

Implementation of Ontario's Fair Hydro Plan

Week of March 27, 2017

Item	Key Deliverables / Considerations	Timing / Next Steps
1) Refinancing the Global Adjustment (ESP/IGS)		
ENERGY, LSB, IESO, OPG, OEB, TBS and MOF	- Legislation: - Defining mitigation and recovery mechanism; and - Establishing roles for IESO, OPG and OEB - Regulation (amend O.Reg.429/04) - Shareholder Declaration and Resolution - Third Party Technical Report re Long Lived Assets (TBD) - Accounting opinions from E&Y (OPG) and KPMG (IESO) - Financing: - How long will IESO hold short term liability (weeks/months); - When and how frequently will OPG purchase the asset from IESO; - OPG trust rating agency review and 3rd party lender market sounding (e.g., cost/term, etc); - OPG to confirm if it is considering more than one SPV/subsidiary; - OPG to explore tax considerations; - OPG to indicate how it would determine interest rate on sub-debt; and - OPG to provide amount/frequency of equity required and indicate trigger <u>Recent Action Items</u> OPG: - OPG to continue to work with lead banks / rating agencies / OFA on financing issues - OPG to confirm accounting if OFA were to act as lead order on borrowing - OPG to determine who will finance / hold the asset until it goes to the market - OPG to embed OFA/Energy (as necessary) in their ongoing	- AG briefing on April 19, 2017 (TBD) - Provide comfort level to allow OEB to include in May 2017 RPP - Approval dates: - TB/LRC on May 1 2017; and - Cabinet on May 3, 2017 - Legislation introduced May 4, 2017. - Summer 2017 implementation (June/July). OPG preference for July 1 to align with quarter-end

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	internal discussions • ESPD, IESO and OPG to continue discussions around refining refinancing modelling • OPG /LSB to work through requirements / help draft a shareholder resolution / declaration. OPG to continue to consider requirements for enhanced indemnification for Board member IESO: • IESO to work through technical aspects with IT (i.e., operationalizing the back-office functions) • IESO to work with KPMG in the development of a formal opinion once first draft of legislation is available • IESO to discuss LDC issues with OEB OEB: • OEB to continue to work with ENERGY to finalize draft comfort letter regarding May 1 – Regulated Price Plan (RPP) and OESP • OEB to draft RPP communique to be released publicly by April 20, 2017 Legislative Drafting: • LSB / Blakes will continue to work through legislative drafting issues • LSB to consider contempt of legislature issue • Legislation to be complete April 17, 2017, first draft to be available for review week of March 27, 2017 <u>Considerations</u> • OEB-RPP Filing in May 2017. OEB may also be required to set new GA rate for RPP-eligible consumers. • Ongoing legal, accounting and financing risk assessments. • Impact on Electricity Sector Dedicated Income.	

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2) Broadening Rural or Remote Rate Protection (RRRP) (SNAP)		
ENERGY, LSB and LDCs	- Legislation - Regulation (TBD) <u>Recent Action Items</u> - SNAP convened LDC working group on March 23rd - SNAP to continue to monitor rate hearings for RRRP LDCs - SNAP to collect billing implementation timeline estimates from LDCs <u>Considerations</u> - Consideration of revising definitions of RRRP program for broadening to other LDCs and continue to have current structure in place to provide to existing consumers in Algoma and Remotes. May require separation of RRRP and broader distribution rate protection into separate programs. - Technical/governance structures needed to flow taxpayer money to programs. Need to work with IESO/OEB/MOF. - Work with LDCs to consider any bill messaging.	- Report back to TB/MBC by Spring 2017 - Fall 2017 implementation (per Cabinet Minute)
3) Expanding Ontario Electricity Support Program (OESP) (SNAP)		
ENERGY, LSB, MCSS and OEB	- Legislation - Regulation <u>Recent Action Items</u> - SNAP to continue to work through OESP automatic qualification with MCSS / OEB - SNAP to continue to work with, MOF, OEB and CRA on OESP wet signature - Board decision this week on removing OESP from bill as of May 1. <u>Considerations</u> - OEB has been engaged on implementation timelines for 50% +	- Report back to TB/MBC by Spring 2017 - LRC on April 10, 2016 - Program in place in 2017 (per Cabinet Minute)

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	new eligibility – Potentially early Spring. • Ongoing work with MCSS to auto-enroll those receiving / applying to social programs. Work plan for implementation being developed with OEB support. • As part of legislation / regulatory amendment work, investigating steps required to use OESP variance (approx. \$100M) to reduce current OESP charge to zero and continue funding existing program until tax changes in place. Currently engaging OEB. • Technical/governance structures needed to flow taxpayer money to programs. Need to work with IESO/OEB/MOF.	
4) Providing a First Nations On-Reserve Delivery Credit (SNAP)		
• ENERGY and LSB	• Legislation • Regulation (TBD) <u>Recent Action Items</u> • SNAP convened LDC working group on March 24th • SNAP to move forward with including COO in FN rate implementation / work through implementation issues • OEB has not posted FN rate report just yet as conversations are ongoing between Ministry on a letter from the Minister to the OEB acknowledging receipt of the report and outlining the plan for implementation <u>Considerations</u> • Work with LDCs on implementation details that need to be captured in legislation. • Legislation required to have program funded by taxpayers. • Technical/governance structures needed to flow taxpayer money to programs. Need to work with IESO/OEB/MOF. • Work with LDCs to consider any bill messaging.	• Report back to TB/MBC by Spring 2017 with final program details, including performance management framework, and clarifying how the programs aligns with the significant OEB estimate of program costs, from \$13 million to \$20 million • Program in place in 2017 (per Cabinet Minute)

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5) Establishing an Affordability Fund (CRED) ENERGY, IGS, LSB, Blakes, CSD, OPCD, TBS, MOF and H1 (KPMG and Osler)	- TBC/MBC Submission - Declaration of Trust ("Trust Deed") - Transfer Payment Agreement (TPA) - Administrative Services Agreement (H1-Trust) <u>Recent Action Items</u> - March 17: ENERGY received \$100M in CRED's Green Energy Initiatives TP line - March 23 and 24: Trust Deed and TPA executed. Process to transfer funds underway <u>Considerations</u> - Legislative changes not required. - Funding needs to flow to the Trust prior to March 31, 2017.	April to May 31 2017: - Advisory Committee recommends Board of Trustees; Computershare appoints full Board of Trustees June 2017: - Trustees expected to engage with distributors, IESO, OEB, others, to define funding criteria and processes. June 2017: - Report back to TB/MBC with final program details and a performance management framework including outcome measures and targets Summer 2017: - LDCs begin to apply to the Trust for funds Late 2017/early 2018: - ENERGY can apply for additional funds through 2018-19 PRRT based on performance and need. Trust term can be extended with amended/new TPA if agreed by Trust.

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6) Expanding ICI (ESP)		
ENERGY, LSB, IESO and LDCs	- Regulation (amend O.Reg.429/04) - Regulatory Registry (RR) posting <u>Recent Action Items</u> - ESP working to finalize materials for LRC on April 10, 2017 – draft language from leg. Counsel has been shared with ESP staff - Communications finalized TPA with OCC / ESP to consider providing support to CME - ESP to consider implications of dropping below 500kw threshold due to investments in conservation <u>Considerations</u> - Amendments need to be in effect as much in advance of the consumer notification date as possible to impact electricity bills this year (May 15, 2017). - Ongoing outreach with LDCs being undertaken by IESO	- RR posting on the proposed amendment – posted March 9, 2017 for 30 days - Report back to TBC/MBC by spring 2017 (per TBC/MBC Minute) - LRC on April 10, 2016 - Effective April/May 2017 (TBD)
7) Energy Sector Efficiencies (i.e., Ontario Energy Board and IESO) (SNAP / ESP)		
ENERGY, LSB, OEB and IESO	OEB: - Directive / Letter (TBD) <u>Considerations</u> - Signal efficiencies intent in OEB business plan letter - Work with OEB/LDCs on LTEP document and proposed directive to OEB IESO: - Directive / Letter (TBD) <u>Considerations</u> - IESO's stakeholder engagement re Market Renewal is ongoing.	Continue this work as part of LTEP

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8) Additional Initiatives for Small Business and Industrials (i.e., Class B) (ESP)		
ENERGY, MEDG, MOF, MOECC, MOL and Small Business	- Identify additional opportunities to assist Class B electricity consumers and small and medium sized manufacturers' <u>Recent Action Items</u> - ESP to work with other ministries regarding other measures that can be considered for SMEs <u>Considerations</u> - TBD	Report back to TBC/MBC and Cabinet in spring 2017 (per Cabinet Minute)
9) Initiatives for Tenants (SNAP)		
ENERGY and MOH	- Explore ways to provide direct assistance to tenants that are not sub-metered and do not directly benefit under the existing and proposed rate mitigation programs <u>Considerations</u> - MHO leading any legislative/regulatory changes needed to have tenants benefit from program. Consider whether benefits are limited to 8% and GA (rather than OESP which is harder to provide to tenants who do not pay their bills). - ENERGY working with MCSS to streamline/automate enrollment for ODSP/OW consumers into OESP.	Report back to TBC/MBC and Cabinet in spring 2017 (Per Cabinet Minute)
10) Stakeholder/Agency Outreach (Communications)		
ENERGY	- Minister's letters to: - Ratepayers; - LDCs; - Business (e.g., OCC, CME, Concerned Manufactures, etc); and - Agencies (i.e., IESO, OPG, OEB and H1)	Early-mid March

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11) Engagement with Officers of the Legislature		
ENERGY, MOF/OFA, Financial Accountability Officer (FAO)	Provide FAO staff with a technical briefing on the OFHP	- March 9, 2017: Preliminary discussion - March 14, 2017: Letter received requesting additional information by March 24, 2017 - Ministry preparing responsive materials
ENERGY, MOF/OFA, Auditor General (AG)	Provide the AG with a technical briefing on the OFHP	Preliminary discussion on April 19, 2017 (TBD)
12) Bill Presentment (SNAP/LSB)		
ENERGY	Ministry to begin work on bill presentment	Initial discussion on March 31, 2017