

Ministry of Energy

Proclamation OIC to support the Hydro One IPO

Order in Council

Profile at a Glance

Priority: Consequential to Commitment**Public Interest:** Low**Key Stakeholder Interest:** Low**New Costs/Burdens:** No for Stakeholders; No for Government**New Savings/Opportunities:** No

Proposed Items for Review

1. The proclamation OIC would proclaim August 31, 2015 as the date upon which certain amendments to s. 48.1, s. 48.2, s. 49(1), s. 50.2.1, and s. 53 of the *Electricity Act, 1998* (EA) would come into force.
2. The OIC would also proclaim October 15, 2015 as the in force date for certain amendments to the *Electricity Act, 1998*, the *Broader Public Sector Accountability Act, 2010* the *Financial Administration Act*, the *Lobbyists Registration Act, 1998* and the *Trillium Trust Act, 2014*.

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC		


Deputy MinisterAugust 17, 2015
Date

Minister

Date

Ministry of Energy
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Public Interest: Low

Key Stakeholder Interest: Low

New Costs/Burdens: No for Stakeholders; No for Government

New Savings/Opportunities: No

Proposed Items for Review

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2. The OIC would also proclaim October 15, 2015 as the in force date for certain amendments to the *Electricity Act, 1998*, the *Broader Public Sector Accountability Act, 2010* the *Financial Administration Act*, the *Lobbyists Registration Act, 1998* and the *Trillium Trust Act, 2014*.

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s. 1 Proposal and Context

As announced in the 2015 Ontario Budget, the Province is moving forward with the Premier's Advisory Council on Government Assets' recommendations to broaden the ownership of Hydro One Inc. (Hydro One) through an initial public offering (IPO) and merge Hydro One Brampton Networks Inc. (HOBNI) with three other large electricity distributors – PowerStream, Enersource and Horizon.

As part of the 2015 Ontario Budget, legislative amendments were made to the *Electricity Act, 1998* (EA) in order to maintain oversight and prepare for the IPO. These legislative changes, once proclaimed, would require that Hydro One to maintain its head office for itself and its subsidiaries, its strategic decision making for itself and its subsidiaries, and grid control centres in Ontario, to prevent it from selling substantially all of its assets, to prevent ownership over 10% (other than by the Province), to provide for repeals of and amendments to of various clauses and subsections, etc. The proclamation OIC would proclaim August 31, 2015 as the date upon which these legislative amendments to s. 48.1, s. 48.2, s. 49(1), s. 50.2.1, and s. 53 of the EA come into force.

October 15, 2015 would be proclaimed as the date upon which certain related legislative amendments to other statutes would come into force. These changes include changes to the EA, *Broader Public Sector Accountability Act, 2010* (BPSAA) (the *Financial Administration Act* (FAA) the *Lobbyists Registration Act, 1998* (LRA) and the *Trillium Trust Act, 2014* (TTA), as further outlined in section 2 of this Form.

**s. 2 Approach and
Intended Outcomes**

The proposed proclamation Order in Council (OIC) would name August 31, 2015 as the date upon which the following amendments to the EA would come into force:

Electricity Act, 1998

- Relating to s.48.1 of the *Electricity Act, 1998*
 - S. 48.1(2)- Requirement for Hydro One maintaining head office in Ontario for itself and its subsidiaries
 - S. 48.1(3) - Specifies what “maintains its head office” in Ontario means.
 - S. 48(4) and (5) - Would require that Hydro One at all times, directly or through its subsidiaries, maintain its grid operation and control centres in Ontario

- S. 48(6) and (7) - Hydro One would be prohibited from disposing of all or substantially all of the business, property or assets related to its transmission and distribution systems.
- S. 48(8) - Clarifies that the prohibition against hydro One of disposing its transmission or distribution systems, business or assets regulated by the OEB would not apply to transfers between Hydro One's related corporations.
- s. 48.2 (repeal and replacement) – provides that no person (other than the Minister) is legally able to own more than 10 per cent of any class or series of voting securities of Hydro One
- s. 49(1) –adds “subject to the restrictions set out in section 48.2” to end of s. 49(1) to clarify that the Minister's authority acquire, hold, dispose of and otherwise deal with the shares, etc. of Hydro One is subject to the new restrictions provided for in s.48.2.
- new EA s.50.2.1 Provides that where the Government establishes a holding company under s.50.1 of the EA and, while it is the holder of all of Hydro One's shares, it transfers all of its shares to the new holding company, then references in the EA, the regulations and other statutes to Hydro One will either mean or include the holdco.
- s. 53 (repeal of various clauses and subsections) – relates to regulation making authority over Hydro One.

The proposed proclamation OIC would also name October 15, 2015 as the date upon which related amendments to the following pieces of legislation would come into force.

Electricity Act, 1998

- s.50.4 (repeal of) - relates to the repeal of the requirements for Hydro One to submit annual reports to the Minister of Energy for tabling in the Legislature as well as such other reports as the Minister of Energy or Minister of Finance require.

Financial Administration Act

- Amendments to s. 1(6) of the FAA, which name corporations and entities that are deemed not to be “public entities” for the purposes of that Act. New paragraph 2, once proclaimed, would remove Hydro One Inc. and its subsidiaries from the application of the definition of “public entity” for the purposes of that Act ;)
- Amendments to s. 1.0.10 of the FAA. This legislation currently authorizes Treasury Board, subject to the approval of the LGIC, to make regulations respecting accounting policies and practices of entities whose financial statements are included in the Public Accounts. The new provision would prevent the making of such a regulation for Hydro One.
- Relating to s. 1.0.25 of the FAA -The amendments specify that the consolidated financial statement requirements apply to Hydro One and the

administrator of any pension plan sponsored by it solely for the purpose of preparing the consolidated financial statements of the Province. Further, those entities would not be required to provide information in respect of a period for which Hydro One Inc. has not yet publicly disclosed its audited or unaudited financial statements.

Broader Public Sector Accountability Act, 2010

- Clause 4(2) (c) and s.4 (7) of the BPSAA. Amendments would remove reference to Hydro One and its subsidiaries such that they would not be prohibited from engaging a lobbyist to provide lobbying services.

Lobbyists Registration Act, 1998

- Amendments to sub-clause (f) (i) of the definition of "public office holder" in s.1 of the *Lobbyists Registration Act, 1998* would remove Hydro One Inc. from the definition of "public office holder" such that lobbyists would no longer have to register in order to lobby an officer, director or employee of any of those entities.

Trillium Trust Act, 2014 (TTA)

- Amendments to s.1 (2) of the TTA would deem Hydro One Inc. and its subsidiaries not to be public entities for the purposes of that Act.

These amendments have already been passed by the Legislature in the *Building Ontario Up Act (Budget Measures), 2015*. Approval of the proclamation OIC at this time is consistent with the Government's plan to enable and facilitate the Hydro One IPO.

s. 3 Direction and Urgency

In order to implement this Budget initiative, the proclamations regarding the *Electricity Act, 1998* need to come into force on August 31, 2015 prior to the filing of the preliminary prospectus which is expected to be filed in early September. For business purposes, it is better that the proclamation comes into force at month end. For legal purposes, it is appropriate for certain of the provisions to come into force as soon as possible to ensure that the required legal authorities are in place to facilitate Hydro One Inc's new governance structure and to ensure that a holding company established to hold the shares of Hydro One Inc. can benefit from the new EA s.50.2.1 which authorizes transfers to a holding company established under EA s. 50.1 without breaching the Government's minimum ownership threshold otherwise specified.

The remaining provisions (those that relate to the EA, BPSAA, FAA and the TTA) need to come into force on October 15, 2015 to help prepare the company for the IPO.

Impact Assessment s. 4 and Costs

Stakeholders may show concern that Hydro One is no longer subject to the same oversight as a Crown corporation. However, the legislative amendments have already been passed by the Legislature and are now awaiting proclamation. Further, Hydro One would become a publicly-traded company, which has different oversight and disclosure requirements than a Crown corporation. Hydro One will continue to be regulated under the Ontario *Business Corporations Act* (OBCA) and the Ontario *Securities Act*. It will continue to file financial information with the Ontario Securities Commission. Hydro One would no longer be overseen by Officers of the Legislature. Instead, it would have a dedicated corporate Ombudsperson to receive and investigate customer complaints.

If the proclamations did not come into force on the requested dates, it may affect timing for the IPO. Since the IPO has been included in the fiscal plan, it is important that the provisions covered by the proclamation OIC come into effect on the dates specified in order to allow the IPO to proceed in the manner contemplated.

No compliance costs for business/residents are foreseen.

No negative impacts on the economy, competitiveness and innovation, competition, consumers, and trade have been foreseen.

Broadening Hydro One's ownership is expected to generate an important source of funds to be put towards infrastructure investments. This is part of the government's plan to unlock the value of certain public assets to help support unprecedented investments in transit, transportation and other priority infrastructure projects through the Moving Ontario Forward plan.

Moving Ontario Forward investments would be made across Ontario, with a split of about \$16 billion for the Greater Toronto and Hamilton Area and about \$15 billion for the rest of the province. This plan is expected to support more than 20,000 jobs per year on average, over 10 years, in construction and related industries, boost productivity and revitalize communities.

s. 5 Implementation

The proclamation OIC would name August 31, 2015 as the date upon which the above-noted EA amendments would come into force. The proclamation OIC would name October 15, 2015 as the date upon which the amendments to the other above mentioned pieces of legislation would come into force.

**s. 6 Delivery and
Results Tracking**

No delivery and results tracking is required.

**s.7 Stakeholder
Consultations**

No stakeholder consultations are required.

**s.8 Other Jurisdictions
and Harmonization**

No comparison to other jurisdictions is required.

s. 9 Communications

No communications plan required

**s. 10 Contacts and
Appendices**

Contacts		
	Name	Phone Number
Ministry Policy/Program	Scott Nelms	416-212-6469
Ministry Legal	James Rehob	416-325-6676
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Michael Reid	416-325-6544
Cabinet Office Policy	Oliver Jerschow	416-325-4764



Ontario

Executive Council
Conseil exécutif

Order in Council Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

A proclamation in respect of the *Building Ontario Up Act (Budget Measures), 2015* be issued in the form set out in the Schedule.

Sur la recommandation de la personne soussignée, la lieutenant-gouverneure, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

Est prise une proclamation à l'égard de la *Loi de 2015 pour favoriser l'essor de l'Ontario (mesures budgétaires)*, rédigée selon la formule figurant à l'annexe.

Recommandé par : Le ministre de l'Énergie,

Appuyé par : Le président du Conseil des ministres,

Recommended _____
Minister of Energy

Concurred _____
Chair of Cabinet

Approuvé et décrété le

La lieutenant-gouverneure,

Approved and Ordered _____
Date

Lieutenant Governor

Authority Verified
Compétence vérifiée

James P. Rehder

Please print name

Nom en lettres

moulées s.v.p.

James P. Rehder

Telephone

Téléphone

(416) 325-6676

Recommended by the
Management Board of Cabinet on
Recommandé par le Conseil de
gestion du gouvernement le _____

Secretary

Secrétaire

SCHEDULE

ELIZABETH THE SECOND, by the Grace of God of the United Kingdom, Canada and her other Realms and Territories, Queen, Head of the Commonwealth, Defender of the Faith.

PROCLAMATION

Building Ontario Up Act (Budget Measures), 2015

We, by and with the advice of the Executive Council of Ontario, name,

- (a) October 15, 2015 as the day on which the following provision of the *Building Ontario Up Act (Budget Measures), 2015*, c. 20, which amends the *Broader Public Sector Accountability Act, 2010* comes into force:

Schedule 4, s. 2.

- (b) August 31, 2015 as the day on which the following provisions of the *Building Ontario Up Act (Budget Measures), 2015*, c. 20, which amend the *Electricity Act, 1998*, come into force:

Schedule 9, s. 2, 3, 5, 6, 9.

- (c) October 15, 2015 as the day on which the following provision of the *Building Ontario Up Act (Budget Measures), 2015*, c. 20, which amends the *Electricity Act, 1998*, comes into force:

Schedule 9, s. 8.

ANNEXE

ELIZABETH DEUX, par la grâce de Dieu, Reine du Royaume-Uni, du Canada et de ses autres royaumes et territoires, Chef du Commonwealth, Défenseur de la Foi.

PROCLAMATION

Loi de 2015 pour favoriser l'essor de l'Ontario (mesures budgétaires)

Sur l'avis du Conseil exécutif de l'Ontario, nous fixons :

- a) le 15 octobre 2015 comme jour d'entrée en vigueur de la disposition suivante de la *Loi de 2015 pour favoriser l'essor de l'Ontario (mesures budgétaires)*, chap. 20, qui modifie la *Loi de 2010 sur la responsabilisation du secteur parapublic* :

Annexe 4, art. 2.

- b) le 31 août 2015 comme jour d'entrée en vigueur des dispositions suivantes de la *Loi de 2015 pour favoriser l'essor de l'Ontario (mesures budgétaires)*, chap. 20, qui modifient la *Loi de 1998 sur l'électricité* :

Annexe 9, art. 2, 3, 5, 6, 9.

- c) le 15 octobre 2015 comme jour d'entrée en vigueur de la disposition suivante de la *Loi de 2015 pour favoriser l'essor de l'Ontario (mesures budgétaires)*, chap. 20, qui modifie la *Loi de 1998 sur l'électricité* :

Annexe 9, art. 8.

- (d) October 15, 2015 as the day on which the following provisions of the *Building Ontario Up Act (Budget Measures)*, 2015, c. 20, which amend the *Financial Administration Act*, come into force:

Schedule 11, s. 1 (3), 3, 5.

- (e) October 15, 2015 as the day on which the following provision of the *Building Ontario Up Act (Budget Measures)*, 2015, c. 20, which amends the *Lobbyists Registration Act, 1998*, comes into force:

Schedule 22, s. 1.

- (f) October 15, 2015 as the day on which the following provision of the *Building Ontario Up Act (Budget Measures)*, 2015, c. 20, which amends the *Trillium Trust Act, 2014*, comes into force:

Schedule 44, s. 1.

- d) le 15 octobre 2015 comme jour d'entrée en vigueur des dispositions suivantes de la *Loi de 2015 pour favoriser l'essor de l'Ontario (mesures budgétaires)*, chap. 20, qui modifient la *Loi sur l'administration financière* :

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Annexe 44, art. 1.



Ontario

Executive Council
Conseil exécutif

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Recommandé par : Le ministre de l'Énergie,

Appuyé par : Le président du Conseil des ministres,

Recommended _____
Minister of Energy

Concurred _____
Chair of Cabinet

Approuvé et décrété le

La lieutenant-gouverneure,

Approved and Ordered _____
Date

Lieutenant Governor

Authority Verified
Compétence vérifiée



Please print name

Nom en lettres

moulées s.v.p.

James P. A. Rehob

Telephone

Téléphone

(416) 325-6676

Recommended by the
Management Board of Cabinet on
Recommandé par le Conseil de
gestion du gouvernement le _____

Secretary

Secrétaire

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