in this Article 2.0.

3.0 TERM OF THE AGREEMENT

3.1 **Term.** The term of the Agreement will commence on the Effective Date and will expire on the Expiration Date unless terminated earlier pursuant to Article 13.0, Article 14.0 or Article 15.0.

4.0 FUNDS AND CARRYING OUT THE PROJECT

4.1 **Funds Provided.** The Province will:

(a) provide the Recipient up to the Maximum Funds to be held and distributed in accordance with the terms of the AFT;

(b) provide the Funds to the Recipient in accordance with the Payment Plan attached to the Agreement as Schedule "E"; and

(c) deposit the Funds into an account designated by the Recipient provided that the account:

(i) resides at a Canadian financial institution; and

(ii) is in the name of the Recipient.

4.2 **Limitation on Payment of Funds.** Despite section 4.1:

(a) the Province is not obligated to provide any Funds to the Recipient until the Recipient provides the insurance certificate or other proof as the Province may request pursuant to section 12.2;

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4.3 **Use of Funds and Project.** The Recipient will:

(a) use the Funds only for the purpose contemplated by the terms of the AFT; and

(b) not use the Funds to cover any specific cost that has or will be funded or reimbursed by any third party, including other ministries, agencies and organizations of the Government of Ontario.

4.4 **Province's Role Limited to Providing Funds.** For greater clarity, the Province's role under the Agreement is limited to providing Funds to the Recipient and the Province is not responsible for carrying out the terms of the AFT.

4.5 **Maximum Funds.** The Recipient acknowledges that the Funds available to it pursuant to the Agreement will not exceed the Maximum Funds.

4.6 **Funding, Not Procurement.** For greater clarity, the Recipient acknowledges that:

(a) it is receiving funding from the Province for the Project and is not providing goods or services to the Province; and

(b) the funding the Province is providing under the Agreement is funding for the purposes of the PSSDA.

5.0 RECIPIENT'S ACQUISITION OF GOODS OR SERVICES, AND DISPOSAL OF ASSETS

5.1 **Acquisition.** If the Recipient acquires goods, services, or both with the Funds, it will do so through a process that promotes the best value for money.

6.0 CONFLICT OF INTEREST

6.1 **No Conflict of Interest.** The Recipient will fulfill the terms of the AFT and use the Funds without an actual, potential or perceived conflict of interest.

6.2 **Conflict of Interest Includes.** For the purposes of this Article, a conflict of interest includes any circumstances where:

(a) the Recipient; or

(b) any person who has the capacity to influence the Recipient's decisions,

has outside commitments, relationships or financial interests that could, or could be seen to, interfere with the Recipient's objective, unbiased and impartial judgment relating to the Project, the use of the Funds, or both.

6.3 **Disclosure to Province.** The Recipient will:

(a) disclose to the Province, without delay, any situation that a reasonable person would interpret as an actual, potential or perceived conflict of interest; and

7.0 REPORTING, ACCOUNTING AND REVIEW

7.1 **Preparation and Submission.** The Recipient will:

(a) submit to the Province at the address referred to in section 19.1, all Reports in accordance with the timelines and content requirements set out in Schedule "F", or in a form as specified by the Province from time to time;

(b) submit to the Province at the address referred to in section 19.1, any other reports as may be requested by the Province in accordance with the timelines and content requirements specified by the Province;

(c) ensure that all Reports and other reports are completed to the satisfaction of the Province; and

(d) ensure that all Reports and other reports are signed on behalf of the Recipient by an authorized signing officer.

7.2 **Record Maintenance.** The Recipient will keep and maintain:

(a) all financial records (including invoices) relating to the Funds or otherwise to the Project in a manner consistent with generally accepted accounting principles; and

(b) all non-financial documents and records relating to the Funds or otherwise to the Project.

7.3 **Inspection.** The Province, its authorized representatives or an independent auditor identified by the Province may, at its own expense, upon twenty-four hours' Notice to the Recipient and during normal business hours, enter upon the Recipient's premises to review the purposes of the AFT terms and the Recipient's allocation and expenditure of the Funds and, for these purposes, the Province, its authorized representatives or an independent auditor identified by the Province may take one or more of the following actions:

(a) inspect and copy the records and documents referred to in section 7.2;

(b) remove any copies made pursuant to section 7.3(a) from the Recipient's premises; and

(c) conduct an audit or investigation of the Recipient in respect of the expenditure of the Funds, the AFT, or both.

7.4 **Disclosure.** To assist in respect of the rights set out in section 7.3, the Recipient will disclose any information requested by the Province, its authorized representatives or an independent auditor identified by the Province, and will do so in the form requested by the Province, its authorized representatives or an independent auditor identified by the Province, as the case may be.

7.5 **No Control of Records.** No provision of the Agreement will be construed so as to give the Province any control whatsoever over the Recipient's records.

7.6 **Auditor General.** For greater certainty, the Province's rights under this Article are in addition to any rights provided to the Auditor General pursuant to section 9.1 of the *Auditor General Act* (Ontario).

8.0 COMMUNICATIONS REQUIREMENTS

8.1 **Publication.** The Recipient will indicate, in any of its Project-related publications, whether written, oral, or visual, that the views expressed in the publication are the views of the Recipient and do not necessarily reflect those of the Province.

9.0 FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY

9.1 **FIPPA.** The Recipient acknowledges that the Province is bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province in connection with the Project or otherwise in connection with the Agreement may be subject to disclosure in accordance with that Act.

10.0 INDEMNITY

10.1 **Indemnification.** The Recipient hereby agrees to indemnify and hold harmless the Indemnified Parties from and against any and all liability, loss, costs, damages and expenses (including legal, expert and consultant fees), causes of action, actions, claims, demands, lawsuits or other proceedings, by whomever made, sustained, incurred, brought or prosecuted, in any way arising out of or in connection with the Project or otherwise in connection with the Agreement, unless solely caused by the negligence or wilful misconduct of the Province.

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10.2 **Recipient's Participation.** The Recipient will, at its expense, to the extent requested by the Province, participate in or conduct the defence of any proceeding against any Indemnified Parties and any negotiations for their settlement.

10.3 **Province's Election.** The Province may elect to participate in or conduct the defence of any proceeding by providing Notice to the Recipient of such election without prejudice to any other rights or remedies of Province under the Agreement, at law or in equity. Each Party participating in the defence will do so by actively participating with the other's counsel.

10.4 **Settlement Authority.** The Recipient will not enter into a settlement of any proceeding against any Indemnified Parties unless the Recipient has obtained the prior written approval of Province. If the Recipient is requested by the Province to participate in or conduct the defence of any proceeding, the Province will co-operate with and assist the Recipient to the fullest extent possible in the proceeding and any related settlement negotiations.

10.5 **Recipient's Co-operation.** If the Province conducts the defence of any proceedings, the Recipient will co-operate with and assist the Province to the fullest extent possible in the proceedings and any related settlement negotiations

11.0 INSURANCE

11.1 **Recipient's Insurance.** The Recipient represents and warrants that it has, and will maintain for the term of the Agreement, at its own cost and expense, with insurers having a secure A.M. Best rating of B+ or greater, or the equivalent, all the necessary and appropriate insurance that a prudent person acting as a trustee of a trust similar to the AFT would maintain, including commercial general liability insurance on an occurrence basis for third party bodily injury, personal injury and property damage, to an inclusive limit of not less than the amount set out in Schedule "B" per occurrence. The policy will include the following:

(a) the Indemnified Parties as additional insureds with respect to liability arising in the course of performance of the Recipient's obligations under, or otherwise in connection with, the Agreement;

(b) a cross-liability clause;

(c) contractual liability coverage; and

(d) a 30 day written notice of cancellation.

11.2 **Proof of Insurance.** The Recipient will provide the Province with certificates of insurance, or other proof as may be requested by the Province, that confirms the insurance coverage as provided for in section 12.1. Upon the request of the Province, the Recipient will make available to the Province a copy of each insurance policy.

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12.0 EVENT OF DEFAULT, CORRECTIVE ACTION AND TERMINATION FOR DEFAULT

12.1 **Events of Default.** Each of the following events will constitute an Event of Default:

(a) in the opinion of the Province, the Recipient breaches any representation, warranty, covenant or other material term of the Agreement, including failing to do any of the following in accordance with the terms and conditions of the Agreement:

(i) carry out the terms of the AFT;

12.2 **Consequences of Events of Default and Corrective Action.** If an Event of Default occurs, the Province may, at any time, take one or more of the following actions:

(a) provide the Recipient with an opportunity to remedy the Event of Default;

(b) demand the repayment of any Funds remaining in the possession or under the control of the Recipient;

(c) demand the repayment of an amount equal to any Funds the Recipient used, but did not use in accordance with the Agreement;

(d) demand the repayment of an amount equal to any Funds the Province provided to the Recipient;

(e) seek specific performance by the Recipient of its obligations herein; and

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(f) terminate the Agreement at any time, including immediately, without liability, penalty or costs to the Province upon giving Notice to the Recipient.

12.3 **Opportunity to Remedy.** If, in accordance with section 12.2(a), the Province provides the Recipient with an opportunity to remedy the Event of Default, the Province will provide Notice to the Recipient of:

(a) the particulars of the Event of Default; and

(b) the Notice Period.

12.4 **Recipient not Remedying.** If the Province has provided the Recipient with an opportunity to remedy the Event of Default pursuant to section 12.2(a), and:

(a) the Recipient does not remedy the Event of Default within the Notice Period;

(b) it becomes apparent to the Province that the Recipient cannot completely remedy the Event of Default within the Notice Period; or

(c) the Recipient is not proceeding to remedy the Event of Default in a way that is satisfactory to the Province,

the Province may extend the Notice Period, or initiate any one or more of the actions provided for in sections 15.2(b), (c), (d), (e), and (f).

12.5 **When Termination Effective.** Termination under this Article will take effect as set out in the Notice.

13.0 FUNDS AT THE END OF A FUNDING YEAR

13.1 **Funds at the End of a Funding Year.** Without limiting any rights of the Province under Article 15.0, if the Recipient has not spent all of the Funds allocated for the Funding Year as provided for in the Budget, the Province may take one or both of the following actions:

(a) demand the return of the unspent Funds;

14.0 FUNDS UPON EXPIRY

14.1 **Funds Upon Expiry.** The Recipient will, upon expiry of the Agreement, return to the Province any Funds remaining in its possession or under its control.

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15.0 REPAYMENT

15.1 **Debt Due.** If, pursuant to the Agreement:

(a) the Province demands the payment of any Funds or an amount equal to any Funds from the Recipient; or

(b) the Recipient owes any Funds or an amount equal to any Funds to the Province, whether or not their return or repayment has been demanded by the Province,

such Funds or other amount will be deemed to be a debt due and owing to the Province by the Recipient, and the Recipient will pay or return the amount to the Province immediately, unless the Province directs otherwise.

15.2 **Interest Rate.** The Province may charge the Recipient interest on any money owing by the Recipient at the then current interest rate charged by the Province of Ontario on accounts receivable.

15.3 **Payment of Money to Province.** The Recipient will pay any money owing to the Province by cheque payable to the "Ontario Minister of Finance" and delivered to the Province at the address referred to in section 19.1.

15.4 **Failure to Repay.** Without limiting the application of section 43 of the *Financial Administration Act* (Ontario), if the Recipient fails to repay any amount owing under the Agreement, Her Majesty the Queen in right of Ontario may deduct any unpaid amount from any money payable to the Recipient by Her Majesty the Queen in right of Ontario.

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16.0 NOTICE

16.1 **Notice in Writing and Addressed.** Notice will be in writing and will be delivered by email, postage-prepaid mail, personal delivery or fax, and will be addressed to the Province and the Recipient respectively as set out in Schedule “B”, or as either Party later designates to the other by Notice.

16.2 **Notice Given.** Notice will be deemed to have been given:

(a) in the case of postage-prepaid mail, five Business Days after the Notice is mailed; or

(b) in the case of email, personal delivery or fax, one Business Day after the Notice is delivered.

16.3 **Postal Disruption.** Despite section 16.2(a), in the event of a postal disruption:

(a) Notice by postage-prepaid mail will not be deemed to be received; and

(b) the Party giving Notice will provide Notice by email, personal delivery or by fax.

17.0 SEVERABILITY OF PROVISIONS

17.1 **Invalidity or Unenforceability of Any Provision.** The invalidity or unenforceability of any provision of the Agreement will not affect the validity or enforceability of any other provision of the Agreement. Any invalid or unenforceable provision will be deemed to be severed.

18.0 WAIVER

18.1 **Waivers in Writing.** If a Party fails to comply with any term of the Agreement, that Party may only rely on a waiver of the other Party if the other Party has provided a written waiver in accordance with the Notice provisions in Article 16.0. Any waiver must refer to a specific failure to comply and will not have the effect of waiving any subsequent failures to comply.

19.0 INDEPENDENT PARTIES

19.1 **Parties Independent.** The Recipient acknowledges that it is not an agent, joint venturer, partner or employee of the Province, and the Recipient will not represent itself in any way that might be taken by a reasonable person to suggest that it is, or take any actions that could establish or imply such a relationship.

20.0 ASSIGNMENT OF AGREEMENT OR FUNDS

20.1 **Agreement Binding.** All rights and obligations contained in the Agreement will extend to and be binding on the Parties' respective heirs, executors, administrators, successors and permitted assigns.

21.0 GOVERNING LAW

21.1 **Governing Law.** The Agreement and the rights, obligations and relations of the Parties will be governed by and construed in accordance with the laws of the Province of Ontario and the applicable federal laws of Canada. Any actions or proceedings arising in connection with the Agreement will be conducted in the courts of Ontario, which will have exclusive jurisdiction over such proceedings.

22.0 FURTHER ASSURANCES

22.1 **Agreement into Effect.** The Recipient will provide such further assurances as the Province may request from time to time with respect to any matter to which the Agreement pertains, and will otherwise do or cause to be done all acts or things necessary to implement and carry into effect the terms and conditions of the Agreement to their full extent.

23.0 JOINT AND SEVERAL LIABILITY

23.1 **Joint and Several Liability.** Where the Recipient is comprised of more than one entity, all such entities will be jointly and severally liable to the Province for the fulfillment of the obligations of the Recipient under the Agreement.

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24.0 RIGHTS AND REMEDIES CUMULATIVE

24.1 **Rights and Remedies Cumulative.** The rights and remedies of the Province under the Agreement are cumulative and are in addition to, and not in substitution for, any of its rights and remedies provided by law or in equity.

25.0 ACKNOWLEDGEMENT OF OTHER LEGISLATION AND DIRECTIVES

25.1 **Recipient Acknowledges.** The Recipient:

(a) acknowledges that by receiving Funds it may become subject to legislation applicable to organizations that receive funding from the Government of Ontario, including the BPSAA, the PSSDA, and the *Auditor General Act* (Ontario);

26.0 SURVIVAL

26.1 **Survival.** The following Articles and sections, and all applicable cross-referenced sections and schedules, will continue in full force and effect for a period of seven years from the date of expiry or termination of the Agreement: Article 1.0 and any other applicable definitions, section 4.2(d), 4.7, section 5.2, section 7.1 (to the extent that the Recipient has not provided the

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Reports to the satisfaction of the Province), sections 7.2, 7.3, 7.47.4, 7.5, 7.6, Article 8.0, Article 11.0, section 13.2, sections 14.2 and 14.3, sections 15.1, 15.2(d), (e), (f), (g) and (h), Article 17.0, Article 18.0, Article 19.0, Article 21.0, section 24.2, Article 25.0, Article 27.0, Article 28.0, Article 29.0, Article 30.0, and Article 31.0.

- END OF GENERAL TERMS AND CONDITIONS -

SCHEDULE "B"

PROJECT SPECIFIC INFORMATION AND ADDITIONAL PROVISIONS

Maximum Funds	$X Million
Expiration Date	April 30, 2019
Insurance	$ 2,000,000
Contact information for the purposes of Notice to the Province	**Attention: Usman Syed** **Position: Director** **Address:77 Grenville St, Toronto, Ontario, M7A 2C1** **Fax: 416-325-6651** **Email: Usman.Syed@ontario.ca**
Contact information for the purposes of Notice to the Recipient	**Attention:** **Position:** **Address:** **Email:**
Contact information for the senior financial person in the Recipient organization (e.g., CFO, CAO) – to respond as required to requests from the Province related to the Agreement	**Attention:** **Position:** **Address:** **Email:**

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Additional Provisions:

None

SCHEDULE "C"

PROJECT DESCRIPTION AND TIMELINES

Background

Fair Hydro Plan

- On March 2, 2017, the Government of Ontario announced Ontario's Fair Hydro Plan, which introduced new measures to lower electricity bills by 25 per cent on average for all residential customers. Building on previously announced initiatives to deliver broad-based rate relief, these measures will deliver the single-largest reduction to electricity rates in Ontario history, and included a new Affordability Fund ("Fund"). The intent of the Fund is to assist customers who require assistance to make energy efficiency improvements to their homes but do not qualify for low income conservation programs.

Need for an Affordability Fund

- The electricity and natural gas distributors currently deliver low-income conservation programs which provide efficiency upgrades and education at no cost, to help improve the energy efficiency of homes and help customers manage their electricity bills. Program eligibility is aligned with other low-income electricity support programs such as the OESP.

- There are, however, many consumers who do not meet the mandated definition of low-income consumers under current low-income conservation programs. For example, electricity distributors have reported to the Ontario Energy Board ("OEB") that at the end of 2015, there were over 560,000 electricity accounts in arrears, of which only 19,900 accounts (~3.6%) were eligible to receive Low-Income Energy Assistance Program's (LEAP's) Emergency Financial Assistance. The OEB has also reported that in 2015 about 60,000 customers had their electricity service disconnected.

- The Fund was established to target those electricity customers who do not qualify for low-income conservation programs (e.g. the existing Home Assistance Program ("HAP"), delivered by electricity distributors under the Conservation First Framework) but who still have difficulty paying their electricity bills.

Conservation First Framework

- The 2015-2020 Conservation First Framework was established through a Directive to the OEB (dated March 26, 2014) and a Direction to the Independent Electricity System Operator ("IESO") (dated March 31, 2014). The Directive to the OEB requires the Board to establish, as a condition of license, that electricity distributors make conservation programs available to all customer segments within their service area, including low-income.

- Energy conservation programs under the Conservation First Framework typically provide incentives that cover only a portion of the incremental cost of the more energy efficient measure, requiring an upfront investment by customers. The incentive amount and the measures in the program are selected on the basis of electricity savings and cost-effectiveness of both the program and the individual measures.

- Low-income customers do not have money available to make upfront investments to improve the energy efficiency of their homes. Low-income conservation programs, like HAP, provide energy assessments and installation of energy-saving measures at no cost to eligible participants.

Home Assistance Program (HAP)

- The existing HAP delivered by electricity distributors and the IESO helps qualified homeowners, tenants and social housing providers improve the energy efficiency of their homes.

- Income-eligibility criteria for HAP is based on after-tax income for all household members aged 18 and older. The eligibility criteria is derived from Statistics Canada measures.

- HAP provides energy efficiency devices and products at no cost to qualified Ontario homeowners, tenants and social and/or assisted housing providers to improve the energy efficiency of their homes, through the installation of LED light bulbs, ENERGYSTAR certified ceiling fans, baseboard programmable thermostats, clotheslines and advanced power bars.

- Customers may also be eligible under the HAP for a new, energy-efficient refrigerator or other appliance, such as a window air conditioner.

- Electrically heated homes may be eligible for a programmable thermostat, weather-stripping around doors and windows and additional attic/basement insulation. The program includes a detailed in-home energy assessment, professional installation of energy-saving measures and advice on steps that can be taken to save even more energy.

Project Objective

Through this Project, the Recipient will implement and manage an Affordability Fund in accordance with the Principles articulated below (See “Principles” section). It is expected that the Recipient will establish the criteria under which the Province’s policy will be delivered to electricity distributors and eligible ratepayers across the province.

Principles

Trust and Trustees

- The Recipient will exercise discretion in managing the Trust.

- In defining the appropriate criteria to operationalize the Trust and support the Recipient’s decisions, it is expected that the Recipient would consider appropriate application, funding and eligibility criteria and consult with LDCs, OEB and IESO, and other parties .

- To protect public interest, it is expected that any funds flowed to the Recipient would be utilized in a not-for-profit manner, including any funds flowed to the Beneficiaries through electricity distributors.

- The Recipient shall have full discretion to administer and disburse the funds to the Beneficiaries through electricity distributors , consistent with the Principles set out in this Agreement.

- It is expected that the Recipient will be appointed based on their understanding of the electricity sector, including electricity distribution sector; their geographic representation of customers across Ontario, representation of a cross-section of electricity distributor sizes, and with consideration for expertise in conservation and low-income electricity support programs.

- Any Provincial representation on the Trust shall be non-voting. Trustees may include representation from electricity distributors, but the number of individuals who represent a specific electricity distributor should not be sufficient to control the voting decisions of the Trust.

Allocation of Funding to Electricity Distributors

- It is expected that the Fund will be accessible to the Beneficiaries through all electricity distributors. The Recipient will administer and distribute funds to the Beneficiaries through electricity distributors across the province in accordance with the criteria established at the discretion of the Recipient.

- It is expected that the Recipient will develop and implement consistent processes for administration of funding applications. These processes may include delegating identification and verification of Beneficiaries to electricity distributors or to an administrative services provider.

- The Recipient will have the discretion to contract with third parties to provide administrative services to the Fund.

- It is expected that the Recipient will engage with electricity distributors to gather information on their respective eligible electricity customers as input to the Recipient decisions.

- It is expected that the Recipient will provide direction to electricity distributors regarding application, evaluation and funding delivery processes.

Customer Eligibility

- It is acknowledged that electricity distributors are best positioned to identify potential Beneficiaries as they are closest to the customer and will be responsible for identifying potential Beneficiaries and working with Beneficiaries through the funding process.

- It is expected that the following eligibility criteria might be considered by the Recipient in defining the Beneficiaries:

    - Customers who do not qualify for low-income conservation programs, such as HAP (i.e. are above household income thresholds determined by Statistics Canada's income measures), and who are having difficulties paying their electricity bills.

    - Customers for which the electricity distributor has reasonable evidence to indicate that the customer requires financial assistance to pay for energy efficiency measures

- It is expected that the final eligibility criteria will be informed by discussions with electricity distributors, the OEB, IESO, and other stakeholders.

Measure Eligibility

- It is expected that the Recipient will develop a standardized list of energy efficiency measures that can be applied by electricity distributors with flexibility, considering their climate and customer needs.

- It is expected that energy efficiency measures will be offered to those customers that meet the targeted eligibility criteria at minimal or no cost to participating customers.

- In assessing the criteria for energy efficiency measures, the Recipient is expected to consider which categories of energy efficiency measures should be eligible, such as those which are consistent with or build on the HAP eligible measures.

- Examples of measures available in HAP include: energy-saving light bulbs (LEDs), power bars, energy efficient window ACs, refrigerators, freezers, dehumidifiers, low-flow showerheads, hot water blankets, pipe wrap and faucet aerators (in homes with electric water heating),programmable thermostats, weather stripping, and insulation (in homes with electric heating).

- Other measures which might be considered include air source heat pumps for space heating in electrically-heated homes.

Accountability and Reporting

- The Recipient is expected to establish criteria for the intended use of the Funds, including the following:

    - specific purpose for which the Fund is to be used;

    - description of the intended eligible applicants to the Fund; and

    - the nature of the eligible expenditures relevant to the Fund expenditures.

- The Recipient is also expected to:

    - ensure that public funds are spent prudently and for the purposes intended;

    - acknowledge Recipient accountability to the Province for program activities;

    - comply with the Province's request independent verification/audit;

    - the right for the Province to recover the funds if they are found not to be used for the purposes intended, or if they will not be used for the purposes intended.

- The Recipient is expected to develop and use a performance management framework, including formally defined measures of performance that provide a clear understanding of intended outcomes.

- The Recipient is expected to advise the Province of Trustee-developed performance criteria, and provide annual assessments against those criteria in Annual Reports submitted to the Province.

- The Recipient is expected to identify report-back requirements for public accountability, including information to be provided with respect to the management of funds (e.g. audited financial statements, audited list of recipients and amounts funded).

- The Recipient is expected to operate for as long as funds are available to the Trust, including new funding made available by the Province.

Timelines

Expected start date of the Project is April 1, 2017, and expected completion date is March 31, 2019.

SCHEDULE "D"

Budget

1. The budget for the Project is $X million. It is expected that the administrative expenses of the Fund, including any administrative expenses relating to the Recipient, to the establishment of the Affordability Fund and any expenses related to delivery of the program by an electricity distributor to its eligible customers, will be no greater than 10 percent of the total Project budget.

2. Only actual (excluding HST) incurred expenditures are eligible for reimbursement.

3. It is expected any travel, meals and hospitality expenses by the Recipient should adhere to the Province's Travel, Meal and Hospitality Expenses Directive. Entities receiving funding from the Recipient are also expected to adhere to the Province's Travel, Meal and Hospitality Expenses Directive. Alcohol and First-Class travel are not considered eligible claims and disbursements for hospitality, incidental or food expenses shall not be covered by the Funds, including the following:

   - Meals, snacks and beverages
   - Gratuities
   - Laundry or dry cleaning
   - Valet services
   - Dependent care
   - Home management
   - Personal telephone calls

4. Overhead expenses that are not directly related to the Recipient and establishment of the Affordability Fund should not be reimbursed.

5. Any expenses that have been reimbursed by other parties should not be reimbursed by the Fund.

6. In the event of that the Recipient performs any procurements, it is expected that all procurements are aligned the Ontario Public Service Procurement Directive.

SCHEDULE “E”

PAYMENT PLAN

PAYMENT DATE	MAXIMUM FUNDS TO BE DISBURSED BY THE PROVINCE
Within 7 days of signing the Agreement	$ X

SCHEDULE "F"

REPORTING

Quarterly Reports will be provided quarterly on the basis of the government's fiscal year starting at the execution of this Agreement and continuing until conclusion of the Agreement. Annual Reports will be provided annually on a fiscal basis starting at the execution of this Agreement and continuing until conclusion of the Agreement. Quarterly Reports and Annual Reports shall be submitted to the Province within one month following the end of the reporting period that they represent.

The Recipient shall prepare six (6) Quarterly Reports and two (2) Annual Report as outlined below. Reports shall explicitly demonstrate impact of Province's funding and address report detail requirements listed below.

NAME OF REPORT	DUE DATE
Quarterly Report #1	July 31, 2017
Quarterly Report #2	October 31, 2017
Quarterly Report #3	January 31, 2018
Annual Report #1	April 30, 2018
Quarterly Report #4	July 31, 2018
Quarterly Report #5	October 31, 2018
Quarterly Report #6	January 31, 2019
Annual Report #2	April 30, 2019

Requirements for Quarterly Reports

- The Recipient will provide Quarterly Reports which will include a report back on the Trustee-developed performance management criteria. Quarterly Report requirements include:
  - Amounts disbursed by the Recipient in the previous quarter. It is expected that this information will be provided at the electricity distributor level.
  - Total Affordability Fund interest accrued to date
  - Key activities and achievements from the quarter being reported, including number of participant households per electricity distributor, average participant incentive cost per electricity distributor, and uptake of energy efficiency measures per electricity distributor
  - Any challenges or modifications required to the application, funding, or eligibility processes/rules
  - Key activities planned for the upcoming quarter

Requirements for Annual Report

- The Recipient will provide an Annual Report to the Province which will include a report back on the Trustee-developed performance management criteria. Annual Report requirements include:

- A description of electricity distributor application process and the criteria used by the Recipient to manage funds.
- Identify and describe any challenges with achieving goals and proposed solutions, if applicable.
- Lesson learned.
- Electricity distributor and customer feedback
- Amounts disbursed by the Recipient in the previous year. It is expected that this information will be provided at the electricity distributor level.
- Key activities and achievements from the quarter being reported, including number of participant households per electricity distributor, average participant incentive cost per electricity distributor, and uptake of energy efficiency measures per electricity distributor
- Total Affordability Fund interest accrued to date

- As part of the Annual Report, the Recipient will also provide the Province with an audited financial statement for the previous year.