Project FT2018

Ministry of Energy: Hard Copies

Box 1 of 1

Motion Numbers: 6, 8, 9 and 11

Division: Communications

Motion: 6 + 8 (belongs in both folders)

Energy- Communications

WEEKLY RATE MITIGATION IMPLEMENTATION GROUP
June 22, 2017

Agenda

1) OFHP ADs

2) GA Refinancing
   - Regulation (Energy / All)
   - Critical Path Updates (OPG / IESO / OEB)
   - Business Item Upates (OFA / IGS)

3) AG
   - Recent Activities / Requests (All)

4) Other OFHP Initiatives
   - RRRP, OESP and FN (SNAP)
   - Affordability Fund (CRED)

Aug 15th AG opinion

Cabinet Tuesday
Ministr's Briefing
Nov 4-3/package
3 hrs/package
wants to see ahead
5-7 slides
At hum etc.

Notes:

Motion: 9

Energy: Communications

Ontario

MINISTRY OF
ENERGY

Ontario's Fair Hydro Plan – Minister's Update

September, 2017

CONFIDENTIAL

Context

- On March 2, 2017, the Province announced Ontario's Fair Hydro Plan (OFHP), which proposes new measures to lower electricity bills by 25 per cent on average for residential electricity customers, as well as initiatives to reduce costs for low-income consumers, First Nations and small manufacturers.

- The Ministry of Energy worked with a number of ministries (i.e., MOF, TBS/OPCD, MAG and CO), energy agencies (i.e., OPG, OEB and IESO), external advisors and local distribution companies (LDCs) on the development of legislation, regulations and ongoing implementation.
  - On April 10, 2017, Ontario expanded the Industrial Conservation Initiative (ICI) to include manufacturers and greenhouses with peak demand from 500 kW to 1 MW.
  - On June 1, 2017, the *Fair Hydro Act, 2017* (FHA) received Royal Assent.
  - As of July 1, 2017, the full impact of the OFHPA reductions is in effect.

- Through the Rate Mitigation Implementation Group and subcommittees, the Ministry of Energy continues to work through implementation of the following OFHP initiatives:
  - GA Refinancing;
  - Electricity Support Programs (i.e., Rural or Remote Rate Protection, Ontario Electricity Support Program, First Nation On-Reserve Delivery Credit); and
  - The Affordability Fund.

1) Global Adjustment (GA) Refinancing

- Full reduction related to OFHP for regulated consumers as determined by the OEB for rates that came into effect on July 1, 2017.

- Ongoing work with ENERGY agencies (i.e., OPG, OEB and IESO), key ministries (i.e., MOF and TBS/OPCD) and external advisors. Key deliverables include:
  - **Provincial Protection and Assurances ~~Support~~ Agreement (PPAA):** Province to provide contingent supports to enable structure. On September 25, 2017, the PPAA term sheet was reviewed by TB. Final agreement will be subject to an OIC to be approved by Cabinet.
  - **Fair Allocation Amount (FAA):** Minister of Energy to calculate the Fair Allocation Amount (FAA) and provide the amount to the Financial Services Manager (OPG). Letter expected to be sent by the end of September 2017;
  - **Management Fees Regulation:** Confirmation of methodology to determine the fees OPG charges for providing Financial Management Services including role of OEB in reviewing costs. Proposed regulation to be reviewed by LRC on October 16, 2017;
  - **Moratorium Period Interest and Fee Recovery:** Amendments to O. Reg. 429/04 to allow for interest and fee recovery through the GA until the end of the moratorium on Clean Energy Adjustments (i.e., 2021); Proposed regulation to be reviewed by LRC at October 16, 2017;
  - **Equity Injection:** Province to purchase shares of OPG on a monthly basis;
  - **Subordinated Debt:** OPG will lend the equity injection from the Province to the Trust by way of subordinated debt; and
  - **PILs Exemption:** Province to mitigate cost to ratepayers by minimizing PILs payable by OPG financing vehicle.

- The OFHP impact has been incorporated into the 2017 Long-Term Energy Plan (2017 LTEP) modeling for the residential price curve.

Status / Next Steps

- Next Steps:
  - Fall 2017/Winter 2018:
    - Provincial Protection and Assurance Agreement OIC;
    - Fair Allocation Amount letter;
    - Management Fees and Interest and fee recovery regulation amendments; and
    - Equity injection agreements in place.
    - PILs Exemption;
    - Sale of the Regulatory Asset by IESO to OPG SPV/Trust; and
    - Sale of the Investment Asset by OPG SPV/Trust to market to investors.

2) Social Programs – Regulations

- On July 1, 2017, a number of amended and new regulations, needed to implement the Fair Hydro Plan, came into force:

1. **Created a new Regulation (O. Reg. 197/17 First Nations Delivery Credit**) made under the *Ontario Energy Board Act, 1998* to enable the provision of a First Nations Delivery Credit. ~~target~~ 6800 by early next year
2. **Created a new Regulation (O. Reg. 198/17 Distribution Rate-Protected Residential Consumers**) made under the *Ontario Energy Board Act, 1998* to enable the provision of enhanced distribution rate protection to full-time residential customers of prescribed LDCs. Netting on rates to be finalized
3. **Amended O. Reg. 442/01(Rural or Remote Electricity Rate Protection)** made under the *Ontario Energy Board Act, 1998* to enable tax-based funds to support the provision of RRRP to Hydro One's low-density residential classified customers (R2).
4. **Created a new Invoicing Regulation (O. Reg. 196/17 Invoicing Requirements)** made under the *Ontario Fair Hydro Plan Act, 2017* to communicate Ontario's Fair Hydro Plan (OFHP), and its associated bill impacts, to consumers.
5. **Amended O. Reg. 275/04 (Information on Invoices to Certain Classes of Consumers of Electricity)** made under the *Ontario Energy Board Act, 1998* to remove the requirement for electricity vendors and USMPs to include informational messaging about the Debt Retirement Charge (DRC) in order to create more space on invoices for new OFHP messaging.
6. **Amended the O. Reg 363/16 (General)** under the *Ontario Rebate for Electricity Consumers Act, 2016* to provide clarity on how the proposed First Nations Delivery Credit should be treated with respect to the calculation of the 8% provincial rebate.
7. **Amended O. Reg. 314/15 (Ontario Electricity Support Program)** made under the *Ontario Energy Board Act, 1998* to enable MCSS staff to sign up social assistance clients for the Ontario Electricity Support Program.

Wet signature issue resolution: implementing a digital signature to apply to avoid printing/mailing by year-end.

Transition to Ministry – need to go back to LRC for OIC to shift funding to taxpayers

2) First Nations Delivery Credit (FNDC)

- Section 79.4 of the OEB Act provides for a delivery credit to offset the costs that make up the delivery line for on-reserve consumers, paid for through funds appropriated by the Legislature. It also provides for regulation making authority to define who is an on-reserve consumer and what areas constitute a "reserve"

- The central piece of the FNDC regulation surrounds the eligibility criteria. The regulation limits eligibility to all First Nations residential on-reserve customers, regardless of whether the customer is seasonal or permanent. The definition of key terms, such as "reserve", "member of a band", are taken directly from the traditional meaning provided in the Indian Act.

- The 11 affected LDCs already have set processes in place to identify First Nations customers living on reserve based on their HST exemption status.

- Based on information provided by LDCs, there are up to 6,000 customers potentially eligible for FNDC but are not yet enrolled in the LDC system as HST exempt. Hydro One has informed the Ministry that with targeted outreach efforts it has newly enrolled 1,400 of these into both HST exemption and the FNDC. They continue to average 20-40 new sign-ups a day.

  - Data on recipients is coming to the Ministry via the IESO request for payment reimbursement. Staff will process this data and return with an updated recipient figure.

- The Ministry of Energy, in collaboration with the Chiefs of Ontario (COO), have crafted the policy in a manner which best reflects the needs and wishes of First Nations in Ontario.

  - Some leaders of First Nations that do not have reserve lands have expressed concern about being excluded from eligibility. (e.g. the Algonguins of Ontario and non-status First Nation groups).

Communications Strategy

  - The FNDC postcard has been distributed to First Nation Band Councils for distribution within their communities to raise awareness of the FNDC and encourage those who may be eligible but have not registered for an HST exemption to consider doing so.

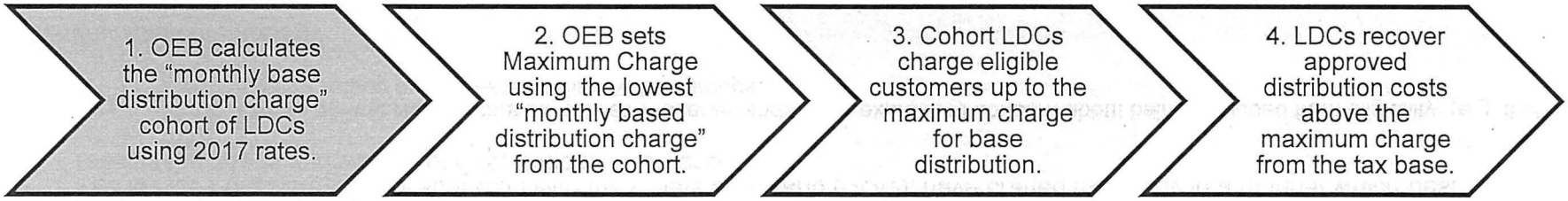
  - An electronic version of the postcard has been posted by COO on their website.

- Chiefs of Ontario Communiqué.

  - COO sent a Communiqué to all First Nation Chiefs in June to encourage them to make sure their members are registered to receive the HST exemption from their LDC so that they will receive the FNDC.

2) Distribution Rate Protection – Implementation

- All eligible LDCs have indicated they are in position to provide distribution rate protection for electricity consumed on or after July 1st, 2017.
- The OEB followed the criteria in the new regulation (O. Reg. 198/17), as outlined in the chevrons below, to set the maximum monthly distribution charge.



- On June 22, 2017, the OEB released its decision and set the maximum monthly charge at $36.43/month. The maximum charge will be updated at least once annually going forward.
  - The regulation stipulates that each year the maximum monthly charge would be no lower than the previous year's maximum charge.
- Affected LDCs have implemented the required billing system changes, and benefits have begun to flow to consumers as July billing cycles are completed.
- The OEB's June 22 decision also lowered the RRRP regulatory charge to reflect the shift of legacy Hydro One R2 customer costs from the rate-base to the tax-base. The new RRRP charge (0.03¢/kWh) dropped from $1.66/month for the average customer to $0.24.
- Ministry staff are updating program costs projections. Hydro One's future distribution rates (currently before the OEB) are the top cost drivers. The Ministry is working with the OEB to consider how the OEB's cost forecast report (contemplated in O. Reg 198/17) will be provided to the Ministry.

2) Ontario Electricity Support Program Regulation (OESP)

- As part of the FHP, recent amendments to Section 79.2.2 of the OEBA gave the Ministry of Community and Social Services (MCSS) and the OEB authority to share personal information. This authority is required to align OESP delivery with other social assistance (SA) programs and automate OESP enrolment in a way that meets privacy requirements under the *Freedom of Information and Protection of Privacy Act, 1990*.
  - The purpose of this exercise is to increase OESP uptake, which is one of the approved activities in the FHP TB Minute (March 1, 2017).
- Implementation activities underway by MCSS:
  - On July 25, 2017, TB/MBC approved 20 FTEs in a joint submission with ENERGY and MCSS to support implementation activities related to increasing the enrolment of SA clients on OESP.
  - MCSS has developed an MOU with the OEB on data sharing and respective roles / responsibilities for aligning OESP with SA program delivery. Data exchange has occurred, and MCSS has determined that only 20% of SA clients with electricity bills are currently enrolled (about 90,000 of the 113,000 clients).
  - MCSS has already begun to directly contact these clients by phone and will follow up with letters in late September 2017. The call centre will be ready to receive calls by October 2017.
  - Software system upgrades will are underway to enable more streamlined automatic enrolment, but in the meantime, OESP applications will still be manual. The automatic enrolment solution is anticipated for early 2018-2019.

Status / Next Steps

- An OIC proclamation for provisions in the OEBA and further regulatory changes are needed to implement the transition from rate base to the tax base. This will happen when the OESP variance account is nearly depleted, which is expected in the fall.
- The Ministry will work with the OEB over the next several months to transition OESP administration to government. It is also working with MOF on Benefits Administration Integration and will consider options for including OESP in that initiative.
- Wet signature issue is being addressed. CRA approved OEB's proposed approach for electronic signature, and technical changes are underway. Once completed (expected in November), the MOU between CRA and MOF will be updated to reflect change.

3) Affordability Fund

- Ontario's Fair Hydro Plan established an Affordability Fund to help Ontarians who don't qualify for low-income conservation programs to make energy efficiency improvements to their homes, which couldn't otherwise be done without the support.
- The Fund, established through the tax base, is being administered by an independent Trust and will be accessible to electricity distributors.

Status / Next Steps

- On March 24, 2017, ENERGY entered into a Transfer Payment Agreement with Computershare, which acted as the Original Trustee until the Board of Trustees was established, to flow $100M to the Affordability Fund Trust.
- The Board of Trustees includes representation from United Way Ottawa, the Neighbour to Neighbour Centre, Thunder Bay Hydro, Hydro One and Alectra. ENERGY is represented on the Board, with non-voting status.
- Hydro One is providing administrative support to the Trust. The Trust has retained, through Hydro One, a consultant (Accenture) to support consultation activities and develop program design.
- Consultations with LDCs were undertaken over the summer, including an August 1st session with over 30 LDCs participating.
- On August 28, Trustees briefed the Ministry on progress to date, including proposed program design and implementation.
- The Affordability Fund program is expected to launch in October. An iterative design process is contemplated, allowing for potential updates to the program on a regular basis.

4) Industrial Conservation Initiative (ICI)

- On April 10, 2017, Ontario amended O. Reg. 429/04 to allow eligible electricity consumers/market participants in the manufacturing sector and greenhouses with an average monthly peak demand of greater than 500 kilowatts (kW) and less than 1 megawatt (MW) to participate in ICI.

- Prior to the amendment to O. Reg. 429/04, ICI participation was only available to electricity consumers with average monthly peak demand greater than 1 MW.

Status / Next Steps

- Newly eligible consumers had to opt in with their LDC by June 15 to participate in ICI for the billing cycle beginning July 1.

- Information regarding ICI participants is gathered by the Independent Electricity System Operator (IESO) every July. ENERGY should expect to receive this information from IESO mid-October.

5) OFHP Billing Requirements

- The Ministry recently introduced new billing requirements under the *Ontario's Fair Hydro Plan Act*, 2017 (OFHPA) and the *Ontario Energy Board Act*, 1998 to support transparency and communication of the changes introduced by Ontario's Fair Hydro Plan (OFHP).
- These new billing requirements require electricity vendors and unit-sub meter providers (USMPs) to:
  - Include standardized informational messaging related to OFHP on all bills, per O. Reg. 196/17;
  - Accompany paper bills with a descriptive OFHP bill insert once per quarter, beginning with the first bill issued on or after July 1, 2017 until the first bill issued on or after July 1, 2018 (seasonal customers only to receive bill inserts semi-annually), per O. Reg. 196/17; and
  - Include a "First Nations Delivery Credit" as a visible line item on the bills of on-reserve customers and demonstrate the associated savings, as applicable, per O. Reg. 197/17.
- In anticipation of these new requirements, the Ministry amended O. Reg. 364/16 to revoke the "8% Provincial Rebate" messaging requirements from bills and envelopes in advance of July 1, 2017. Note: the requirement to include an 8% rebate line item remains.
- In addition, as of July 1, 2017, the requirement to include informational messaging about the Debt Retirement Charge (DRC) on bills was revoked. However, bills are still required to include a DRC line item (even for $00.00 charges) and a definition in the "Glossary of Terms".
- As of July 2017, Hydro One has also been exempted from the application of O. Reg. 275/04, and specified OFHP invoicing requirements so that they may proceed with their planned bill redesign unencumbered by regulation. Hydro One is still required to issue quarterly OFHP bill inserts to its customers.
- Note: Vendors may petition the Minister for minor adjustments to these regulatory requirements due to technical and/or operational limitations. Minor exemptions due to message character limits have been granted to Hydro Ottawa, Enercare and IESO.

5) Redesign Action Plan (RAP)

- The Ministry believes there is also an opportunity to further revise the regulatory framework on invoicing to improve the value of electricity bills to all consumers.
- In pursuit of this effort, the Ministry launched a Redesign Action Plan (RAP) this summer with the aim of improving electricity bills by:
  - Enhancing the customer experience (e.g., providing more useful information);
  - Better communicating government initiatives and programs (e.g., personalizing OFHP initiatives);
  - Consolidating the regulatory framework; and
  - Promoting greater understanding (e.g., clarifying terminology and calculations).
- The Ministry has convened a "RAP Working Group consisting of Hydro One, the Electricity Distributors Association (EDA), the Coalition of Large Distributors (CLD), as well as additional LDCs, the OEB and relevant industry associations.
  - Three meetings have been held to date: kick-off meeting, bill design workshop and technical implementation issues. LDCs have been supportive of the Ministry's approach.
  - The Ministry undertook consumer research on bill redesign in partnership with the OEB and IPSOS, through the OEB's Consumer Panel. On September 19th and 21st Consumer Panel meetings were held in Sudbury, Toronto, Kingston and London.
  - The Ministry is examining opportunities to conduct additional quantitative research to verify the qualitative findings from the Consumer Panel.
- Based on these consultation and research efforts, the Ministry aims to introduce new regulations and regulatory amendments at the end of 2017. These regulations would come into effect as of January 1, 2018, and require a transition period for distributors to comply.

EDA surveys membership for how many could implement & will work by when.

5) Billing Requirements – Proposed Timeline

- Following the introduction of the OFHP invoicing requirements, the Ministry recommends undertaking the Redesign Action Plan (RAP) in the following stages:

Pre-July 1, 2017
OFHP Bill Inserts

- Requirement for LDCs to issue "8% rebate" envelopes and include "8% rebate" on-bill messaging revoked from O. Reg. 364/16.
- LDCs voluntarily issued OFHP bill inserts in June ahead of finalized OFHP regulations (bill inserts printed by ENERGY).

July 1, 2017
OFHP Required Messaging

- OFHP regulations introduced requiring LDCs to comply with the following by July 1st:

1. Issue OFHP bill inserts on a quarterly basis for one year;
2. Include OFHP on-bill messaging;
3. Include a FNDC line item, where applicable; and
4. Remove outdated on-bill messaging (e.g., DRC).

- Hydro One exempted from specified OFHP invoicing requirements and O. Reg. 275/04.

Aug. – Oct. 2017
RAP Consultations

- ENERGY to convene a RAP Working Group including Hydro One, the EDA, the OEB, the Coalition of Large Distributors, as well as other LDCs and industry assoc.
- As part of this group, ENERGY to seek feedback on changes to bill presentment, regulatory reform, and billing system design

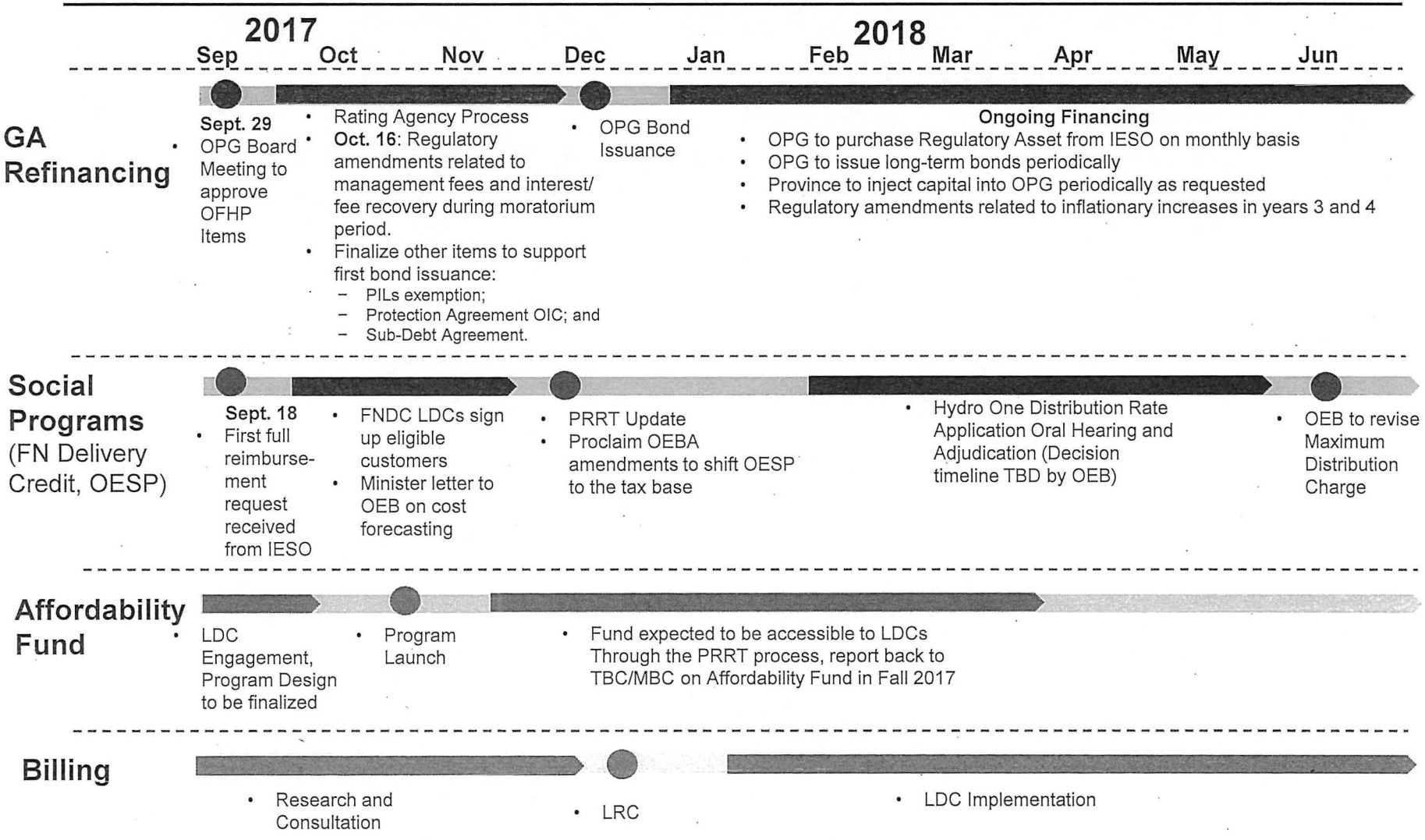
Fall – Winter 2017
RAP Proposed Regulatory Amendments

- Following RAP consultations, ENERGY to introduce regulatory amendments to simplify bill presentment by the end of 2017.
- Hydro One to begin rolling out its redesigned electricity bills in Q4 2017.

Winter 2018 –
RAP Final Regulatory Framework ~~Implementation~~

- New/amended invoicing regulations to become effective as of January 1, 2018.
- Hydro One expected to complete its roll-out of redesigned bills to its low volume consumers by Q2 2018.
- New regulations to include ample transition period for LDCs to adopt new regulatory invoicing requirements (e.g., 6months – 1 year)

OFHP Key Milestones

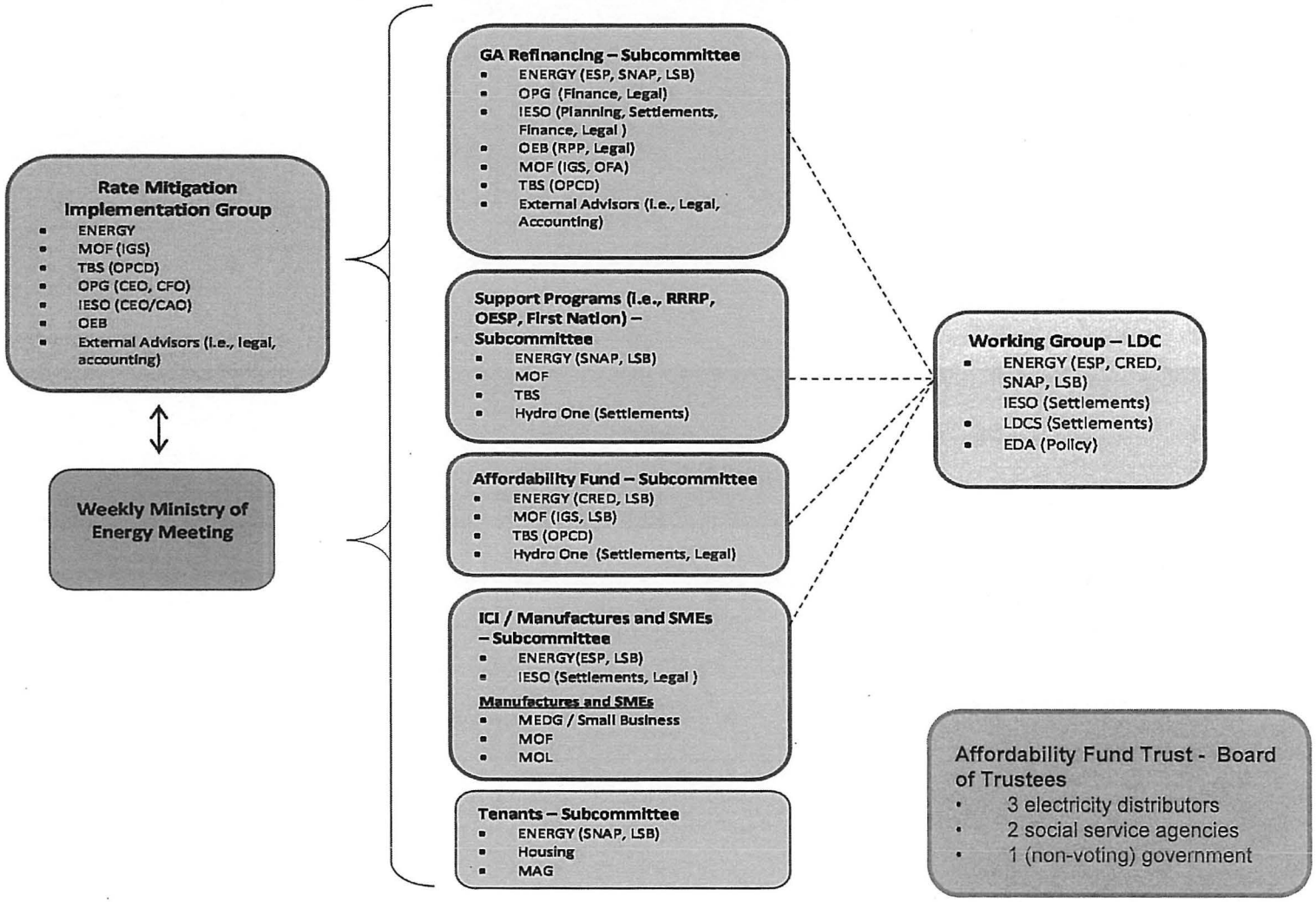


Next Steps

- Ongoing work to implement OFHP with ministries, energy agencies, external advisors and LDCs.
- Ongoing work to incorporate OFHP into the 2017 Long-Term Energy Plan (e.g., narrative, input into the residential bill forecast).

Appendix

Governance and Delivery Structure for Implementation of Ontario's Fair Hydro Plan



Outstanding Business Issues – Ontario Fair Hydro Plan

Issue	Overview	Supporting Documentation	Next Steps
Increased Credit Facilities	• To help IESO manage monthly cash flow requirements associated with its role in OFHP	• Credit Facility Agreement • OIC	• OFA drafting Credit Facility Agreement and OIC **Timing:** Cabinet on June 27th
Indemnities for IESO and OPG	• MOF to provide indemnities to companies, employees, and directors	• S.28 Business Case • Draft Indemnity	• ENE / OPG/ IESO has provided responses to OFA Qs **Timing:** Indemnities issued at start of July
Guarantees	• Province to provide contingent supports to enable structure	• Draft Term Sheet • Performance Guarantee • Service Guarantee	• OFA / Energy to provide comments on draft term sheet to OPG **Timing:** Language finalized by end of July
Equity Injection	• Province to purchase shares of OPG on a monthly basis	• Draft Term Sheet • Master Subscription Agreement • Service Level Agreement • Notice of Subscription • Amendment to Articles	• OFA / Energy to provide comments on equity injection term sheet • OPG / OFA / Energy to develop other agreements and revise OPG Articles **Timing**: Documents finalized at end of July
PILs Exemption	• Province to mitigate cost to ratepayers by minimizing PILs payable by OPG financing vehicle	• Tax Regulation	• OPG to consider value of comfort letter • MOF legal to draft regulation (consider broad vs. narrow) **Timing:** Regulation by fall
Subordinated Debt Loan Agreement	• OPG will lend the equity injection from the Province to the Trust by way of subordinated debt	• Draft Term Sheet • Debt Loan Arrangement	• OFA to provide comments • OPG to draft Debt Loan Arrangement **Timing**: TBD

Ontario

MINISTRY OF
ENERGY

Ontario's Fair Hydro Plan (OFHP)
Electricity Bill Requirements

April 2017

Context

- On March 2, 2017, the government announced Ontario's Fair Hydro Plan (OFHP), which will lower electricity rates for households and small businesses by an average of 25 percent.
- Local Distribution Companies (LDCs) must implement backend system changes to ensure that eligible residential customers receive the applicable OFHP rebates/lower charges by the mandated deadlines (May 1, 2017; July 1, 2017).
- LDCs will also need to update the messaging on their electricity bills to reflect the OFHP initiatives and inform customers about the resultant bill impacts.
- Based on feedback received from LDCs, the Ministry recommends introducing OFHP bill messaging requirements in the following stages:
  - **Pre-July:**
    - LDCs, where willing, to issue OFHP bill inserts in June 2017, ahead of finalized OFHP regulations.
    - Ministry to provide LDCs with bill insert messaging, artwork and translation as soon as possible (provision of printed copies is TBD).
  - **July 1, 2017:**
    - OFHP regulations will be introduced in May/June 2017, which will require that by July 1, 2017 LDCs have:
      - issued a second OFHP bill insert using prescribed language;
      - included standardized on-bill messaging related to OFHP; and
      - removed outdated line items and messaging from electricity bills.
  - **Post-July:**
    - Ministry to consult with LDCs regarding broader bill enhancement opportunities, including the introduction of more dynamic OFHP bill messaging (this initiative has not been discussed with LDCs yet).

Pre-July 1, 2017

Near-Term Messaging Requirements

- The Ministry convened an LDC working group in March and April 2017 to address the implementation of the OFHP, as well as to discuss its near- and long-term messaging requirements.
- As a result of these consultations, the Ministry is proposing minimal near-term OFHP messaging to ensure LDCs can provide OFHP programs on-time for consumers.
- LDCs will be asked to distribute a bill insert in June 2017 to explain OFHP initiatives and savings to consumers. Distribution of this insert will be done on a voluntary basis as OFHP regulations will not come into force until July 1, 2017.
    - In the April 19th meeting, all LDCs in attendance indicated an openness to work with the Ministry to provide this insert. LDCs expressed great interest in communicating OFHP programs to their customers.
- Depending on what materials are provided by the Ministry, LDCs advise the following bill insert timelines are possible for June 2017:
    1) If LDCs are provided with bill insert messaging and artwork, they require materials **four weeks in advance** of the desired mail-out date (~early May).
    2) If LDCs are provided with bill insert messaging, artwork and printed materials, they require materials **one week in advance** of the desired mail-out date (~late May).
- The Ministry recommends finalizing the bill insert messaging as soon as possible, and utilizing option (2), whereby LDCs are provided with the artwork and printed materials so that they can focus on the delivery logistics.

Bill Insert Messaging & Considerations

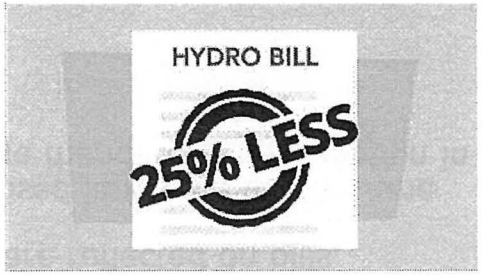
- The following messaging is proposed for the June 2017 bill insert:
    - [COMMS PLACEHOLDER: PROPOSED BILL MESSAGING]

Messaging Considerations:

- LDCs are required to deliver the Ontario Energy Board's (OEB) mandated price insert in May, which LDCs advise could delay the distribution of the OFHP bill insert until late June.
- LDCs have requested additional bill insert messaging for customers that are eligible for OFHP's social programs. For these customers, bill impacts could be substantial and vary considerably. As a result, some LDCs have indicated they would consider including their own bill inserts to explain the additional changes to their customers.
    - In response to this concern, the Ministry recommends developing a secondary bill insert for customers impacted by OFHP social programs to indicate how they are reflected on bills.
- The Ministry also recommends having legislative council review the proposed language for the June 2017 bill insert before it issued. This will reduce the risk that the language mandated by regulation in July is altered from that which was issued in June.

Broad Communications Strategy

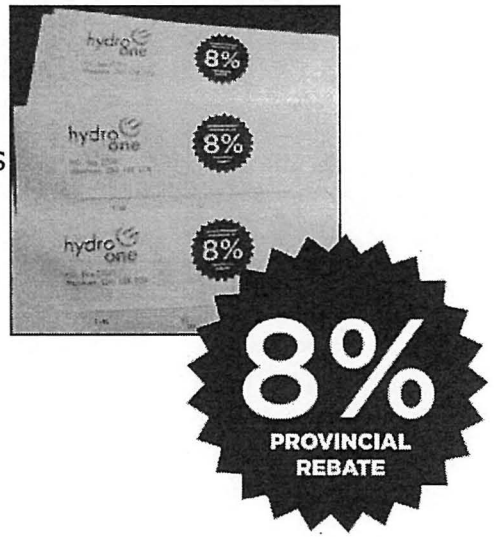
- [COMMS PLACEHOLDER: BROAD COMMUNICATIONS STRATEGY]
    - Note to Comms: Consider including costing information (e.g., design and printing of bill inserts)?



July 1, 2017

Regulatory Review of On-Bill Requirements

- Before new OFHP on-bill messaging is introduced on July 1, 2017, outdated line items and messaging must be removed from current electricity bills to free-up space and reduce potential confusion amongst consumers.
- LDCs are in favour of a regulatory "clean-up" to remove outdated messaging and line items, indicating they have "maxed out" the available space on electricity bills.
- The Ministry recommends repealing the following bill requirements as part of its May 2017 regulatory posting:
  - Remove 8% provincial rebate messaging (O. Reg. 364/16) while retaining the 8% line item.
  - Eliminate on-envelope 8% provincial rebate messaging (O. Reg. 364/16)
  - Remove Debt Retirement Charge (DRC) messaging (while retaining the DRC line item)
  - Remove Hydro One Rural or Remote Electricity Rate Protection (RRRP) messaging, which will no longer be accurate once the program is broadened.



On-Bill Items to be Removed

Toronto Hydro-Electric System Limited

YOUR ELECTRICITY BILL

TORONTO HYDRO

Account Number
30 [redacted]
To be used for payments

Premise number
4[redacted]

Meter Number
1[redacted]
SCARBOROUGH ON [redacted]

Statement Date	Feb 13 2017
Amount Due	$92.32
Due Date	Mar 05 2017
Amount Paid	

416.542.8000 www.torontohydro.com

Interest will be charged on any amount not received by the due date at the rate of 1.5% compounded monthly (19.56 % per annum) from the due date until receipt of such amount and all accrued interest

Service Location: [redacted], SCARBOROUGH

Page 1 / 1

Your Electricity Charges

Electricity
****Electricity supplied by Toronto Hydro through Standard Supply Service.
Billing Inquiries: (416) 542-8000

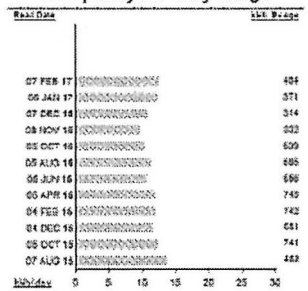
Time of use - Winter

57.113 kWh On-peak (Highest Price) @ $0.18 / kWh	10.28
38.826 kWh Mid-peak (Mid Price) @ $0.132 / kWh	5.13
308.061 kWh Off-peak (Lowest Price) @ $0.087 / kWh	26.80
Delivery	42.59
Regulatory	3.12
Debt Retirement Charge*	0.00
Your Total Electricity Charges	87.92
H.S.T. (H.S.T. Registration 896718327RT0001)	11.43
8% Provincial Rebate	7.03 CR

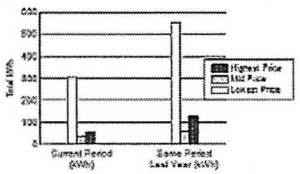
Your Previous Charges

Amount of last bill	89.59
Payment Received Jan 16 2017 - Thank You	89.59 CR
Balance Forward	0.00
Total Amount Due by Mar 05 2017	**$92.32**

Compare your daily usage



Time of use Comparison



Our Conditions of Service document is changing.
Learn more at torontohydro.com/conditionsofservice

Your electricity usage

Meter Number	Meter Reading Period	Number of Days	Read Type	Current Reading	Previous Reading	Billing Mult.	kWh Used	Loss Factor Adjustment	Adjusted kWh Used
1[redacted]	JAN 05 2017 TO FEB 07 2017	32	Act.	96142	95738	1	404	1.0376	419.169

* The Debt Retirement Charge was removed for certain residential consumption after Dec. 31, 2015. Learn more at Ontario.ca/DRC.
Debt Retirement Charge exemption saved you $2.63

The Ontario government is providing a rebate on your electricity costs equal to the provincial portion of HST.

DRC Messaging O. Reg. 275/04

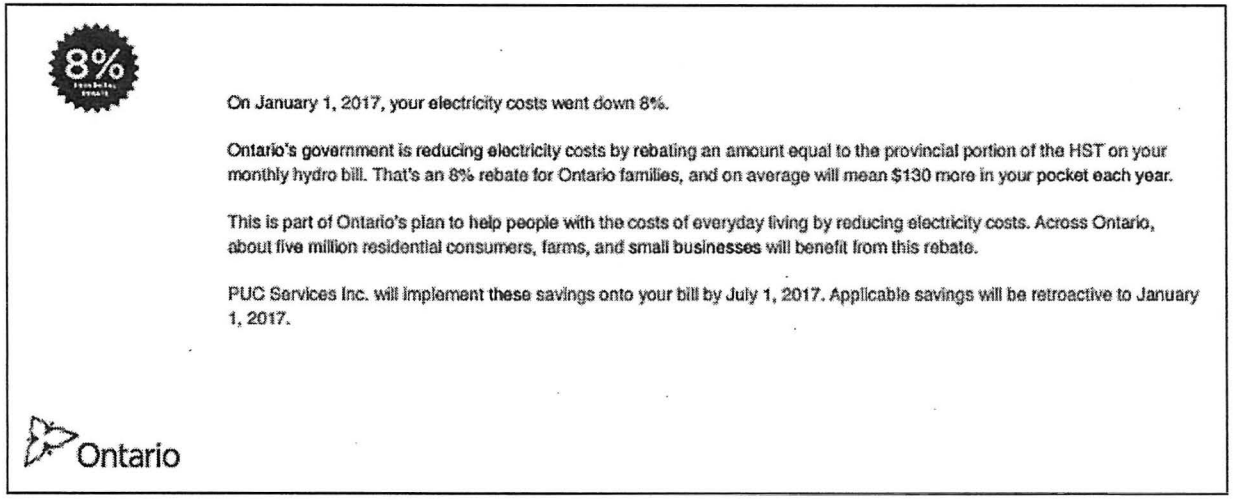
8% Rebate Messaging O.Reg. 364/16

OFHP On-Bill Messaging

- General invoice messaging will appear on all electricity bills as of July 1, 2017 to explain the existence of the OFHP. This messaging could include a specific number (e.g., 25% reduction) or none at all (e.g., bills are being substantially lowered).
- LDCs have indicated that including generic OFHP on-bill messaging for July 1, 2017 does not pose a problem, so long as adjustments to the 8% rebate messaging and other existing messaging are made where required.
- The Ministry intends to include the prescribed on-bill messaging in its May 2017 regulatory posting, which should provide adequate notice for LDCs to implement the necessary billing system changes (LDCs indicate they can receive the exact wording up to two weeks beforehand).
- The following text is proposed for the on-bill message, subject to legislative council review:
  - [COMMS PLACEHOLDER: SAMPLE ON-BILL MESSAGING]
- Note, similar to the provisions incorporated under ORECA, the OFHP regulations will allow LDCs to petition the Minister for an exemption to these messaging requirements.

OFHP Bill Insert

- LDCs will be required to provide a second bill insert explaining OFHP programs in greater detail by July 1, 2017.
- Unlike the proposed June 2017 bill insert, LDCs would be required to comply with this second bill insert as per regulation. As with ORECA, this insert would be required for two billing cycles (July and August).
- The messaging included on this insert would be subject to legislative council review. Ministry staff will test the June bill insert language with legislative council to reduce the risk of language changes between the inserts.

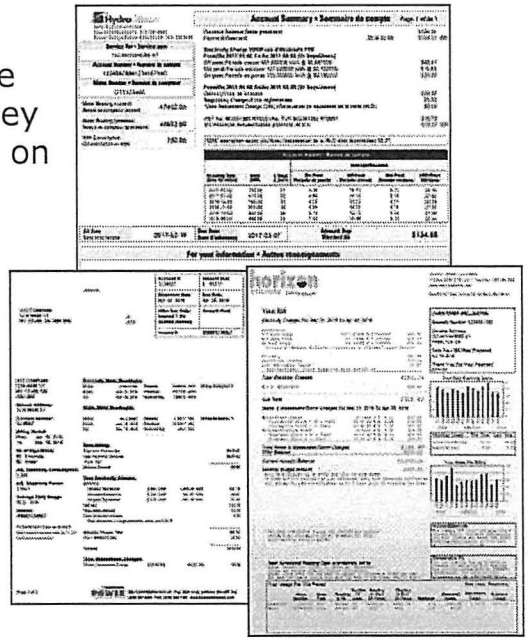


Example: 8% Rebate Bill Insert
O.Reg. 364/16
- LDCs were required to include bill inserts displaying the Ontario government trillium logo, "8% Provincial Rebate" and specified messaging.

Post-July 1, 2017

Long-Term Messaging Improvements

- The Ministry believes there is opportunity for a consultation on the design of the bill, with a goal to refresh the regulatory framework to improve the value of the bill to the consumer across all LDCs.
    - Changes of this nature will require more in-depth consultation with LDCs, as well as broader regulatory amendments to simplify the requirements, necessitating a longer period to implement.
    - This refresh would also include opportunities to communicate OFHP savings in a more personalized and comprehensive manner.
- The Ministry proposes to convene with LDCs in July, once they've had sufficient time to make the backend changes necessary to implement the OFHP initiatives and general OFHP messaging, to discuss the changes they would like to see to bill presentment. We would also seek their feedback on how to improve the associated regulations.
- Consultation will also involve consumer advocates and other interested parties.
- Based on this feedback, the Ministry would aim to introduce regulatory amendments to simplify bill presentment in the Fall 2017.



Presentation to the Minister of Energy on the Ontario Fair Hydro Plan Act

Purpose

- Purpose is to walkthrough the main elements of the legislation.

- The Act consists of two components:
  - Part 1: Legislation to provide for the fair allocation of costs of electricity over time
  - Part 2: Legislative amendments for social programs

Part 1:
Overview of Legislation to provide for the fair allocation of costs of electricity over time

1. Ontario Fair Hydro Plan Act – Fundamental Principles
2. Brief Overview of the Legislation
3. Stakeholder Consultation and the Process to Prepare the Legislation
4. Building Blocks of the Legislation
    - What costs are part of the program?
    - How are the costs allocated fairly amount ratepayers now and in the future?
    - What consumers does the program apply to?
    - How is the program financed?
4. How the Legislation Works
    - Clean Energy Initiative
    - Clean Energy Costs and Benefits
    - Clean Energy Adjustments
    - Fair Adjustment
    - Fair Allocation Amount
    - Regulatory Asset and the Investment Asset
    - Issuance and Payment of Debt
    - Financing Plan
5. Who Does What
    - Minister of Energy
    - Role of OPG
    - Role of IESO
    - Role of OEB

Ontario Fair Hydro Plan Act – Fundamental Principles

- The actions taken by the Government of Ontario to achieve a clean, modern, and reliable electricity system have resulted in significant costs. The burden of financing the electricity system improvements and funding key programs has unfairly fallen on the shoulders of today's consumers.
- The Ontario Fair Hydro Plan Act is founded on the principle that costs related to the development of a clean, modern and reliable electricity system (with a diverse supply mix) ought to be charged to those consumers, today and in the future, who will be the beneficiaries of those costs.
- The Government of Ontario is committed to ensuring that the costs of financing these investments are allocated fairly among present and future generations of consumers.
- The challenge inherent in the development of the legislation was the need to balance several key factors: the fundamental principles of the program, the program's desired accounting treatment, ratepayer interests, expectations of the financial markets, financeability, and legal considerations.

Stakeholder Consultation and the Process to Prepare the Legislation

- The development of the Ontario Fair Hydro Plan Act was preceded by extensive consultation, on an ongoing basis, with representatives from the Ontario Energy Board, the IESO, Ontario Power Generation, the Provincial Controller's office, the Ministry of Energy, the Ministry of Finance, dealers, investment advisors and Canadian (and in some cases U.S.) counsel for each of the involved parties.
- As appropriate, other Ministries were circulated with drafts of the legislation and consulted on particular issues.
- Several drafts of the legislation were circulated among stakeholders and several mark-ups of draft legislation were received in response.
- Lengthy face to face meetings also took place with stakeholders and their counsel both as a group and individually.
- Legislative counsel were involved on a daily basis and produced multiple versions of the legislation.
- A steering committee chaired by the Deputy Minister met and were briefed weekly on the status of the legislation (the "Rate Mitigation Implementation Group" consisting of senior executives of the Ministry of Energy, Ministry of Finance, OPG, OEB, IESO, Treasury Board Secretariat, and office of the Minister of Energy).

Brief Overview of the Legislation

- Legislation is based on the principle that the costs incurred to move to a clean, modern and reliable electricity system creates benefits that will be experienced by multiple generations of Ontario ratepayers and, therefore, in the interest of fairness, those costs should be shared by those multiple generations.
- The legislation identifies:
  - what costs ought to be more fairly allocated ("clean energy costs");
  - mechanisms to allocate costs fairly among generations of consumers ('fair adjustment" and "fair allocation");
  - the consumers to whom the program applies ("specified consumers");
  - how the program is funded (borrowing on the strength of the revenue stream from consumers); and
  - the roles of various provincial entities in the program (Minister of Energy, Ontario Energy Board, IESO and OPG)
- In order to ensure the financeability of the program, considerable portions of the legislation are devoted to dealing with the "nuts and bolts" of what is required for successful financing including,
  - the quantification of the value of the regulatory asset;
  - the transfer of the regulatory asset to the (OPG) financing entity (which creates the "investment asset");
  - the establishment of an OPG financing plan to ensure, among other things, an appropriate program of financing the shortfalls that are created by the deferred collection of revenues; and
  - provisions setting out the way in which the financings are backed by amounts payable by specified consumers.

Building Blocks of the Legislation – What Costs are Part of the Program?

In order to achieve its purpose, the legislation establishes the following "building blocks":

- Clean Energy Initiative – This is the term used to describe the Government of Ontario's policies to foster growth and investment in and remove barriers and promote opportunities for clean and renewable energy sources and technologies and promoting conservation and demand management. The "clean energy costs" under the legislation arise from the "clean energy initiative".
- Clean Energy Costs – These are costs (attributable to the "clean energy initiative") that are to be more fairly distributed among generations of consumers.
- Clean Energy Benefits – These are the value of the benefits derived by the "specified consumers" (including the clean energy costs).
- Clean Energy Adjustments – This is adjustment to a consumer invoice on a monthly basis to repay principal, interest and other financing.

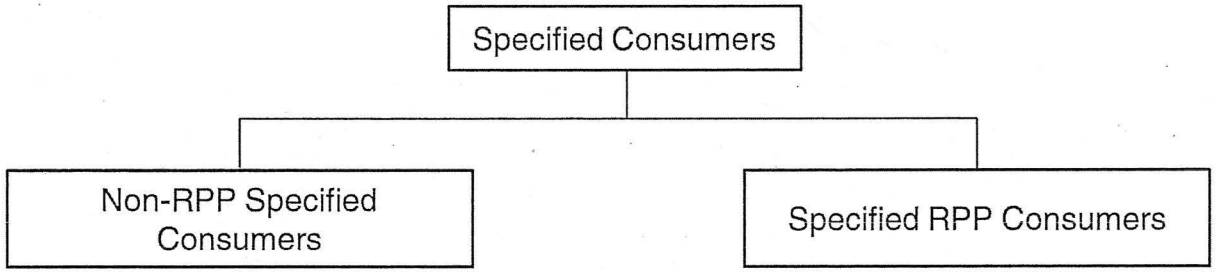
Building Blocks of the Legislation – How are the Costs to be Allocated?

•Fair Adjustment – This is the adjustment that gives the "relief" to certain specified consumers during the period from July 1, 2017 to June 30, 2021 (including this program's portion of the 25 per cent reduction).

•Fair Allocation Amount – This is the concept/mechanism by which the fair distribution of "clean energy costs" (including, for example, financing costs, the cost of the power contracts, and the costs of the fair adjustment) is calculated and implemented.

Building Blocks of the Legislation – What Groups of Consumers Does the Program Apply To?

- Specified Consumers – This is the defined group of consumers to whom the legislative program applies. These consumers are persons who have an account with an electricity vendor for the supply of electricity in Ontario and,
  - have a demand for electricity of 50 kilowatts or less (or as otherwise prescribed);
  - annually use not more than 250,000 kilowatt hours of electricity (or as otherwise prescribed);
  - carry on a farming business (basically pursuant to the *Farm Registration and Farm Organizations Funding Act*);
  - have an account with an electricity vendor that is for a "dwelling", condominium property, residential complex or co-operative housing; or
  - are otherwise prescribed.



Building Blocks of the Legislation – How is the Program Financed?

- The ability to engage in the fair distribution of clean energy costs among the specified consumers requires financing during periods where the collection of the clean energy costs is, as part of the fair allocation, deferred to later years (thereby creating a revenue shortfall). A series of complex provisions are required to (i) enable the financing, and (ii) meet requirements known to be important to rating agencies and investors.
- Regulatory Asset – This is fundamentally IESO's right to recover the revenues that it has deferred collecting because the clean electricity costs are being allocated across generations of ratepayers.
- Investment Asset – This is the asset that results when the regulatory asset is transferred to the (OPG) financing entities.
- The (OPG) financing entities will fund the acquisition (transfer) of the investment asset in the capital markets.

How the Legislation Works – Clean Energy Initiative

- The "clean energy initiative" concept is set out by definition. Its purpose is to establish the fundamental basis for the legislation.

- The definition is self-explanatory and is as follows:

"clean energy initiative" means the policies of the Government of Ontario related to,

a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies,,

b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies,

c) promoting conservation, demand management and energy efficiency; and

d) investing in energy infrastructure to ensure a clean, modern and reliable system;

How the Legislation Works – Clean Energy Costs and Benefits

- "Clean energy costs" are those costs that arise from the "clean energy initiative" and are allocated to the specified consumers for past, present and expected costs.
- The costs included in the "clean energy costs" include estimated amounts to be paid by the IESO in adjustments made under section 25.33 of the *Electricity Act* (basically, the Global Adjustment provisions) which relate to contracts for,
  - renewable energy generation or capacity
  - conservation and demand management, including shortage
  - energy efficiency
  - natural gas generation and capacity (excluding certain contracts under section 78.2 of the *Ontario Energy Board Act* or as prescribed)
  - payments made under section 78.5 of the *Ontario Energy Board Act*
- Other such costs to be included in "clean energy costs" may be prescribed
- These are the costs to be distributed fairly among the specified consumers through the "fair allocation amount".

How the Legislation Works – Fair Adjustment

- The fair adjustment provisions are set out in Part II of the legislation.
- Part II establishes that the rate that will be payable by "specified RPP consumers" from May 1, 2017 to April 30, 2018 for the first fair adjustment is the rate that would be required from this program to contribute to that consumer to receiving a total a monthly invoice amount that is 25 per cent lower than the monthly invoice amount for that consumer under the "comparison rate". The comparison rate is a rate to be determined by the OEB using the method prescribed by regulation under s 79.16(1)(b) of the OEB Act.
- Part II includes a transition provision in circumstances where for technical or operational reasons invoices cannot be adapted in time for the issuance of the first invoices under the program (i.e. adaptation of invoices must be implemented by August 1, 2017 followed by a subsequent lump sum credit to the consumer once the invoice is adapted).
- The Lieutenant General in Council is given the authority after April 30, 2018 to make regulations prescribing the rate for electricity (and therefore prescribing the "fair adjustment" until June 30, 2021). After June 30, 2021, regulations will have regard to the fair allocation amount and clean energy adjustments.

How the Legislation Works – Fair Allocation Amount

- The Minister sets the fair allocation amount.
- The establishment of the "fair allocation amount" is required to,
  - fairly measure and allocate the estimated clean energy costs (and the clean energy benefits) among the "specified consumers" for applicable "reference periods"; and
  - take into account (in the fair allocation) funding obligations (financing) that have been incurred (largely arising from the redistribution of cost across generations of consumers)
- The "fair allocation amount" is to have regard to:
  - clean energy costs and allocating the appropriate proportionate amount of the clean energy benefits to the "specified consumers" (in the applicable "reference periods");
  - reasonable assumptions regarding the time value of money, the number of consumers in the "reference period"; and
  - expected electricity consumption for the reference period.

How the Legislation Works – Regulatory Asset and Investment Asset

- The IESO will have a funding gap resulting from the reduction in amounts collected from specified consumers during the first 5 years because of the fair adjustment. The IESO's funding gap will be financed indirectly through the debt capital markets.
- The Act enables the financing of this IESO funding gap, on an ongoing basis, by establishing the funding gap as a "regulatory asset". In simple terms, the regulatory asset is IESO's right to recover the revenues that it has deferred collecting (which deferral creates IESO's funding gaps).
- IESO will then legally transfer portions of this right to recover revenues to the (OPG) financing entities.
- The (OPG) financing entity that receives the transfer of the right to recover revenues acquires a right to impose, invoice and collect those regulatory charges (called the "clean energy adjustments"). This is generally described in the legislation as the "investment asset".
- The (OPG) financing entity will need to finance its acquisition (from IESO) of the investment asset, and it will do so in the capital markets.

How the Legislation Works – Issuance and Payment of Debt

- Debt securities and related funding obligations will be incurred by one or more (OPG) financing entities. These entities will be managed by OPG, as the financial services manager.

- The financings will be backed primarily by the "clean energy adjustments" payable by specified consumers. The "clean energy adjustments" will track the actual payment obligations incurred by the financing entities when they become due and payable. To ensure intergenerational fairness, these amounts will be managed by OPG to align with the "fair allocation amounts" ascribed to each of the next 60 six month periods ending in 2047 (or such later period as prescribed).

- IESO and each electricity distributor will act as agent for the financing entities to impose, invoice and collect the clean energy adjustments, which will be channeled through to pay each financing entity's related funding obligations.

- To support the program, the Government of Ontario will be expected to provide certain performance guarantees, indemnities and bond-purchase covenants. The terms of these obligations will be worked out over time in connection with the marketing of financings through OPG. The goal will be achieve highest rated securities, although that will largely depend on issues such as the strength of the Government of Ontario's undertakings not to adversely affect the program through subsequent legislation.

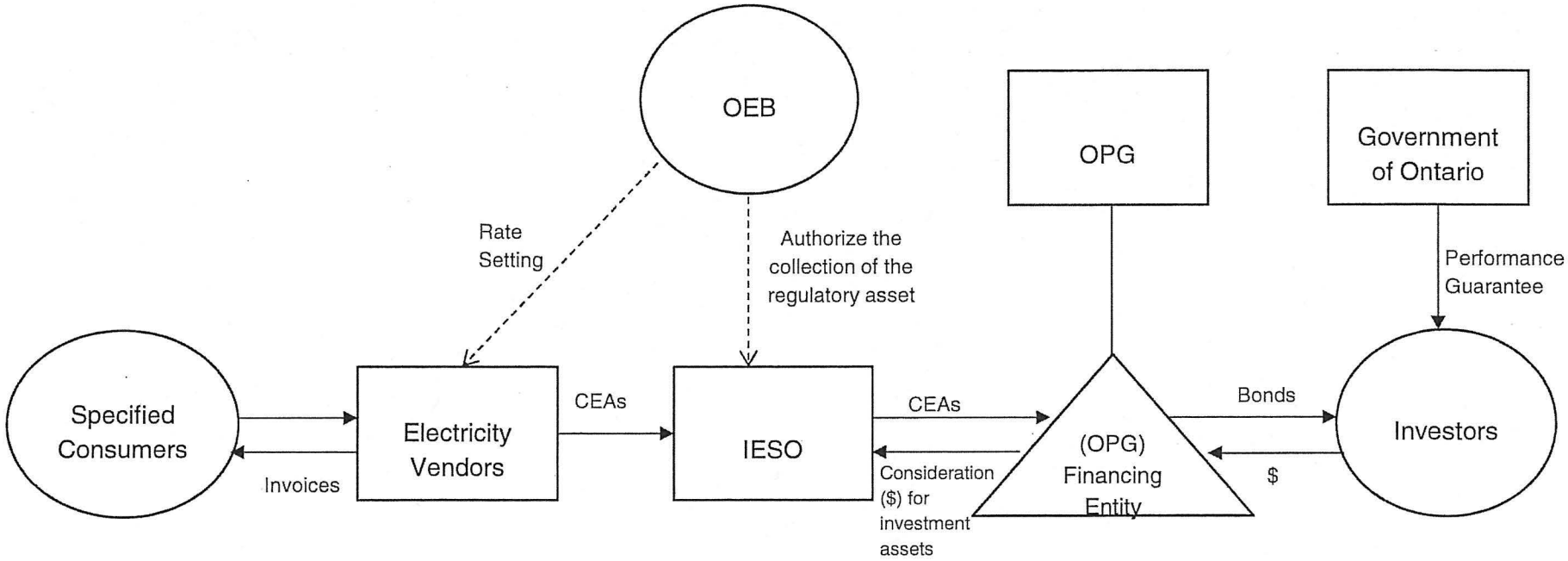
How the Legislation Works – Financing Plan

- The Financing Plan is prepared by the Financial Services Manager (OPG).
- The Financing Plan is the plan which is intended to set out when a "funding obligation" (financing) should be incurred so that the (OPG) financing entity can raise money to acquire the "investment interest" from IESO.
- There are rules that apply to the Financing Plan:
    - It must align with the "estimated finance amount" that will become due and payable during a "reference period";
    - It must take into account the "fair allocation" and any "fair adjustment";
    - It must plan to implement the financing in a reasonable and cost effective manner that reflects prevailing market terms and conditions; and
    - It must be based on certain reasonable assumptions set out in regulations (for example, related to anticipated IESO shortfalls, maturity of funding obligations, availability of refinancings, redemption opportunities and liquidity, and similar assumptions).

How the Legislation Works – Financing Plan (Continued)

- The (OPG) Financial Services Manager must incur funding obligations in conformity with the applicable Financing Plan.
- The Financing Plan will guide OPG's decisions regarding the repayment terms of the debt securities to be issued by financing entities. The Financing Plan will also deal with fundamental issues, such as the alignment (using derivatives) of any foreign currency obligations incurred by financing entities with the Canadian dollar cash flows arising through the clean energy adjustments.

How the Financing Structure Works



CEAs are "clean energy adjustments"

Who Does What–
Role of the Minister of Energy

- Determine the "fair allocation amount" applicable for each reference period. The fair allocation amounts will be set for all reference periods at the beginning of the program, based on reasonable expectations and forecasts at that time.

Who Does What–
Role of OPG

As financial services manager, OPG will be responsible for the following under the Act:

- Prepare and implement Financing Plan.
- Establish and administer the financing entities.
- Capitalize the financing entities by acquiring subordinated debt and equity, as required to achieve OPG's accounting and capital markets objectives.
- Estimate and "true up" periodic finance amounts, to be passed through as regulatory charges in the form of Clean Energy Adjustments.

Who Does What – Role of the IESO

- Calculate and record IESO funding shortfalls from time to time in a variance account, giving rise to a right of recovery from specified consumers to the extent not funded through the financings.
- Transfer the IESO's rights of recovery to (OPG) financing entities, in consideration for cash payments made by the financing entities from the proceeds of their financings
- Coordinate the collection of "clean energy adjustments" from Electricity Distributors.
- Remit "clean energy adjustments" to (OPG) financing entity, for payment of financing entity funding obligations.
- Fund initial interest costs and expenses during the first 5 years.

Who Does What – Role of the OEB

- Determine and set rates to account for fair adjustments, fair allocations and clean energy adjustments (monthly adjustments).
- Determine and set rates and process to allow the IESO to recover funding shortfalls (to the extent such amounts are not transferred to an (OPG) financing entity and financed in the capital markets).
- Review the administrative costs of OPG in connection with the administration of the program.

Part 2:
Overview of Legislative Amendments for Social Programs

- As part of the proposed Ontario Fair Hydro Plan, the Ministry of Energy is proposing amendments the *Ontario Energy Board Act, 1998* (OEBA) to enable the following measures:
  - Enhancing and providing tax-based funding for Rural or Remote Electricity Rate Protection (RRRP) through new enhanced rate protection for residential customers with high distribution rates;
  - Enhancing and providing tax-based funding for the Ontario Electricity Support Program (OESP); and
  - Creating a new First Nation On-Reserve Delivery Credit and providing for tax-based funding.

Overview of RRRP and Broadened Distribution Rate Protection

- Section 79 of the OEB Act would be amended to provide the Ministry the authority to prescribe, through regulation, classes of consumers whose cost would be transferred from the rate-base to the tax-base.
- If the proposed legislative amendments are approved, the government intends to propose regulatory amendments that would prescribe Hydro One's R2 customers as receiving RRRP from appropriated funds effective July 1, 2017. This would fulfill the government's intention to transfer the majority of the costs of administering the RRRP program to the tax-base.
- In addition, Energy is proposing legislative amendments that would broaden rate protection by creating a new distribution rate protection program to complement RRRP. This new program would be funded through tax payers.
- Distribution rate protection would be extended to eligible residential customers served by LDCs with the highest distribution costs.
  - Proposed legislative amendments would enable a maximum monthly base distribution charge to established through regulations.
- If the proposed legislative amendments are approved, the government intends to prescribe by regulation both program details and the residential customers eligible for broadened distribution rate protection served by the following LDCs:
  - Hydro One (R1 and R2 rate classes), Algoma Power, Atikokan Hydro, InnPower, Chapleau Public Utilities Commission, Sioux Lookout Hydro, Lakeland Power (Parry Sound service territory) and Northern Ontario Wires Inc.

Ontario Electricity Support Program

- Proposed legislation related to the Ontario Electricity Support Program (OESP) would shift program funding from the rate base to the tax base.
  - Tax-based funding would only kick in once the existing OESP variance account is depleted, which is expected to happen in the fall of 2017.

- To allow for the existing program structure to stay in place until tax-based funding kicks in, proposed new legislation would only come into force via a proclamation Order in Council, on a date to be determined.
  - This would ensure that existing OEB authorities remain in place while ratepayer funding is being used.

- In addition, a new authority to allow the OEB and the Ministry of Community and Social Services (MCSS) to share data on customers to support increased participation in the OESP program among Ontario Works and Ontario Disability and Support Program clients would be put in place.
  - Information Privacy Commissioner staff were consulted, and customer consent is reflected.
  - This information sharing component will come into force at Royal Assent, allowing OEB and MCSS to begin this process quickly, and support increasing OESP participation levels.

First Nations Delivery Credit

- Energy is proposing legislative amendments that would establish a first Nation Delivery Credit for On-Reserve Consumers. This new program would be funded through tax payers.

- The proposed First Nation Delivery Credit would provide:
  - All prescribed on-reserve consumers with a credit for the entirety of their delivery line or with a credit for the monthly service charge.
  - The costs that are covered by the delivery credit are also described in legislation.

- If the proposed legislative amendments are approved, the government intends to propose regulatory amendments that would:
  - establish the class of customers eligible;
  - determine what is considered on-reserve; and
  - determine the method of calculating the delivery credit.

Ontario **NEWS**

Ministry of Energy

Ontario Lowering Electricity Bills by 25 Per Cent

Province Introducing Legislation to Provide Lasting Relief for Households

NEWS May 11, 2017

Ontario has introduced new legislation that would, if passed, lower electricity bills by 25 per cent on average for all residential customers to provide significant rate relief and ensure greater fairness.

The proposed *Fair Hydro Act, 2017*, would deliver measures to lower electricity bills by 25 per cent on average for residential consumers. As many as half a million small businesses and farms would also benefit starting this summer. Lower-income Ontarians and those living in eligible rural communities would receive even greater reductions. As part of this plan, rate increases for four years would be held to the rate of inflation.

These initiatives include the eight per cent rebate introduced in January and build on previously announced initiatives to deliver broad-based rate relief on all electricity bills. Taken together, these changes would deliver the single-largest reduction to electricity rates in the province's history.

If passed, the legislation would:

- Enable the Independent Electricity System Operator (IESO) and Ontario Power Generation (OPG) to work together to refinance a portion of the Global Adjustment (GA) over a longer period of time. Refinancing a portion of the GA would provide significant and immediate rate relief by spreading the cost of Ontario's electricity investments over the expected lifecycle of the infrastructure.

- Modify the Ontario Electricity Support Program (OESP) to a government-funded program. The OESP charge was removed from customer bills starting on May 1.

- Enhance the Rural or Remote Rate Protection (RRRP) program to provide distribution charge relief to customers served by the LDCs with the highest rates.

- Provide on-reserve First Nations customers with a 100 per cent credit of the delivery line on their monthly electricity bills.

Reducing electricity costs is part of Ontario's plan to create jobs, grow our economy and help people in their everyday lives.

QUOTES

"We listened to Ontarians about the need to do more to lower electricity costs. The significant measures proposed in the Fair Hydro Act, 2017 would help further reduce costs, including additional relief for the most vulnerable. Under our proposed legislation, electricity rates would come down, stay down and make life more affordable for families and businesses across the province."

— Glenn Thibeault, Minister of Energy (TBC)

QUICK FACTS

- Ontario's Fair Hydro Plan would improve sector efficiency and modernize the province's electricity market, working in collaboration with the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB).
- In April 2017, the Industrial Conservation Initiative (ICI) was expanded to include electricity consumers in the manufacturing and greenhouse sectors with an average monthly peak demand of greater than 500 kW and less than 1 MW.
- On May 1, 2017, the OEB reduced electricity rates across the province for all Regulated Price Plan (RPP) eligible customers, which included a portion of the proposed Fair Hydro Act legislation. If passed, the OEB would have 15 days to update RPP rates to reflect all relevant measures in the proposed Fair Hydro Act.
- The expanded OESP provides an additional 50 per cent on monthly credits for current and future program participants, effective May 1, 2017.
- About 800,000 customers would benefit from the enhanced Rural or Remote Rate Protection Program.
- The province is also establishing an Affordability Fund that will be accessible to LDCs for customers who do not qualify for low-income conservation programs and who are unable to undertake energy efficiency improvements without financial assistance.
- The Government consulted widely, including with external experts, in developing the Fair Hydro Act, 2017.

LEARN MORE

- Learn about Ontario's Fair Hydro Plan
- Read Premier Wynne's statement announcing Ontario's Fair Hydro Plan
- Backgrounder on Ontario Fair Hydro Act, 2017

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Ontario

MINISTRY OF
ENERGY

Ontario Fair Hydro Plan (OFHP)
Local Distribution Company
Communications

April 2017

- Customer Newsletter
- Social channels
- Brochures @ events
- leverage OEB community meetings.
- LDA channels.

Communication Work Stream Overview

- The Ministry is preparing the following work streams to provide Local Distribution Companies (LDCs) direction on expectations for communicating Ontario Fair Hydro Plan (OFHP) program savings:
  1. Bill Insert Work Stream
  2. On-Bill Messaging Work Stream
  3. Bill Re-Design Work Stream
- This presentation provides an overview of the Ministry's intended approach in these three areas.

Bill Insert Work Stream

Objective

- To deliver a bill insert to consumers explaining the implementation of OFHP as soon as possible.

Considerations

- The Ministry is proposing language options for inclusion on the bill insert (see next slide)
- Bill insert language that is mandated by Regulation requires legislation to be passed. Language is subject to Leg Counsel determination that phrasing is factual description of OFHP.
- LDCs indicate that providing a bill insert to customers takes two months after the filing of regulations. The earliest provision of a *mandated* bill insert is August-September 2017.
- The Ministry can work with LDCs to consider providing bill inserts prior to the completion of Regulations. If May-June timing is required, the Ministry may need to take on production costs and efforts.
    - In 2016, the Ministry investigated costs for potentially designing, printing and distributing to LDCs buckslips for the 8% rebate. Quoted costs ranged around $45,000-$55,000, depending on paper quality.
- The OEB is planning to require LDCs to issue a buckslip in May to announce new RPP rates, as a result of OFHP Global Adjustment smoothing. While language will reflect regulatory communications protocols, it could satisfy near-term messaging requirements.

Next Steps

- **April:** Identify LDCs willing to move prior to Regulations and determine implementation approach.
- **May:** Volunteer bill inserts are sent to consumers. – June
- **June:** ENERGY includes bill insert requirement in LRC package.
- **August-September:** Remaining LDCs comply with Regulatory requirement.

Bill Insert Work Stream – Language Options

- **Option 1:** The wording below is consistent with OFHP public messaging:

Ontario's Fair Hydro Plan proposes new measures to lower electricity bills by 25 per cent on average for residential consumers and initiatives to reduce costs for small businesses and manufacturers. Lower-income Ontarians and those living in eligible rural communities would receive even greater reductions to their electricity bills. These measures include the eight per cent rebate introduced in January and build on previously announced initiatives to deliver broad-based rate relief on all electricity bills.

In addition any electricity rate increases over the next four years would be held to the rate of inflation. To find out more visit Ontario.ca/fairhydroplan.

largest rate cut

- **Option 2:** The wording below removes reference to percentage savings as not all consumers may experience the average reduction levels.

Ontario's Fair Hydro Plan proposes new measures to lower electricity bills for residential consumers and initiatives to reduce costs for small businesses and manufacturers. Lower-income Ontarians and those living in eligible rural communities would receive even greater reductions to their electricity bills. These measures include the eight per cent rebate introduced in January and build on previously announced initiatives to deliver broad-based rate relief on all electricity bills.

In addition any electricity rate increases over the next four years would be held to the rate of inflation. To find out more visit Ontario.ca/fairhydroplan.

- Prior to the passage of legislation, language options must avoid contempt of Legislature. Once legislation is passed and language is moved into Regulation, it is subject to Legislative Counsel assessment of its informational value to consumers.

On-Bill Messaging Work Stream

Objective

- Provide on-bill OFHP messaging without delaying program implementation.
- Clean-up bill messaging requirements that are identified as outdated or ineffective.

Considerations

- LDCs indicate bill messaging adds time and complexity to program implementation. Many LDCs are at the limit of the amount of messaging that can be accommodated. As well, providing messaging that calculates exact customer savings is a significant billing system investment.
- Hydro One has undertaken behavioural research that indicates current approach to bill messaging can generate negative customer reaction. The introduction of OFHP has also rendered some current bill messaging redundant.
- A clean-up of current regulatory requirements could include:
  - Repeal of requirement to use 8% rebate envelopes ✓
  - Repeal of 8% rebate on-bill message ✓
  - Repeal of RRRP on-bill message leave - on

July 1 - on bill message

- These messages could be replaced with a generic reference to OFHP that is simple to implement in the near-term while more comprehensive bill re-design is contemplated (see next slide). Such an approach is not expected to delay program implementation.

Next Steps

- **April:** Determine new OFHP on-bill message and test clean-up approach with LDCs
- **June:** ENERGY includes clean-up and new OFHP message in LRC package
- **July:** LDCs make messaging adjustments in parallel with program implementation.

Bill Re-Design Work Stream

Objective

- Consider refresh of regulatory framework governing bill presentment to provide information in a manner more responsive to consumer interests.

Considerations

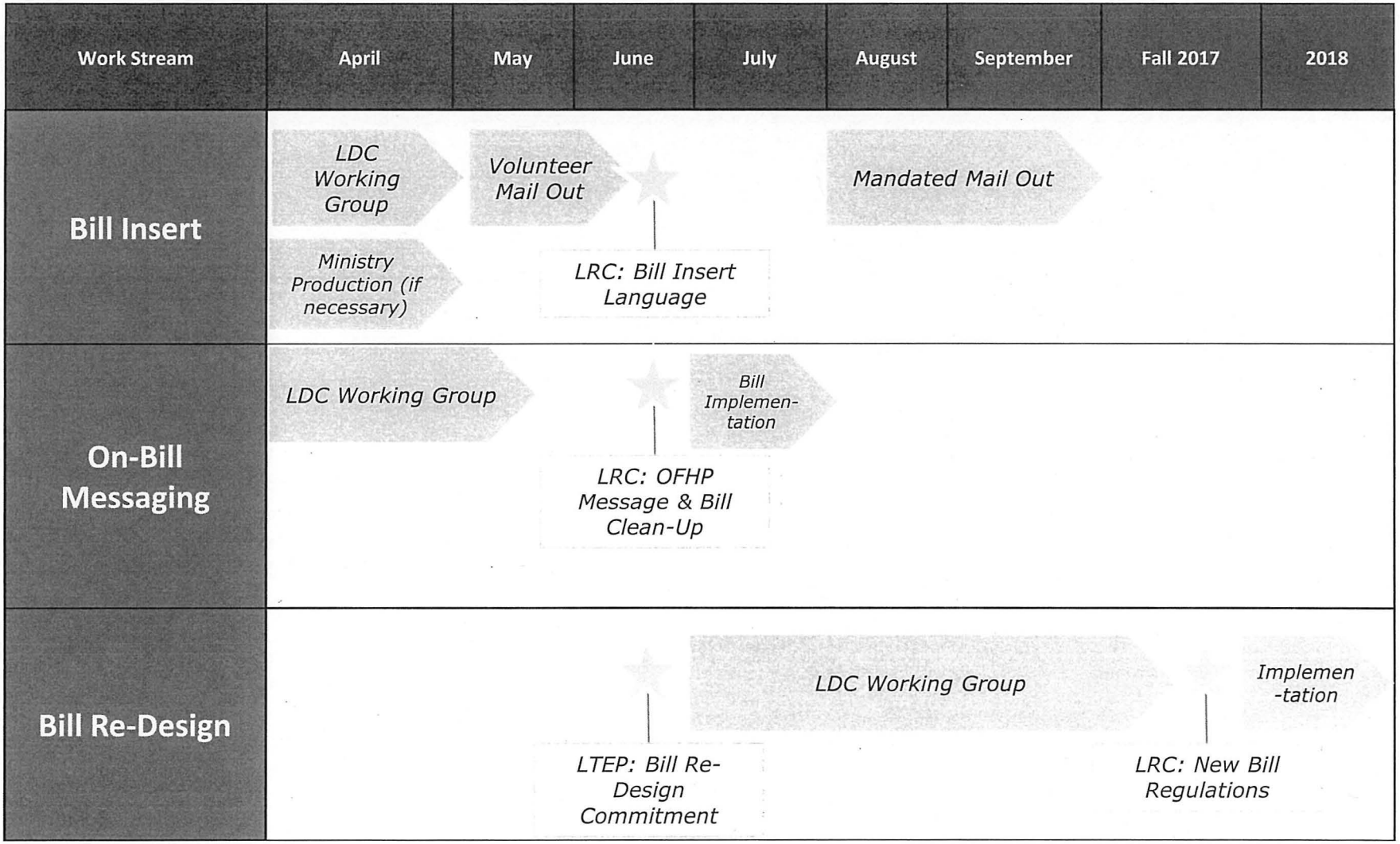
- Hydro One behavioural research indicated current regulatory requirements may limit the value consumers receive from their invoice, and may unintentionally create distrust of the electricity sector.
- LTEP may be an opportunity to announce the Ministry's intention to re-design bill requirements (including invoice line items, display of customer consumption, and communication of rate mitigation programs) in a manner that reflects how consumers make use of information.
- This effort could also include how to communicate OFHP savings in a comprehensive manner.
- LDCs differ in their billing system capabilities. Regulatory guidance will need to consider what is possible and what costs would be incurred (subsequently passed on to ratepayers)

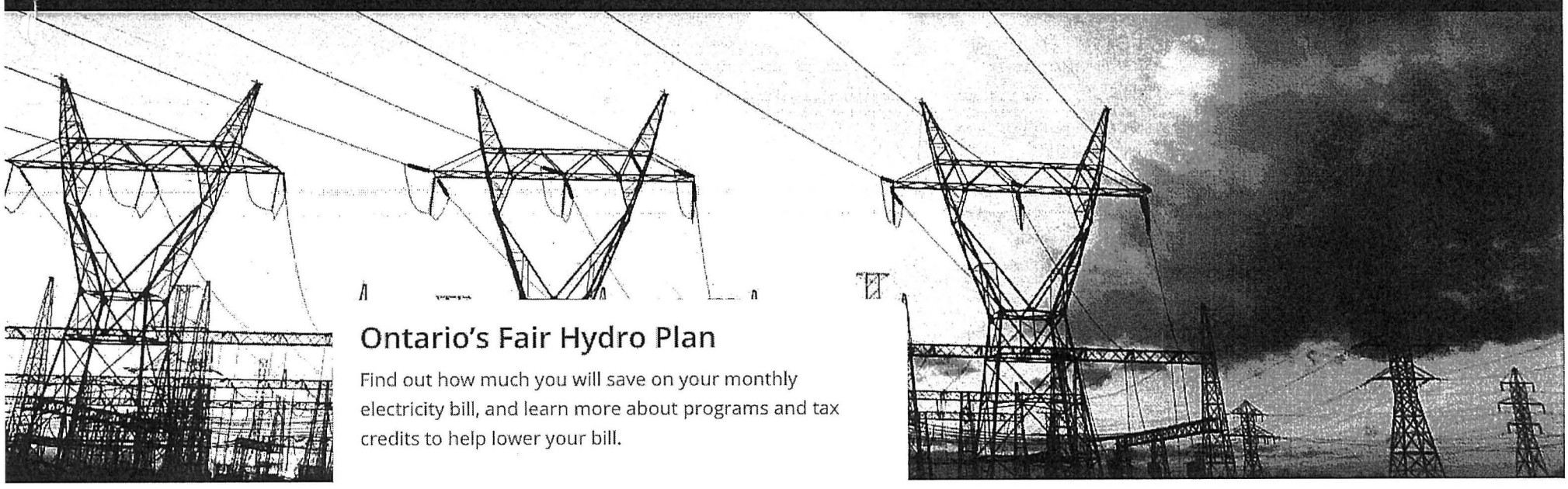
Next Steps

Subset of LDCs

- **June:** Include commitment to refresh bill in LTEP
- **July:** Convene bill refresh working group with LDCs
- **~~December~~ Fall:** Target for completion of new billing regulations
- **2018:** Implementation of new bill by LDCs.

Work Stream Timeline





Ontario's Fair Hydro Plan

Find out how much you will save on your monthly electricity bill, and learn more about programs and tax credits to help lower your bill.

On this page

1. What's new
2. Get more discounts on your bill
3. How electricity prices are set

Related

Learn about electricity conservation programs

Contact your local electricity provider

What's new

Starting this summer, electricity bills will be reduced by 25% on average for households across Ontario. Many small businesses and farms will also benefit from this cut.

And bills won't increase beyond the rate of inflation for at least four years.

People who live in eligible rural communities and those with low incomes will see even more reductions to their electricity bills.

Taken together, these changes will deliver the single-largest reduction to electricity rates in Ontario's history.

Get more discounts on your bill

Ontario Electricity Support Program (OESP)

Now available to even more low income, electricity consumers, apply online and you could receive $360-$425 off per year on your bills, through the OESP.

If you have other unique electricity requirements, including electric heating, a medical device that uses a lot of electricity or you're a First Nation, Inuit or Métis customer, you could receive an extra $45-$75 off per year on your bills.

Affordability Fund

This fund will help eligible customers who don't qualify for existing, low income electricity programs.

It will also help low income customers pay for energy-efficiency improvements in their homes, which will help reduce electricity bills.

Details about the fund and information on how to apply will be communicated to eligible customers in the coming months.

First Nations On-Reserve Delivery Credit

We are removing the delivery charge for all on-reserve First Nations residential customers, who will automatically receive the credit on their electricity bills.

The credit is a result of a partnership between the Ontario Energy Board, First Nations, including remote communities, distributors and consumer groups such as the Low Income Energy Network.

Ontario Energy and Property Tax Credit

Get up to $1,023 per year in tax credits if you or your family have low-to-moderate income and up to $1,165 if you're an eligible senior. To apply:

1. Download and fill out the ON-BEN application form (PDF)
2. File your income tax before April 30

Northern Ontario Energy Credit

A tax credit for Northern Ontario* residents of up to $148 per year for individuals and up to $227 per year for families. To apply:

1. Download and fill out the ON-BEN application form (PDF)
2. File your income tax before April 30

*Northern Ontario includes districts of Algoma, Cochrane, Kenora, Manitoulin, Nipissing, Parry Sound, Rainy River, Sudbury, Thunder Bay or Timiskaming.

saveONenergy Home Assistance Program

Offered by local electricity distributors, this program provides free, energy efficient devices and products to qualified homeowners, tenants and people on social assistance by installing:

- LED light bulbs
- ENERGYSTAR certified ceiling fans
- baseboard programmable thermostats
- clotheslines
- advanced power bars

Under the program, you may also be eligible for:

- a new, energy-efficient refrigerator or other appliance (e.g. a window air conditioner)
- programmable thermostat, weather-stripping around your doors and windows and extra insulation in your attic or basement, **if you're in a home that's heated by electricity**

Find out if you're eligible for the program.

Call your local electricity utility to apply and for information on other SaveONenergy programs

How electricity prices are set

The Ontario Energy Board sets electricity prices in the province.

This happens twice a year, on May 1 and November 1. Rates are set based on a forecast of the demand for electricity and how much it will cost to supply the province with electricity.

Learn more about electricity pricing.

Updated: May 12, 2017
Published: March 2, 2017

Rate

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Environment and energy

Ministry of Energy

The Ministry of Energy works with many partners inside and outside of government to develop the electricity generation, transmission and other energy-related facilities that help power our economy.

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BACKGROUNDER

Ministry of Energy

Ontario's Fair Hydro Act, 2017

The Fair Hydro Act proposes measures that would, if passed, lower electricity bills by 25 per cent on average for all residential consumers and as many as half a million small businesses and farms. These measures include the eight per cent rebate introduced in January and build on previously announced initiatives to deliver broad-based rate relief on all electricity bills.

The 25 per cent on average reduction

The measures that make up the 25 per cent on average reduction include:

- Refinancing a portion of the Global Adjustment (GA) – this would provide significant and immediate rate relief by spreading the cost of Ontario's electricity investments over the expected lifecycle of the generation infrastructure assets

- Shifting the cost of the Ontario Electricity Support Program (OESP) and Rural or Remote Rate Protection (RRRP) program from rate payers to provincial revenues. These programs, along with the creation of the First Nations On-Reserve Delivery Credit and Affordability Fund, will cost the Province $2.5 billion over the next three years

- The eight per cent rebate equal to the provincial portion of the HST that took effect on January 1, 2017.

Refinancing the GA

The majority of the province's electricity generators have 20-year contracts. Many of these generators will be able to operate past their contract term, meaning that generating assets are expected to have ongoing useful life and will benefit future ratepayers by reducing the need to finance the development of new generating assets.

To relieve the current burden on ratepayers and share costs more fairly, a portion of the GA would be refinanced. Refinancing the GA would provide significant and immediate rate relief by spreading the cost of electricity investments over the expected lifecycle of the infrastructure that has been built. In the early years, a portion of the costs covered by the GA would be refinanced to reduce pressure on today's electricity ratepayers. In later years, the cost of refinancing would be recovered from ratepayers.

Under current forecasts, this amounts to an accumulated debt not projected to exceed $25 billion, including interest.

Additional Measures to Create a Fair Electricity System

A regulation to the *Fair Hydro Act* would keep any increases for ratepayers over four years to the rate of inflation. By including this measure in regulation, it offers the Province flexibility to respond to potential fluctuations in inflation rates in any given year. [Inquiring with Finance about other potential items that have been indexed to CPI through regulation]

Clean Energy Adjustment
new content to come from legal
This is the third piece

Provincial Guarantee

The Ontario Energy Board (OEB) would continue to play an important role under the proposed Fair Hydro Act, 2017. The proposed legislation would provide authority to ensure that Ontario's Fair Hydro Plan can be properly and effectively put in place to give electricity consumers the 25 per cent on average rate reduction.

Define Clean Energy Adjustment will...

In the early years, it is intended that a portion of the costs covered by the GA would be refinanced to lower rates for today's electricity ratepayers. In later years, the cost of refinancing would be recovered through adjustments to consumer invoices with a Clean Energy Adjustment.

The OEB would continue to play its important role as regulator for the electricity sector. In particular, it would continue to set commodity rates for Regulated Price Plan (RPP) consumers, including any cost reductions under the OFHP in the near term. The OEB would determine the required adjustments to consumer invoices to recover deferred GA amounts.

Based on initial modelling,

4) Interest

New and enhanced social programs

Sub: RRRP

1) shifting costs to tax base - RRRP + OESP
2) enhanced Power Program - OESP + FN

Moving Rural or Remote Rate Protection (RRRP) to Tax Base and Broadening Distribution Rate Protection

- The Rural or Remote Rate Protection (RRRP) program provides a rate subsidy to rural and remote residential customers who face higher distribution costs compared to urban areas.
- The RRRP is currently provided to approximately 350,000 rural residential customers in Ontario.
- The Province will expand distribution rate relief to provide distribution rate protection to additional customers served by LDCs with the highest rates. About 800,000 customers would benefit from the new broadened distribution rate protection program. LDCs benefitting from this include: Hydro One R2 and R1 customers, and residential customers of Northern Ontario Wires, Lakeland Parry Sound, Chapleau, Sioux Lookout, InnPower, Atikokan and Algoma. The benefits would differ from LDC to LDC.
- The Province will also move to fund RRRP costs through the tax base, reducing regulatory charges for all Ontario ratepayers.

Sub: OESP

Expanding the Ontario Electricity Support Program (OESP)

- The OESP is an income-tested, application based program that lowers electricity costs for the most vulnerable consumers, providing a rebate directly on bills. There are two scales: one with basic credits, and an enhanced credit for Indigenous people or those who use electric heat or certain electrically intensive medical devices.
- Effective May 1, 2017, Ontario increased the OESP by 50 per cent, meaning that single, low-income consumers who receive the lowest credit amount would get an increase from $30 to $45 per month ($540 per year, an increase of $180), and single, low-income consumers who qualify for the enhanced scale would see an increase from $45 to $68 ($816 per year, an increase of $276).
- Ontario is exploring automatic qualification for customers who are enrolled in other provincial low-income social programs.
- The Province is also moving forward in having the OESP funded by provincial revenues rather than the rate base, reducing regulatory charges for all Ontario ratepayers.

Sub: FN

Providing a First Nations On-Reserve Delivery Credit

- In 2016, the Ontario Energy Board (OEB) engaged with First Nations, including remote communities, the distributors serving them, and consumer groups such as the Low Income Energy Network.
- Following the engagement process the OEB recommended:

Shorten

- Eliminating the delivery charge for all on-reserve First Nations residential customers and removing the monthly service charge for customers of licensed distributors which charge a bundled rate. The OEB estimates this would provide residential customers an average monthly benefit of $85.
- Automatically qualifying on-reserve First Nations residential customers (approximately 21,500 customers).
- Enabling greater information sharing between distributors and Band Councils to identify all on-reserve First Nations customers.

- The Province is also moving forward in having the First Nations On-Reserve Delivery Credit funded by provincial revenues.

The government has introduced legislation that would, if passed, enable the above initiatives.

In addition, an Affordability Fund will be established through a transfer payment agreement with Hydro One. No legislative amendments are required for this fund

Establishing an Affordability Fund

- Ontario is establishing an Affordability Fund that will provide energy efficiency measures to Ontarians who are not eligible for low-income conservation programs, and who are otherwise unable to make energy efficiency improvements without financial assistance.
- The Province has worked with Hydro One to establish an independent Trust, which will provide oversight of funds and facilitate efficient distribution of funds to electricity distributors.
- Electricity distributors are best positioned to identify their customers who are in need of assistance, such as those that are in bill arrears, on repayment plans, facing service disconnection, or who are otherwise in frequent contact with a distributor's customer care centre regarding difficulty keeping up with their electricity bills.
- It is expected that electricity distributors will be able to begin applying to the Affordability Fund in Summer 2017.
- The Province is paying for the Affordability Fund through provincial revenues.

For media inquiries only call:

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Colin.Nekolaichuk@ontario.ca

Natasha Demetriades, Communications Branch, 416-326-5452
Natasha.Demetriades@ontario.ca

ontario.ca/energy-news
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Interest Costs = $25B in backgrounder
Based on initial estimates

BACKGROUNDER

Ministry of Energy

Ontario's Fair Hydro Act, 2017

The Fair Hydro Act, 2017 ~~proposes measures that~~ would, if passed, lower electricity bills by 25 per cent on average for all residential consumers and as many as half a million small businesses and farms. These measures include the eight per cent rebate introduced in January and build on previously announced initiatives to deliver broad-based rate relief on all electricity bills.

The ~~The 25 per~~ Per ~~cent~~ Cent ~~on a~~Average ~~reduction~~Reduction

~~The m~~Measures that make up the 25 per cent ~~on~~ average reduction include:

- Refinancing a portion of the Global Adjustment (GA) – this would provide significant and immediate rate relief by spreading the cost of Ontario's electricity investments over the expected lifecycle of the generation infrastructure assets.
- Shifting the cost of the Ontario Electricity Support Program (OESP) and Rural or Remote Rate Protection (RRRP) program from rate-payers to provincial revenues. ~~These programs, along with the creation of the First Nations On-Reserve Delivery Credit and Affordability Fund, will cost the Province $2.5 billion, over the next three years~~
- The eight per cent rebate equal to the provincial portion of the HST that took effect on January 1, 2017.

In crafting the Fair Hydro Act, 2017, ~~t~~The Government has consulted broadly, including with:

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- Ontario's Energy Agencies
- Experts across government
- External accounting experts
- External legal advisors
- Potential investors
- Local Distribution Companies

The proposed legislation would deliver on the Government's commitment to fairness and electricity rates would come down, ~~stay down~~ and make life more affordable for families and businesses across the province

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Refinancing the Global Adjustment

Recent investments in electricity infrastructure will create benefits for years to come. For example, ~~T~~the majority of the province's electricity generators have 20-year contracts. Many of these generators will be able to operate past their contract term, meaning that generating assets are expected to have ongoing useful life and will benefit future ratepayers by reducing the need to finance the development of new generating assets.

To relieve the current burden on ratepayers and share costs more fairly, a portion of the GA would be refinanced. Refinancing the GA would provide significant and immediate rate relief by spreading the

cost of electricity investments over the expected lifecycle of the infrastructure that has been built. ~~In the early years, a portion of the costs covered by the GA would be refinanced to reduce pressure on today's electricity ratepayers. In later years, the cost of refinancing would be recovered from ratepayers.~~

Initial analysis indicated that ~~Under current forecasts, this amounts to an~~ the accumulated debt will not ~~projected to~~ exceed ~~$28~~$25 billion, including interest.

Comment [TC1]: $28b was the maximum debt figure, which has been used publicly. $25b was the total interest cost, which has also been used publicly. Both figures have since been revised downwards.

~~**Additional Measures to Create a Fair Electricity System**~~

Increases Held To Inflation

The Fair Hydro Act, 2017, would allow future increases to rates to be set by regulation. This enables the government's commitment to hold increases to the rate of inflation ~~CPI~~ for four years. ~~A regulation to~~under the ~~*Fair Hydro Act, 2017,*~~ would keep any increases for ~~eligible~~ ratepayers over four years to ~~the rate of inflation.~~ By including this measure in regulation, it offers the Province flexibility to respond to potential fluctuations in inflation rates in any given year.

Clean Energy Adjustment

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In the early years, it is intended that a portion of the costs covered by the GA would be refinanced to lower ~~rates~~ bills for today's electricity ratepayers. In later years, the cost of refinancing would be recovered through adjustments to consumer ~~invoices with~~bills called a Clean Energy Adjustment. Clean Energy Adjustments would appear on bills when consumers start to repay the amount. ~~Based on current modelling,~~Initial analysis indicates~~d~~ that this~~e Clean Energy Adjustments will~~would appear ~~on bills when consumers start to repay the amount,~~ is currently anticipated to occur in the mid-to-late 2020s.

Provincial Guarantee

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The Province ~~will~~would provide guarantees to investors to protect investors from risks that ~~[~~investors cannot otherwise be mitigated~~]~~. ~~[~~For example, guarantees will address the risk to investors that future governments may undermine their investment by impairing the recovery of Clean Energy Adjustments~~]~~.

~~The Ontario Energy Board (OEB) would continue to play an important role under the proposed Fair Hydro Act, 2017. The proposed legislation would provide authority to ensure that Ontario's Fair Hydro Plan can be properly and effectively put in place to give electricity consumers the 25 per cent on average rate reduction.~~

~~In the early years, it is intended that a portion of the costs covered by the GA would be refinanced to lower rates for today's electricity ratepayers. In later years, the cost of refinancing would be recovered through adjustments to consumer invoices with a Clean Energy Adjustment.~~

The Ontario Energy Board (OEB) would continue ~~to play~~in its ~~important~~ role as regulator for the electricity sector. In particular, it would continue to set commodity rates for Regulated Price Plan (RPP) consumers, including any cost reductions under the ~~OFHP~~ Fair Hydro Act, 2017 in the near term. ~~The OEB would determine the required adjustments to consumer invoices to recover deferred GA amounts.~~

New and ~~enhanced~~ Enhanced ~~social~~ Social ~~programs~~Programs

In addition, the Fair Hydro Act, 2017 would shifts the costs of the Ontario Electricity Support program (OESP) and Rural or Remote Rate Protection (RRRP) from ratepayers to provincial revenues. These programs, along with the creation of the First Nations On-Reserve Delivery Credit and Affordability Fund, will cost the province $2.5 billion ~~B of~~over the next three years.

Moving ~~Rural or Remote Rate Protection (RRRP)~~ to Tax~~-~~Base and Broadening Distribution Rate Protection

- ~~The Rural or Remote Rate Protection (RRRP)~~RRRP program provides a rate subsidy to rural and remote residential customers who face higher distribution costs.
  - ~~[compared to urban areas.~~
- ~~The RRRP is currently provided to approximately 350,000 rural residential customers in Ontario.~~
- ~~The Province will expand distribution rate relief to provide distribution rate protection to additional customers served by LDCs with the highest rates.~~ About 800,000 customers would benefit from the new broadened distribution rate protection program. Customers of LDCs benefitting from this include: Hydro One R2 and R1 customers, and residential customers of Northern Ontario Wires, Lakeland Parry Sound, Chapleau, Sioux Lookout, InnPower, Atikokan and Algoma. The benefits would differ from LDC to LDC.
- ~~The Province will also move to fund RRRP costs through the tax base, reducing regulatory charges for all Ontario ratepayers.~~

Expanding the ~~Ontario Electricity Support Program (OESP)~~

- The OESP is an income-tested, application based program that lowers electricity costs for the most vulnerable consumers, providing a rebate directly on bills. There are two scales: one with basic credits, and an enhanced credit for Indigenous people or those who use electric heat or certain electrically intensive medical devices.
- Effective May 1, 2017, Ontario increased the OESP by 50 per cent, meaning that single, low-income consumers who receive the lowest credit amount would get an increase from $30 to $45 per month ($540 per year, an increase of $180), and single, low-income consumers who qualify for the enhanced scale would see an increase from $45 to $68 ($816 per year, an increase of $276).

- ~~Ontario is exploring automatic qualification for customers who are enrolled in other provincial low-income social programs.~~
- ~~The Province is also moving forward in having the OESP funded by provincial revenues rather than the rate base, reducing regulatory charges for all Ontario ratepayers.~~

Providing a First Nations On-Reserve Delivery Credit

- In 2016, the ~~Ontario Energy Board (OEB)~~ engaged with First Nations, including remote communities, the distributors serving them, and consumer groups such as the Low Income Energy Network.
- As a result of recommendations from the OEB, the Government plans to eliminate the delivery charge for all on-reserve First Nations residential customers, remove the monthly service charge for customers of licensed distributors which charge a bundled rate.
- ~~The Government plans to~~ Following the engagement process the OEB recommended: ~~Eliminate~~ing the delivery charge for all on-reserve First Nations residential customers, and ~~removi~~eng the monthly service charge for customers of licensed distributors which charge a bundled rate. ~~, a And~~ Aautomatically qualifying on-reserve First Nations residential customers ~~(approximately 21,500 customers).~~
  ~~The OEB estimates this would provide residential customers an average monthly benefit of~~

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~~$85.~~
~~Automatically qualifying on-reserve First Nations residential customers (approximately 21,500 customers).~~
~~Enabling greater information sharing between distributors and Band Councils to identify all on-reserve First Nations customers.~~

- ~~The Province is also moving forward in having the First Nations On-Reserve Delivery Credit funded by provincial revenues.~~

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The government has introduced legislation that would, if passed, enable the above initiatives.

In addition, an Affordability Fund will be established through a transfer payment agreement with Hydro One. No legislative amendments are required for this fund.

Establishing an Affordability Fund

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- Ontario is establishing an Affordability Fund that will provide energy efficiency measures to Ontarians who are not eligible for low-income conservation programs, and who are otherwise unable to make energy efficiency improvements without financial assistance.
- ~~The Province has worked with Hydro One to establish an independent Trust, which will provide oversight of funds and facilitate efficient distribution of funds to electricity distributors.~~
- ~~Electricity distributors are best positioned to identify their customers who are in need of assistance, such as those that are in bill arrears, on repayment plans, facing service disconnection, or who are otherwise in frequent contact with a distributor's customer care centre regarding difficulty keeping up with their electricity bills.~~
- ~~It is expected that electricity distributors will be able to begin applying to the Affordability Fund in Summer 2017.~~
- The Province is paying for the Affordability Fund through provincial revenues.

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BACKGROUNDER

Ministry of Energy

Ontario's Fair Hydro Act, 2017

The Fair Hydro Act, 2017 ~~proposes measures that~~ would, if passed, lower electricity bills by 25 per cent on average for ~~all~~ residential ~~consumers~~ and as many as half a million small businesses and farms. These measures include the eight per cent rebate introduced in January and build on previously announced initiatives to deliver broad-based rate relief on ~~all~~ electricity bills.

The 25 per cent ~~on~~ average reduction

The measures that make up the 25 per cent ~~on~~ average reduction include:

- Refinancing a portion of the Global Adjustment (GA) – this would provide significant and immediate rate relief by spreading the cost of Ontario's electricity investments over the expected lifecycle of the generation infrastructure assets
- Shifting the cost of certain electricity support programs from ratepayers ~~the Ontario Electricity Support Program (OESP) and Rural or Remote Rate Protection (RRRP) program from rate payers~~ to provincial revenues. ~~These programs, along with the creation of the First Nations On-Reserve Delivery Credit and Affordability Fund, will cost the Province $2.5 billion over the next three years~~
- The eight per cent rebate equal to the provincial portion of the HST that took effect on January 1, 2017

The Government has consulted broadly while developing the measures in this Bill. Just some of those consulted include:

- Ontario's Energy Agencies
- Experts across government
- External accounting experts
- External legal advisors
- Potential investors

The proposed legislation would deliver on the Government's commitment to fairness and electricity rates would come down, stay down and make life more affordable for families and businesses across the province

Comment [SL1]: Taken from QAs

Refinancing the GA

The majority of the province's electricity generators have 20-year contracts. Many of these generators will be able to operate past their contract term, meaning that generating assets are expected to have ongoing useful life and will benefit future ratepayers by reducing the need to finance the development of new generating assets.

To relieve the current burden on ratepayers and share costs more fairly, a portion of the GA would be refinanced. Refinancing the GA would provide significant and immediate rate relief by spreading the cost of electricity investments over the expected lifecycle of the infrastructure that has been built. ~~If~~

~~the early years, a portion of the costs covered by the GA would be refinanced to reduce pressure on today's electricity ratepayers. In later years, the cost of refinancing would be recovered from ratepayers.~~

Initial analysis indicated that ~~Under current forecasts, this amounts to an~~ the accumulated debt will not ~~projected to~~ exceed $2~~8~~5 billion, including interest.

Comment [TC2]: $28b was the maximum debt figure, which has been used publicly. $25b was the total interest cost, which has also been used publicly. Both figures have since been revised downwards.

~~Additional Measures to Create a Fair Electricity System~~

Increases Held To Inflation

A regulation ~~founder~~ the ~~*Fair Hydro Act, 2017,*~~ ~~would keep any~~ increases for ~~eligible~~ ratepayers over ~~four years to the rate of inflation~~. By including this measure in regulation, it offers the Province flexibility to respond to potential fluctuations in inflation rates in any given year.

Carolyn: The FHPA 2017 would allow future increases to rate

Clean Energy Adjustment

In the early years, it is intended that a portion of the costs covered by the GA would be refinanced to lower ~~rates~~ for today's electricity ratepayers. In later years, the cost of refinancing would be recovered through adjustments to consumer ~~invoices~~ with a Clean Energy Adjustment. ~~Based on current modelling,~~ Initial analysis indicates ~~that the~~ Clean Energy Adjustments ~~will~~would appear on bills when consumers start to repay the amount, currently anticipated to occur ~~around XXX~~in the mid-2020s.

Comment [EK(3]: From Carolyn's notes

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Comment [EK(4]: From Carolyn's notes

Provincial Guarantee

~~[~~The Province ~~will~~would provide guarantees to investors to protect investors from risks that ~~investors~~ cannot otherwise mitigate~~]~~. ~~[~~For example, guarantees will address the risk that future governments may undermine their investment by impairing the recovery of ~~-~~Clean Energy Adjustments~~]~~

The Ontario Energy Board (~~O~~EB) would continue to play an important role under the proposed Fair Hydro Act, 2017. The proposed legislation would provide authority to ensure that Ontario's Fair Hydro Plan can be properly and effectively put in place to give electricity consumers the 25 per cent on average rate reduction.

Comment [EK(5]: Suggest delete this paragraph.

~~In the early years, it is intended that a portion of the costs covered by the GA would be refinanced to lower rates for today's electricity ratepayers. In later years, the cost of refinancing would be recovered through adjustments to consumer invoices with a Clean Energy Adjustment.~~

The Ontario Energy Board (OEB) would continue ~~to play~~in its ~~important~~ role as regulator for the electricity sector. In particular, it would continue to set commodity rates for Regulated Price Plan (RPP) consumers, including any cost reductions under the ~~OFHP~~ Fair Hydro Act, 2017 in the near term. ~~The OEB would determine the required adjustments to consumer invoices to recover deferred GA amounts.~~

New and ~~E~~nhanced ~~S~~ocial ~~P~~rograms

In addition, the Fair Hydro Act, 2017 shifts the costs of the Ontario Electricity Support program (OESP) and Rural or Remote Rate Protection (RRRP) from ratepayers to provincial revenues. These programs, along with the creation of the First Nations On-Reserve Delivery Credit and Affordability Fund, will cost the province $2.5B of the next three years.

Moving ~~Rural or Remote Rate Protection (RRRP)~~ to Tax Base and Broadening Distribution Rate Protection

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- ~~The Rural or Remote Rate Protection (RRRP)~~RRRP program provides a rate subsidy to rural and remote residential customers who face higher distribution costs ~~[rates?] costs compared to urban areas~~.
- ~~The~~ RRRP is currently provided to approximately 350,000 rural residential customers in Ontario.

Comment [SL6]: Comms: Should this read "rates" rather than "costs"

Comment [EK(7]: Urban vs rural has been an issue in media

- ~~The Province will expand distribution rate relief to provide distribution rate protection to additional customers served by LDCs with the highest rates.~~ About 800,000 customers would benefit from the new broadened distribution rate protection program. Customers of LDCs benefitting from this include: Hydro One R2 and R1 customers, and residential customers of Northern Ontario Wires, Lakeland Parry Sound, Chapleau, Sioux Lookout, InnPower, Atikokan and Algoma. The benefits would differ from LDC to LDC.
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- Effective May 1, 2017, Ontario increased the OESP by 50 per cent, meaning that single, low-income consumers who receive the lowest credit amount would get an increase from $30 to $45 per month ($540 per year, an increase of $180), and single, low-income consumers who qualify for the enhanced scale would see an increase from $45 to $68 ($816 per year, an increase of $276).

- ~~Ontario is exploring automatic qualification for customers who are enrolled in other provincial low-income social programs.~~
- ~~The Province is also moving forward in having the OESP funded by provincial revenues rather than the rate base, reducing regulatory charges for all Ontario ratepayers.~~

Providing a First Nations On-Reserve Delivery Credit

- In 2016, the ~~Ontario Energy Board (~~OEB~~)~~ engaged with First Nations, including remote communities, the distributors serving them, and consumer groups such as the Low Income Energy Network.
-
-
- As a result of recommendations from the OEB, t~~T~~he Government plans to e~~Following the engagement process the OEB recommended:~~
  - ~~E~~liminat~~e~~~~ing~~ the delivery charge for all on-reserve First Nations residential customers, ~~and~~ removi~~e~~~~ng~~ the monthly service charge for customers of licensed distributors which charge a bundled rate. ~~, a And A~~automatically qualifying on-reserve First Nations residential customers (approximately 21,500 customers).
  - ~~The OEB estimates this would provide residential customers an average monthly benefit of $85.~~
  - ~~Automatically qualifying on-reserve First Nations residential customers (approximately 21,500 customers).~~

  ~~Enabling greater information sharing between distributors and Band Councils to identify all on-reserve First Nations customers.~~

- ~~The Province is also moving forward in having the First Nations On-Reserve Delivery Credit funded by provincial revenues.~~

The government has introduced legislation that would, if passed, enable the above initiatives.

In addition, an Affordability Fund will be established through a transfer payment agreement with Hydro One. No legislative amendments are required for this fund.

Establishing an Affordability Fund

- Ontario is establishing an Affordability Fund that will provide energy efficiency measures to Ontarians who are not eligible for low-income conservation programs, and who are otherwise unable to make energy efficiency improvements without financial assistance.

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- The Province has worked with Hydro One to establish an independent Trust, which will provide oversight of funds and facilitate efficient distribution of funds to electricity distributors.
- Electricity distributors are best positioned to identify their customers who are in need of assistance, such as those that are in bill arrears, on repayment plans, facing service disconnection, or who are otherwise in frequent contact with a distributor's customer care centre regarding difficulty keeping up with their electricity bills.
- It is expected that electricity distributors will be able to begin applying to the Affordability Fund in Summer 2017.
- The Province is paying for the Affordability Fund through provincial revenues.

For media inquiries only call:

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Colin.Nekolaichuk@ontario.ca

Natasha Demetriades, Communications Branch, 416-326-5452
Natasha.Demetriades@ontario.ca

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BACKGROUNDER

Ministry of Energy

Ontario's Fair Hydro Act, 2017

The Fair Hydro Act, 2017 would, if passed, lower electricity bills by 25 per cent on average for all residential consumers and as many as half a million small businesses and farms. These measures include the eight per cent rebate introduced in January and build on previously announced initiatives to deliver broad-based rate relief on all electricity bills.

The 25 Per Cent Average Reduction

Measures that make up the 25 per cent average reduction include:

- Refinancing a portion of the Global Adjustment (GA) – this would provide significant and immediate rate relief by spreading the cost of Ontario's electricity investments over the expected lifecycle of the generation infrastructure assets.

- Shifting the cost of the Ontario Electricity Support Program (OESP) and Rural or Remote Rate Protection (RRRP) program from ratepayers to provincial revenues.

- The eight per cent rebate equal to the provincial portion of the HST that took effect on January 1, 2017.

In crafting the Fair Hydro Act, 2017, the Government has consulted broadly, including with:

- Ontario's Energy Agencies
- Experts across government
- External accounting experts
- External legal advisors
- Potential investors
- Local Distribution Companies

The proposed legislation would deliver on the Government's commitment to fairness and electricity rates would come down and make life more affordable for families and businesses across the province.

Refinancing the Global Adjustment

Recent investments in electricity infrastructure will create benefits for years to come. For example, the majority of the province's electricity generators have 20-year contracts. Many of these generators will be able to operate past their contract term, meaning that generating assets are expected to have ongoing useful life and will benefit future ratepayers by reducing the need to finance the development of new generating assets.

To relieve the current burden on ratepayers and share costs more fairly, a portion of the GA would be refinanced. Refinancing the GA would provide significant and immediate rate relief by spreading the cost of electricity investments over ~~the expected lifecycle of the infrastructure that has been built~~ time.

Initial analysis indicates that the accumulated debt will not exceed $28 billion, including interest.

Increases Held To Inflation

The Fair Hydro Act, 2017, would allow future increases to ~~rates~~ to be set by regulation. This enables the government's commitment to hold increases to the rate of inflation ~~for four years~~. By including this measure in regulation, it offers the Province flexibility to respond to potential fluctuations in inflation rates in any given year.

Clean Energy Adjustment

In the early years, it is intended that a portion of the costs covered by the GA would be refinanced to lower bills for today's electricity ratepayers. In later years, the cost of refinancing would be recovered through adjustments to consumer bills called a Clean Energy Adjustment. Clean Energy Adjustments would appear on bills when consumers start to repay the amount. Initial analysis indicates that this is currently anticipated to occur in the mid-to-late 2020s.

Provincial Guarantees

The Province would provide guarantees to investors to protect investors from risks that cannot otherwise be mitigated. For example, guarantees will address the risk to investors that future governments may undermine their investment by impairing the recovery of Clean Energy Adjustments.

The Ontario Energy Board (OEB) would continue in its role as regulator for the electricity sector. In particular, it would continue to set commodity rates for Regulated Price Plan (RPP) consumers, including any cost reductions under the Fair Hydro Act, 2017 ~~in the near term~~.

New and Enhanced Social Programs

In addition, the Fair Hydro Act, 2017 would shift the costs of the Ontario Electricity Support program (OESP) and Rural or Remote Rate Protection (RRRP) from ratepayers to provincial revenues. These programs, along with the creation of the First Nations On-Reserve Delivery Credit and Affordability Fund, will cost the province $2.5 billion over the next three years.

~~Moving RRRP to Tax-Base and~~ Broadening Distribution Rate Protection

- RRRP program provides a rate subsidy to rural and remote residential customers who face higher distribution costs.

- About 800,000 customers would benefit from the new broadened distribution rate protection program. Customers of LDCs benefitting from this include: Hydro One R2 and R1 customers, and residential customers of Northern Ontario Wires, Lakeland Parry Sound, Chapleau, Sioux Lookout, InnPower, Atikokan and Algoma. The benefits would differ from LDC to LDC.

Expanding the OESP

- The OESP is an income-tested, application based program that lowers electricity costs for the most vulnerable consumers, providing a rebate directly on bills. There are two scales: one with basic credits, and an enhanced credit for Indigenous people or those who use electric heat or certain electrically intensive medical devices.

- Effective May 1, 2017, Ontario increased the OESP by 50 per cent, meaning that single, low-income consumers who receive the lowest credit amount would get an increase from $30 to $45 per month ($540 per year, an increase of $180), and single, low-income consumers who qualify for the enhanced scale would see an increase from $45 to $68 ($816 per year, an increase of $276).

Providing a First Nations On-Reserve Delivery Credit

In 2016, the OEB engaged with First Nations, including remote communities, the distributors serving them, and consumer groups such as the Low Income Energy Network.

- As a result of recommendations from the OEB, the Government plans to eliminate the delivery charge for all on-reserve First Nations residential customers, and remove the monthly service charge for customers of licensed distributors which charge a bundled rate.

The government has introduced legislation that would, if passed, enable the above initiatives. In addition, an Affordability Fund will be established through a transfer payment agreement with Hydro One. No legislative amendments are required for this fund.

Establishing an Affordability Fund

- Ontario is establishing an Affordability Fund that will provide energy efficiency measures to Ontarians who are not eligible for low-income conservation programs, and who are otherwise unable to make energy efficiency improvements without financial assistance.

- The Province is paying for the Affordability Fund through provincial revenues.

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RAIN

COPY

Project: Ontario Fair Hydro Plan Television script

Revision option

Post-Legislation of Ontario Fair Hydro Plan – Television Script
OAG Preliminary Review

Audio	Visual
Music: Quiet, minimalist and unobtrusive V/O: **Ontario has come a long way.** SFX: Dumplings sizzling in a pan	Close-up shot of delicious dumplings in a frying pan on an electric stove.
V/O: **Upgrades to our electricity system...** SFX: water from the shower splashing the bottom of the tub	Shot of a foggy bathroom with steam flowing out of the shower curtains.
V/O: **...have made it more reliable...** SFX: lightning strike	A little girl lies in bed at night. A lightning flash illuminates the room. She rolls over in bed to face her nightlight.
SFX: dryer sounds	A toddler watches a front-loading dryer go round and round.
V/O: **...for all Ontarians.** SFX: phone vibrating on table	Close-up of hands plugging in a phone; the phone buzzes to indicate it's charging.
SFX: sound of popcorn popping	A bag of popcorn grows in a microwave.

V/O: **And we now enjoy cleaner air…** SFX: children's laughter	Cut to kids playing outside on their home's cul-de-sac under a clear blue sky.
V/O: **…thanks to the elimination of coal plants.** SFX: a dog barking in distance	A front porch light turns on at dusk.
SFX: a fan blowing and faint snoring/sleep breathing	A fan oscillates in a bedroom beside an open window at night.
V/O: **Now recent changes have made electricity bills more affordable…**	A woman in her mid-thirties is sitting at her dining room table with paperwork. A lamp illuminates it.
V/O: **…and by this summer, household electricity bills** SFX: paper shuffling together, an envelope being torn open	She rifles through some papers and bills on the table. She opens her hydro bill and begins reading it.
V/O: **…will be an average of 25% less…** SFX: children's laughter	Return to the children playing outside, as the streetlights come on.
V/O: **Learn more at ontario.ca/FairHydroPlan**	ontario.ca/FairHydroPlan
Paid for by the Government of Ontario	Arc and Ontario logo appears

and your bill won't increase beyond the rate of inflation for four years

Additional scene options

- ☐ A young girl sits in her living room, practicing her electric keyboard
- ☐ We see a fish tank with the filter bubbling away, keeping the fish happy and healthy
- ☐ Rice cooker beeping that it's done
- ☐ A Roomba robot vacuum rolls across a living room floor
- ☐ We see a lawn being mowed with an electric mower – only see man's legs
- ☐ A stand mixer beater going round and round, mixing cookie dough
- ☐ Close-up of a coffee pot making coffee
- ☐ Baby monitor sounds

COPY

Project: Ontario Fair Hydro Plan Television script

Post-Legislation of Ontario Fair Hydro Plan – Television Script
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Baby monitor sounds

Ontario

Implementation of Ontario's Fair Hydro Plan

Ministry of Energy

May 10, 2017

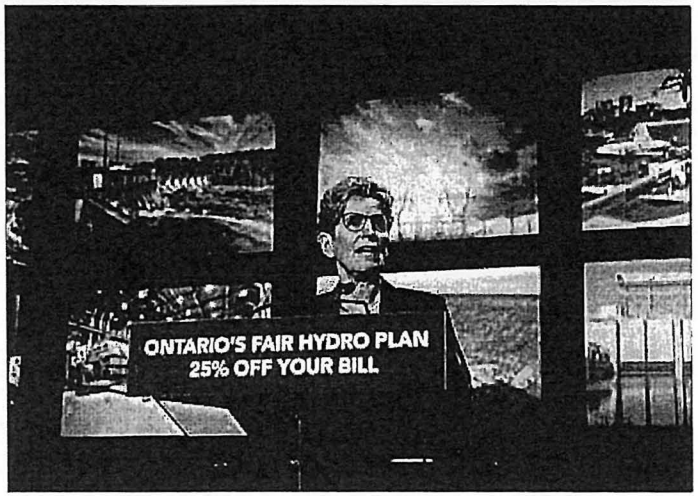
Minister

Deputy Minister

Ontario

Context

- On March 2, 2017, the government announced Ontario's Fair Hydro Plan (OFHP), which will lower bills by 25% for a typical residential consumer, starting in the summer of 2017. About half a million small businesses and farms are also expected to benefit.



- Any rate increases for residential consumers over four years would be held to the rate of inflation.

- These measures include the 8% rebate introduced in January and builds on previously announced initiatives to deliver broad-based rate relief on electricity bills.

- The OFHP is part of a significant system restructuring that will address long-standing policy challenges and ensure greater fairness.

Ontario

Context

- Ontario's Fair Hydro Plan (OFHP) has the following major components:

1. Refinancing the Global Adjustment (GA);

2. Helping vulnerable electricity consumers;
   - Ontario Electricity Support Program (OESP);
   - Rural or Remote Rate Protection (RRRP) program;
   - On-Reserve First Nations Delivery Credit; and
   - Affordability Fund.

3. Extending the Industrial Conservation Initiative (ICI);

4. Improving Sector Efficiency; and

5. Modernizing Ontario's Electricity Market.

Ontario

Context – Action To Date

- Since the announcement of Ontario's Fair Hydro Plan (OFHP), a number components have been implemented.

- In April 2017, the Affordability Fund Trust was established. It is expected that electricity distributors will be able to begin applying to the Affordability Fund Trust in Summer 2017.

- In April 2017, ICI was expanded to allow eligible electricity consumers in the manufacturing and greenhouse sectors (i.e., with North American Industry Classification Standard (NAICS) codes commencing with the digits "31", "32", "33", and "1114") in Ontario with an average monthly peak demand of greater than 500 kW and less than 1 MW to opt in to ICI.

- The recovery of the Ontario Electricity Support Program (OESP) from the rate-base was removed as of May 1, 2017.

- On April 20, 2017, the Ontario Energy Board (OEB) announced new Regulated Price Plan (RPP) rates effective May 1 that include a portion of the bill reduction proposed under the OFHP (see next slide for more details). The full reduction from the OFHP is expected to be addressed through a July 1st RPP rate adjustment.

Ontario

New Regulated Price Plan Rates – Effective May 1, 2017

- Effective May 1, new RPP rates released by the OEB will include 50% of the estimated reduction in GA. This reduction in RPP rates, along with the removal of the OESP charge and the existing 8% rebate, will mean that May bills will be 17% lower than they would otherwise have been for an average consumer (15% lower for the typical Toronto Hydro consumer).

TOU Price Periods	Existing TOU Prices	Forecast TOU Prices without consideration of the proposed Fair Hydro Plan	May 1, 2017 TOU Prices including a portion of the proposed Fair Hydro Plan
Off-Peak	8.7¢/kWh	9.1¢/kWh	7.7 ¢/kWh
Mid-Peak	13.2 ¢/kWh	13.3 ¢/kWh	11.3 ¢/kWh
On-Peak	18.0 ¢/kWh	18.5 ¢/kWh	15.7 ¢/kWh

Source: OEB

- The legislation for GA refinancing requires the OEB to make a further rate adjustment no later than fifteen business days after the legislation receives Royal Assent for RPP consumers to achieve the full 25% for a typical consumer.

Ontario

Ontario's Fair Hydro Plan – Proposed Legislation

- To implement OFHP, the Ministry has prepared legislation and regulations in close collaboration with key ministries (i.e., Treasury Board, Finance, Attorney General, Cabinet Office), agencies (i.e., OEB, IESO, OPG) and third party financial advisors and local distribution companies (LDCs).

- The proposed OFHP legislation, supporting regulation and amendments to existing legislation (e.g., *Electricity Act* and *Ontario Energy Board Act*) will enable implementation of the following key components of the Plan:

  1. Refinancing the Global Adjustment (GA) – The proposed legislation outlines how costs would be fairly allocated among eligible consumers over time.

  2. Helping Vulnerable Electricity Consumers – The proposed legislation broadens the Rural or Remote Rate Program (RRRP), expands the Ontario Electricity Support Program (OESP) and establishes a new On-Reserve First Nations Delivery Credit. The legislation also allows for these programs to be funded through the tax-base.

- This presentation provides an overview of these key components of OFHP legislation.

Ontario

1) Refinancing the Global Adjustment

Ontario

GA Refinancing – Overview of Proposed Legislation

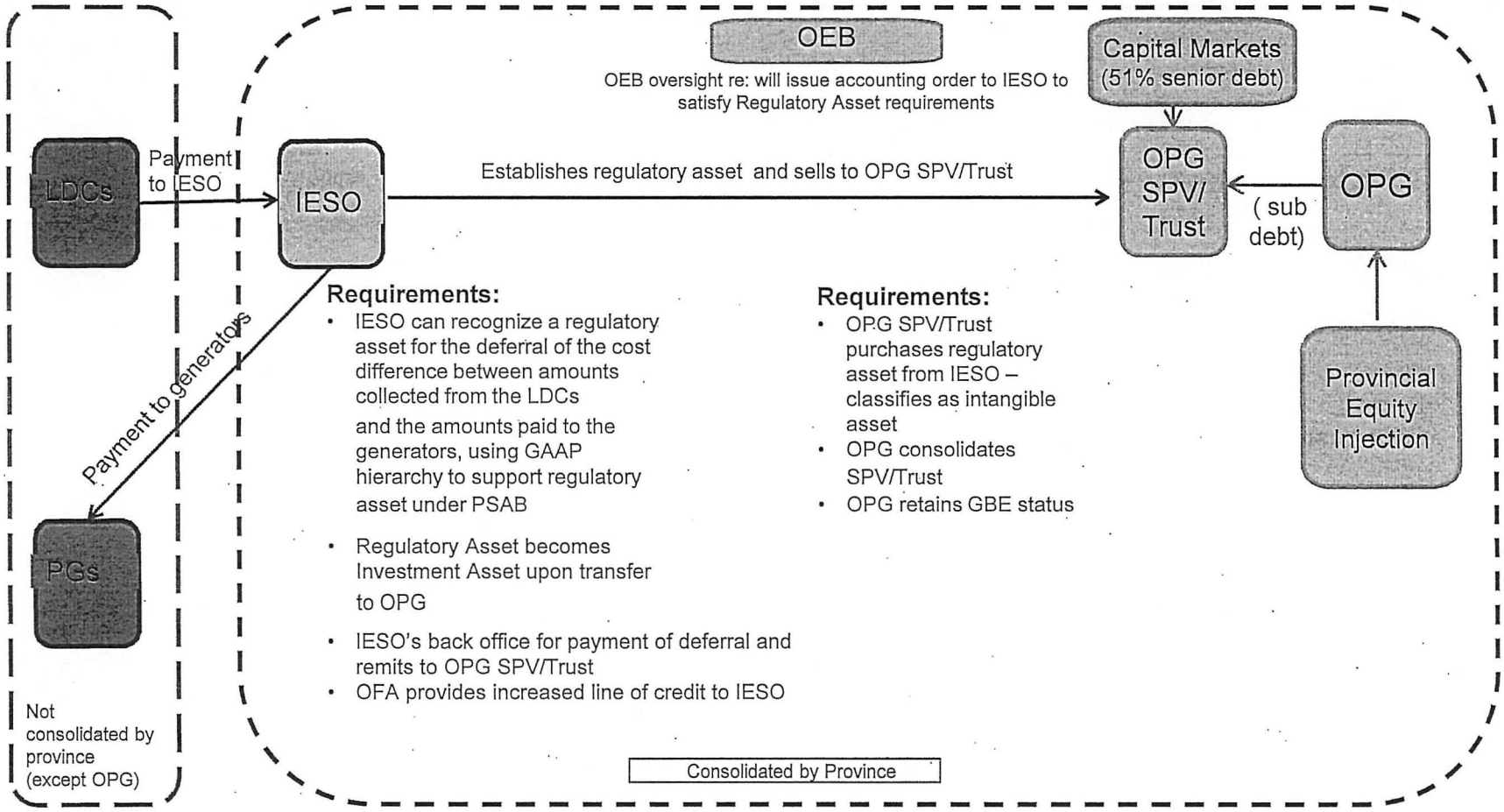
- Refinancing the Global Adjustment would be achieved through stand-alone legislation, regulations and amendments to existing legislation and regulations.

- The proposed legislation would outline:
  - Roles and responsibilities for the OEB, IESO, OPG and the Province;
  - A detailed Preamble, Purpose and Definitions;
  - Details with respect to:
    - Fair Adjustment;
    - Clean Energy Adjustment;
    - Implementation (i.e., Financial Services Manager, Fair Allocation Amount and Financing Plan);
    - Regulatory Asset; and
    - Investment Asset;
  - Details with respect to scope of provincial undertaking and guarantee and supporting regulation; and
  - Amendments to other acts.

- The associated amendments to existing legislation and regulations include:
  - *Electricity Act, 1998*: amendments to provide OPG with the authority to establish a special purpose vehicle (SPV) for the investment asset and *Ontario Energy Board Act, 1998*: amendments to allow for OEB to set rates recognizing GA refinancing.

GA Refinancing – Roles and Responsibilities

- The following diagram provides an overview of the entities that would implement GA Refinancing.



CONFIDENTIAL CABINET DOCUMENT

Ontario

GA Refinancing – Legislative Overview

Preamble and Purpose

- The preamble of the proposed legislation establishes the rationale for the allocation of "clean energy costs" over time. That is, the development of a clean, modern and reliable electricity system has increased costs for ratepayers.

- The purpose of the proposed legislation is to support the Government of Ontario's commitment to ensure that the costs of these investments are allocated fairly among present and future generations of consumers.
  - Costs to be allocated include clean and renewable generation facilities, conservation, demand management, energy efficiency programs.

- The supporting legislation defines the mechanisms and framework that would achieve the refinancing of the Global Adjustment. **Note:** These mechanisms are described in the following slides.

- The legislation also establishes assurances that the Province would:
  - Through the Minister of Finance as provided by Lieutenant Governor in Council, agree to guarantee any debts and obligations; and
  - Not hinder the charging and remittance of the under-collection of GA refinancing (i.e., through a provincial undertaking and guarantee).

- The proposed legislation aligns eligibility with the *Ontario Rebate for Electricity Consumers Act, 2016*.
  - "Specified consumers" who would receive the rebate would fall into two groups – Regulated Price Plan (RPP) consumers and non-RPP consumers that would receive a separate adjustment on their bills.

Ontario

GA Refinancing – Legislative Overview (Cont'd)

Fair Adjustment

- Sets out the mechanism for the Ontario Energy Board (OEB) to determine the "relief", including the initial decrease in rates to achieve the 25% decrease, for the period July 1, 2017 to April 30, 2018.
  - Under the legislation, the OEB must determine the amount within 15 business days of the legislation coming into force.

- The Fair Adjustment also allows the Lieutenant Governor in Council (LGIC) to make regulations prescribing electricity rates for the period May 1, 2018 to June 30, 2021. After June 30, 2021, regulations will have regard to the fair allocation amount and clean energy adjustments.

Clean Energy Adjustment

- The Clean Energy Adjustment is the mechanism to recover the under-collection of GA from eligible consumers during the recovery period.
  - This is an adjustment to a consumer invoice on a monthly basis to repay principal, interest and other financing.
  - IESO and each electricity distributor will act as an agent for the financing entity to impose, invoice and collect the clean energy adjustments.

- This section outlines:
  - The process for determining the total Clean Energy Adjustment amount;
  - The obligation on individual ratepayers for the re-collection of the amount; and
  - The inability to offset or bypass re-collection of the amount.

Ontario

GA Refinancing – Legislative Overview (Cont'd)

Implementation

- The implementation section defines the periods and mechanisms to enable under-collection and recovery.

Fair Allocation Amount

- The Fair Allocation Amount is a calculation of a fair measurement and allocation of clean energy costs over time.
  - The Minister of Energy is to calculate the Fair Allocation Amount and provide the amount to the Financial Services Manager. Subsequent calculations may be undertaken by other agents as prescribed by the Minister.

- It is expected that the calculation would lead to decreased rates in the near term with rates higher than forecast in the long term.

- Under the legislation the calculation of the Fair Allocation Amount is guided by several principles including the use of reasonable assumptions and proportional allocation of clean energy costs and benefits.
  - Inflationary increases would occur as per the six-month RPP periods rather than on an annual basis and end June 30, 2021.

Ontario

GA Refinancing – Legislative Overview (Cont'd)

Financial Services Manager

- The legislation appoints OPG as the Financial Services Manager.

Financing Plan

- Under the legislation, OPG, as the Financial Services Manager, is required to prepare a Financing Plan and submit it to the Minister.

- The Plan sets out the funding obligations and amounts related to the financing of the under-collected GA amounts.

- The Plan shall be governed by principles, including:
  - Fair Adjustment period (July 1, 2017 to June 30, 2021);
  - Reasonable assumptions; and
  - Alignment with the Fair Allocation Amount.

Ontario

GA Refinancing – Legislative Overview (Cont'd)

- The ability to engage in the fair distribution of clean energy costs requires financing during periods where the collection of the clean energy costs is deferred to later years.

- The legislation outlines mechanisms that are required to enable the financing and meet requirements for rating agencies and investors.

Regulatory Asset

- IESO will have a funding deferral resulting from the reduction in amounts collected during the first five years.

- Under the legislation, IESO calculates the under-collection of GA based on the Fair Adjustment.

- The legislation enables IESO to record the under-collection of GA in a variance account, and deems this under-collected amount to be a Regulatory Asset.
  - OEB would determine rates to allow IESO to recover under-collection recorded in its variance account in the event the under-collection is not sold.

- IESO is authorized to sell all or a portion to the OPG Special Purpose Vehicle (SPV)/Trust under the Financing Plan.

Ontario

GA Refinancing – Legislative Overview (Cont'd)

Investment Asset

- The sale of the regulatory asset from IESO to the OPG Special Purpose Vehicle (SPV)/Trust creates an "Investment Asset".
  - The legislation establishes property rights for the Investment Asset such as the right to collect principal and interest and financing costs in the form of the clean energy adjustment from eligible consumers.

- The Investment Asset allows for the recovery of the under-collected GA as the Investment Asset may in turn be sold to other investors or group of investors.

Amendments to Other Acts

- The legislation stipulates required amendments to existing legislation such as:
  - The Electricity Act – to expand the objects of IESO and OPG to enable them to perform their rights and obligations in the proposed Act
  - The Ontario Energy Board Act – to address license conditions and the determination of regulated payments.

Ontario

GA Refinancing – Policy Considerations

- The proposed legislation to enable refinancing of the GA provides significant rate relief to electricity consumers that have been burdened with the costs of the necessary investments that have been made to decarbonize and modernize the province's electricity infrastructure.

- Given the long term nature of this program (i.e., approximately thirty years), the calculations related to refinancing of the GA set out in the proposed legislation will be subject to fluctuations in Ontario electricity demand, GA, and interest rates in the medium to long-term.

  – Should electricity demand be higher than forecast as a result of greater electrification, the cost of paying off the debt will be spread over a greater pool of consumption and decreasing future costs for individual ratepayers. Note: The reverse is also true in regards to decreasing demand.

  – Should interest costs increase from the assumed 5%, total borrowing costs would rise. Given that this a unique offering, costs could be higher due to lack of investor confidence in the underlying security regardless of interest rates.

- The Ministry has developed legislation in close collaboration with key ministries (i.e., Treasury Board, Finance, Attorney General, Cabinet Office), agencies (i.e., OEB, IESO, OPG) and third party financial advisors and local distribution companies (LDCs) to minimize risk, and to balance accounting and legal considerations and the need for financeability, where possible.

Ontario

GA Refinancing – Policy Considerations (cont'd)

- The legislation establishes a framework for processes once the ratepayer relief is set. There is limited control once the plan is set, which could represent challenges for electricity planning and rate mitigation in future Long-Term Energy Plans.

- The legislation recognizes the four-year period ending June 30, 2021, consistent with how the full reduction from OFHP are expected to be addressed through a July 1st RPP rate adjustment. **Note:** preliminary estimates presented in the March 1, 2017 Cabinet submission assumed calendar year 2017 to 2022.

- Bill impacts would vary between individual customers:
  - Small consumers (i.e., condo residents) will receive less than 25%;
  - Larger customers (i.e., electrically heated homes) will receive more than 25%; and
  - Vulnerable customers eligible for other components of the OFHP will receive more than 25%.

- Inflationary increases are in regulation not legislation, thus open to criticism that these could be too easily amended in the future.

Ontario

GA Refinancing – Financing Considerations

- The Ministry has worked closely with third-party financial advisors in advance of and throughout the drafting process to help to ensure that the proposed legislation enables refinancing of the GA.
  - The proposed legislation sets out that the province would provide assurances in the form of a "provincial guarantee" to OPG and investors regarding the permanence of the GA Refinancing framework and the authority of the legislature to pass the legislation. The intent is to ensure that the full value is recovered.
- Despite the assurances provided in the legislation it is still possible that the full value of the Regulatory Asset may not be purchased.
  - In such cases, IESO may be able to retain the unsold amounts recorded in its variance account for a short period of time.
  - The legislation also enables the Province to guarantee borrowing of the trust in the event of a market disruption. Specifics of these guarantees will be determined in agreements.
- In order to provide financing, OPG would develop a special purpose vehicle (SPV) which will use 100% debt financing to purchase the regulatory asset, financing 51% through capital markets as senior debt, with the remaining 49% being provided by OPG as subordinated debt.
  - The 49% subordinated debt from OPG will be financed through debt OPG issues in its own capacity, through capital markets (up to 5%) with the remainder (44-49%) financed through equity injections from the Province. This will help to ensure OPG's capital structure remains in line.
  - The Ministry of Energy has received an appropriation for $1.1 billion operating asset to support these injections for the fiscal year 17/18, and will report back through PRRT for future funding. Based on the final fair allocation amount calculation, the equity injections would be required until the period of recovery begins.
- OPG will seek to achieve the highest possible credit rating (AAA is possible) in order to reduce borrowing costs and attract a wide investor base. Credit ratings will depend on provisions in legislation, regulation and agreements as well as the capital structure of the SPV/Trust. Despite these factors, rating agencies may see the Province's rating forming a ceiling given the contingent guarantees that the Province will provide (described above).

Ontario

GA Refinancing – Accounting Considerations

- The legislation to enable the refinancing of the GA has benefitted from the review and input of KPMG, E&Y and OPCD.
- The proposed legislation establishes mechanisms to enable the funding, sale and transfer between IESO and OPG that respond to the accounting requirements and advice outlined in the March 1, 2017 Cabinet Submission, such as concerns regarding consolidation by the Province.
- Under the proposed legislation, OEB will issue an "accounting order" to authorize IESO to create a variance account in which it will record the funding shortfall and recover the shortfall in accordance with the legislation and regulations. [KPMG advises that this level of OEB oversight addresses the accounting requirements need to establish IESO's Regulatory Asset. **Need to confirm]**
  - The Auditor General (AG) will likely raise concerns with how IESO's ability to establish a regulatory asset. Ministry and agency staff have provided technical briefing to the AG and her office.
- The proposed legislation and the associated amendments to the Electricity Act, 1998, enshrine OPG's SPV/Trust as a stand-alone entity able to conduct business separately under a Trust agreement. [E&Y advises that the accounting requirements have been met. **– Need to confirm**]
  - OPG will have the authority to set up the SPV and assign it with powers regarding decision-making, funding and ongoing operation.
  - OPG and IESO are developing a process that will allow interest payments to occur under GA Refinancing.

Ontario

GA Refinancing – Legal Considerations (Subject to CON LAW review)

- In principle, refinancing the Global Adjustment (GA) to spread the cos s of generation and conservation assets over the useful life of the assets presents only a "low" risk of being an uncc nstitutional tax, as each cohort of consumers pays for a proportion of the GA cost roughly equal to the proportion of the benefit they receive from the useful life of the assets.

- Legal risk arises if it becomes apparent that the Government is not sp reading cost so that it is shared proportionately by future consumers who cause a need for or benefit rom the generation asset, but rather is doing so in order to lower the price in the "short" term by increasing the pric e in the long term. If the proposed financing served to encumber future consumers with a premium payment to co er the GA financing in order to subsidize current ratepayers, then there would be a moderately high constitutio nal risk that the financing proposal would result in an unconstitutional tax.

- Former Supreme Court Justice Ian Binnie has provided a legal opinic n concluding that the current proposal is at a moderately high risk of being a tax, for the following reasons:
  - The degree of constitutional risk is in direct proportion to the extent th e government is not able to show a proper match between the cost of providing facilities for electricity generation and t ne group of consumers who benefit year to year from electricity generated by those facilities.
  - If the government fails to establish that the relevant electricity genera ing assets will continue to perform economically over the 30-year period, or if the GA charge is in the opinion of the C urt disproportionately backend loaded, the GA will not qualify as a regulatory charge (and would be characterized as a tax).
  - By shifting costs to the 20-30 year customers, the government may in reality be disproportionately back-end loading the GA with the effect that the 20-30 year consumers will be subsidiz ng the 1-20 year consumers.
  - The judges can be expected to be aware of the difficult political probl em of high energy costs in in Ontario, and will take a careful look at the government's evidence in support of the re- allocation of the GA.

Ontario

GA Refinancing – Legal Considerations

- The bill includes language specifying that *"No action or omission by the Board, the Minister or the Crown shall be effective to reduce, impair, postpone or terminate the obligations of specified consumers to pay amounts in respect of the clean energy adjustment or to impair or postpone the invoicing, collection or remittance of the clean energy adjustment"*.
- The intention of the provision is to mirror as closely as possible the language of a similar provision that appears in legislation in the United States that purports to limit a state legislature's ability to enact legislation that would affect the transaction. Although we have not been provided with an opinion of local counsel concerning the purpose or effect of the provision under relevant U.S. law, we have been advised that that institutional investors would expect the language of the provision to be included in the proposed Bill and that failing to do so would undermine the marketability of the proposed securities.
- The main legal risk associated with the provision is that its precise legal purpose and intended effect are not clear. Under Canadian law, it is not possible for legislation to limit the future exercise of legislative power by the Legislature, including the power to amend or repeal statutory provisions or to expropriate private rights conferred under past statutes.
- In light of this limitation, the U.S. provision has been modified to focus on possible actions by the executive branch of government that might undermine the value of the proposed securities (including regulation-making), rather than seeking to constrain the Legislature's powers. However, in the absence of some future statutory amendment, it is not clear what, if any, executive action could have the effect of undermining the payment obligation that would be imposed on consumers under the Act and, therefore, it is not clear what practical risk the provision is designed to mitigate against. This uncertainty creates a risk that a reviewing court could construe the provision in unanticipated ways.

Ontario

2) Helping Vulnerable Electricity Consumers

Ontario

Electricity Support Programs to Help the Most Vulnerable – Overview

- To date, a number of electricity support programs are funded through the electricity rate-base. There is opportunity to provide support to a more targeted subset of customers who are disproportionately affected by increased electricity costs and to shift these costs to the tax base. These customers include:
  - **High Distribution Cost Customers**: Some customers in rural areas where the cost to deliver electricity is high can experience difficulty in reducing their electricity bill through conservation, particularly when reliant on electric heating.
  - **Low-Income Customers**: Rising electricity costs make up a disproportionally large amount of the household expenditures for low-income households.
  - **First Nation On-Reserve Customers**: On-Reserve First Nations customers experience challenges with energy affordability and are seeking to address historical grievances associated with electricity system infrastructure.
- To provide targeted assistance to the customers and alleviate electricity cost burden, Cabinet agreed on March 1st 2017 to:
  - **Enhance Rural or Remote Rate Protection** (RRRP) by funding its costs through the tax base and providing additional support to customers of designated Hydro One rate classes and other high distribution cost Local Distribution Companies (LDCs).
  - **Enhance Ontario Electricity Support Program** (OESP) by funding its costs through the tax base and increasing eligible benefits by 50%.
  - **Implement On-Reserve First Nations Delivery Credit**, to remove Delivery charges for on-reserve First Nations customers.
- Cabinet also agreed to establish a new Affordability Fund, which would provide energy efficiency measures at no or minimal cost to those who are ineligible for low-income conservation programs, have difficulty paying their electricity bills, and who cannot make energy efficiency upgrades without financial assistance.

Rural or Remote Rate Protection – Broadening Rate Protection

- Rural or Remote Rate Protection (RRRP) mitigates some of the high costs of electricity distribution in rural or remote areas of the Province. It is a legacy program of the old Ontario Hydro and has existed in its current form since 2001.
  - RRRP is currently funded by ratepayers in Ontario and funded through the regulatory line of the electricity bill. Currently costs $1.58/month for a 750kWh consumer.

Shifting RRRP Costs to the Tax-base

- Section 79 of the OEB Act is amended to provide the Ministry the authority to prescribe, through regulation, classes of consumers whose cost will be transferred from the rate-base to the tax-base.
- If the proposed legislative amendments are approved, the government intends to propose regulatory amendments that would prescribe Hydro One's R2 customers as receiving RRRP from appropriated funds effective July 1, 2017. This would fulfill the government's intention to transfer the majority of the costs of administering the RRRP program to the tax-base.

Broadened Distribution Rate Protection

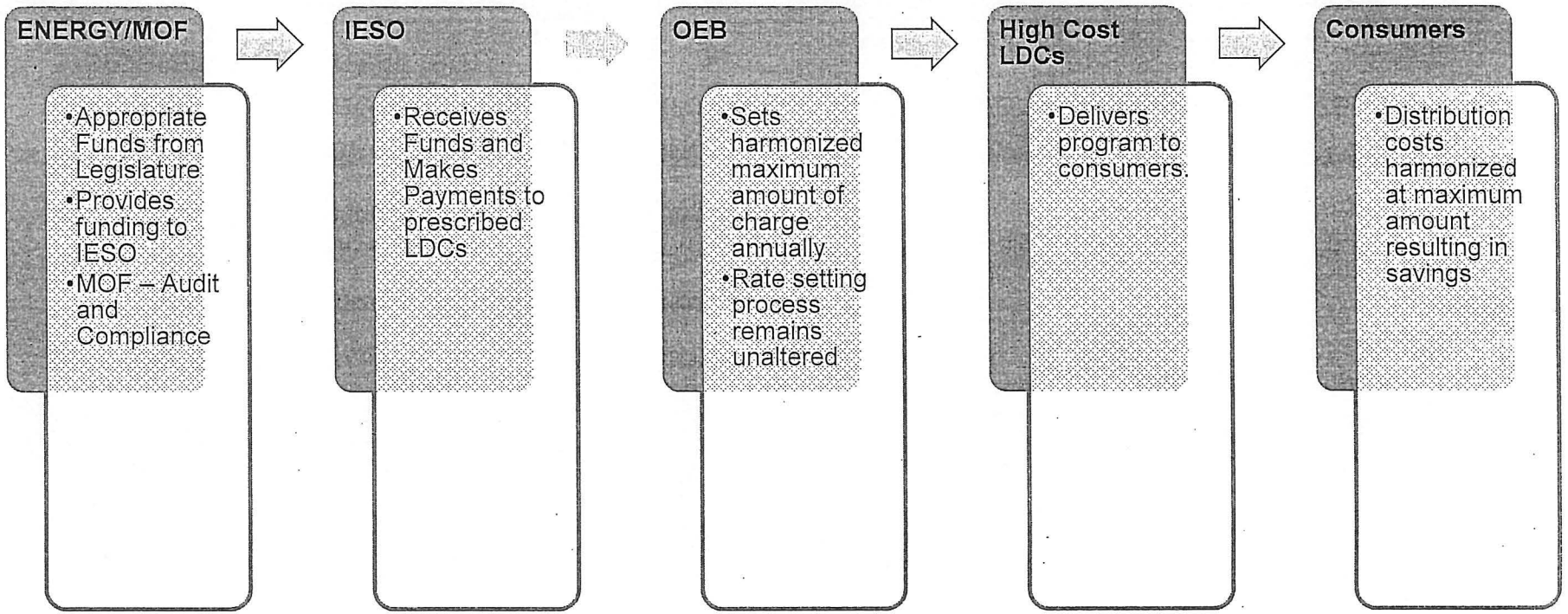
- In addition, Energy is proposing legislative amendments that will broaden rate protection by creating a new distribution rate protection program to complement RRRP. This new program would be funded through appropriated funds and would provide significant benefits to prescribed residential customers.
- Distribution rate protection would be extended to eligible residential customers served by LDCs with the highest distribution costs. Roughly 800,000 customers would receive benefits from the broadened rate protection.
  - These LDCs are: Hydro One (R1 and R2 rate classes), Algoma Power, Atikokan Hydro, InnPower, Chapleau Public Utilities Commission, Sioux Lookout Hydro, Lakeland Power (Parry Sound service territory) and Northern Ontario Wires Inc.
- The legislative amendments would provide Cabinet with the authority to create regulations defining the program.

Ontario

Broadening Distribution Rate Protection – Program Mechanics

- If the proposed legislation passes, Energy intends to propose regulations that would empower the Ontario Energy Board to set a maximum monthly distribution charge for customers of the affected LDCs.
- The maximum charge would not affect the role of the OEB in setting rates. Affected LDCs would still need to file rate applications with the OEB to assess whether or not their costs are reasonable.
- The difference between OEB-approved rates and the maximum monthly charge would be reimbursed to LDCs from the tax-base.

Roles and Responsibilities



Ontario

Distribution Rate Protection – Implementation

- The program will require regulations to detail how the program would be implemented:
  - A mechanism will need to be created to ensure that LDCs/OEB/IESO/Province are aligned in the year-to-year forecasting and costing of the RRRP program and the enhancements.
  - How the harmonized maximum charge will be set and calculated.
  - Providing rules to ensure there is flexibility in the program if there are significant changes to LDCs (e.g. mergers and acquisitions, changes to rate structures, etc)
- The OEB will need to set the harmonized maximum charge by July 1st, 2017 in order for LDCs to be able to be able to retrofit their billing systems in order to deliver the program in the near term.
- The Ministry has been meeting with affected LDCs to discuss implementation. While the legislation would provide LDCs until October 1, 2017 to begin providing the rebates (with retroactive eligibility to July 1), all LDCs indicate they can begin providing rebates as of July 1.

Ontario Electricity Support Program (OESP) – Overview

- The OESP is an income-tested, application based program that lowers electricity costs of the most vulnerable consumers by a rebate directly on bills. The OESP is currently funded by the rate base.

- OESP benefits vary by income level and family size, and there are two benefit scales that include:
  - The basic program credit ranged from $30/month to $50/month.
  - An enhanced credit that ranged from $45/month to $75/month for consumers that are either Indigenous, use electric heat or have certain medical devices.

- The OESP launched on January 1, 2016, and in just over a year:
  - Almost 190,000 have been enrolled in the program representing 33% of the total targeted low-income population. Nearly 300,000 applications have been received.
  - As of March 1, 2017, over $60million in benefits have been provided to vulnerable consumers.
  - 172 intake agencies have been mobilized to assist low income consumers to apply for the OESP.

- The March 1, 2017 Cabinet Minute directed the Ministry to expand every benefit level of the OESP by 50%, move the program from a ratepayer funded program to a government funded program beginning in 2017 and pursuing additional measures to substantially increase take-up.

Ontario

Ontario Electricity Support Program (OESP) (cont'd)

- On March 23, 2017, the OEB issued a Decision and Order to cancel the OESP charge on all customer bills on May 1 ($0.0011 per kilowatt-hour consumed), and begin using the variance account to continue financing the program (the net difference between the amount of OESP charge collected and the amount paid out)

- On April 11, 2017, amendments to the OESP regulation (O. Reg. 314/15) were filed. These amendments include expanding the credits amounts by 50 % and introducing new eligibility categories so that more Ontarians are eligible for the program.
  - The proposed legislative change will allow the OESP to be funded from the tax base once the variance account is depleted, and provide Ministry of Finance with audit capabilities to ensure funds are spent as they were intended.

- The legislative change will also provide the necessary authority for the Ministry of Community and Social Services (MCSS) and the OEB to align OESP program delivery with other social assistance programs and help increase program uptake (TBC).
  - We are working with MCSS to enable automatic entitlement for Ontario Works (OW) and Ontario Disability Support Program (ODSP) participants to receive OESP.

- The fiscal impact of the program was reduced by TB/MBC for 2017-18, from $186 million to $140 million, with out-year forecasts remaining unchanged.

Ontario Electricity Support Program (OESP) (cont'd)

- The amendments to the OESP regulation (O.Reg. 314/15) are reflected below. Increases in credit amounts are in red, and the new eligibility categories are circled. These changes come into effect on May 1, 2017.

Existing OESP Benefit Scales

Sliding Scale #1	Household Size						
Income Bracket	1	2	3	4	5	6	7 +
< $28,000	$30	$30	$34	$38	$42	$50	$50
$28,001 - $39,000	-	-	$30	$34	$38	$42	$50
$39,001 - $48,000	-	-	-	-	$30	$34	$38
$48,001 - $52,000	-	-	-	-	-	-	$30

Sliding Scale #2	Household Size						
Income Bracket	1	2	3	4	5	6	7 +
< $28,000	$45	$45	$50	$55	$60	$75	$75
$28,001 - $39,000	-	-	$45	$50	$55	$60	$75
$39,001 - $48,000	-	-	-	-	$45	$50	$55
$48,001 - $52,000	-	-	-	-	-	-	$45

New Credit Amounts and Eligible Households

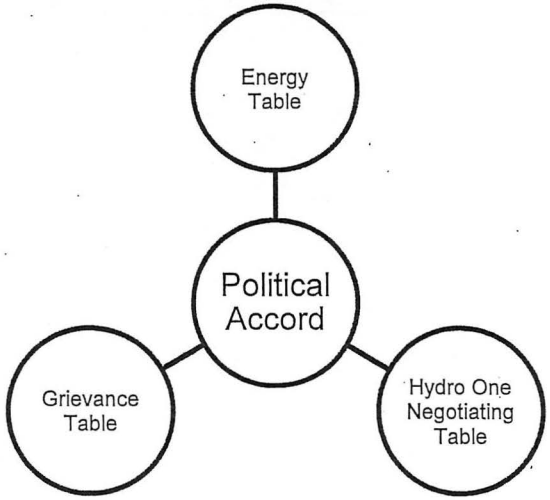
Sliding Scale #1	Household Size						
Income Bracket	1	2	3	4	5	6	7 +
< $28,000	$45	$45	$51	$57	$63	$75	$75
$28,001 - $39,000	-	$40	$45	$51	$57	$63	$75
$39,001 - $48,000	-	-	$35	$40	$45	$51	$57
$48,001 - $52,000	-	-	-	-	$35	$40	$45

Sliding Scale #2	Household Size						
Income Bracket	1	2	3	4	5	6	7 +
< $28,000	$68	$68	$75	$83	$90	$113	$113
$28,001 - $39,000	-	$60	$68	$75	$83	$90	$113
$39,001 - $48,000	-	-	$52	$60	$68	$75	$83
$48,001 - $52,000	-	-	-	-	$52	$60	$68

Delivery Credit for On-Reserve Consumers – Overview

- On June 27, 2016, following discussions on Hydro One shares and rates at the Chiefs of Ontario's (COO's) All Chiefs Conference, the Minister of Energy issued a letter directing the OEB to prepare a report providing "advice on options for an appropriate electricity rate (or rate assistance) for on-reserve First Nation electricity consumers".

- On-Reserve First Nations customers experience challenges with energy affordability and are seeking to address historical grievances associated with electricity system infrastructure.



- On December 29, 2016, the OEB provided a report to the Minister which recommended:
  - Elimination of the delivery charge for all on-reserve First Nations residential customers served by licensed distributors, and elimination of the monthly service charge for customers of licensed distributors which charge a bundled rate (no specific delivery charge);
  - Automatically qualify on-reserve First Nations residential customers (~21,500 customers);
  - Continue to provide assistance through OESP and LEAP to eligible on-reserve First Nations customers;
  - The OEB suggested the program should be funded from the tax base as it is targeted to a particular segment of the provincial population.

- On March 1, 2017, Cabinet gave approval to establish "*a new province-wide government funded program beginning in 2017 that would eliminate the delivery charge for First Nation customers on reserve.*"

Delivery Credit for On-Reserve Consumers – Overview

- The new program would be implemented by amending the *Ontario Energy Board Act, 1998*, by adding a new section 79.4 which would establish a Delivery Credit for On-Reserve Consumers.

- The section provides that:
  - All prescribed on-reserve consumers, the entirety of their delivery line items would be credited.
  - It also provides that for consumers who are served by a distributor that does not have a delivery line item, the monthly service charge or similar charge would be credited (a very few distributors that serve on-reserve customers, such as remote communities, do not have a delivery line item).

- The program would be entirely funded through the tax base.

- The section includes the power to make regulations prescribing further program eligibility details such as:
  - The class of customers eligible (residential full-time, residential seasonal, band offices, commercial, etc.);
  - Whether on-reserve customers who are not status would be eligible, or whether eligibility would be restricted to status individuals only, and the method for determining status, if required;
  - Determining what is considered on-reserve;
  - Determining the method of calculating the delivery credit.

- Specifics around eligibility, including whether non-status individuals and customers that are not residential are eligible are still subject to ongoing discussion between ENERGY and COO.

Distributor	Number of On-Reserve Residential Customers
Algoma Power Inc.	473
Attawapiskat Power Corporation	336
Bluewater Power Distribution Corporation	237
Cat Lake Power Utility Ltd.	80
Cornwall Electric Distribution	514
Hydro One Networks Inc.	16,679
Hydro One Remote Communities Inc.	2,579
PUC Distribution Inc. (Sault Ste. Marie)	264
Thunder Bay Hydro Electricity Distribution	332
Total Number of Customers	**21,494**

Social Programs – Funding Processes

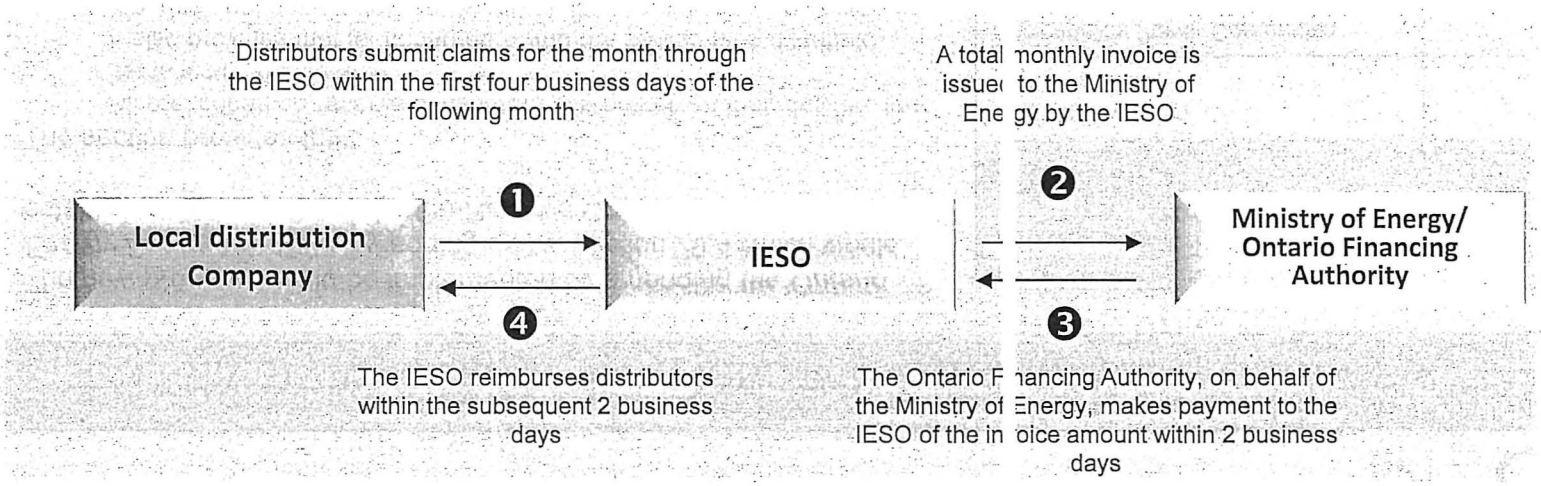
- As social programs are moved to the tax-base, LDCs are reimbursed for credits provid d to customers by IESO, which is subsequently reimbursed by ENERGY. This is the same procedure followed for the reimbursement c the 8% Provincial Rebate under the *Ontario Rebate for Electricity Consumers Act, 2016* (ORECA).
- The proposed legislation includes provisions that establish the funding frameworks for nese programs that mirror ORECA. These procedures would be further developed through regulation.

Ministry of Finance

- The Fair Hydro Plan Act includes several provisions granting the Ministry of Finance c versight and accountability functions to oversee the flow through of tax-payer money. These include; provisions requiring information to be shared with MOF, enhanced record keeping obligations on parties receiving funds, MOF audit and inspection powers, and offence for being non-compliant.

Independent Electricity System Operator

- The IESO is responsible for receiving payments from the Minister of Energy and com ensating distributors for the lost revenue as a result of delivering the program. Each LDC will require a program specific variance account where the balances will be tracked by IESO.
- The IESO will then make payments to distributors from the money appropriated from he legislature in accordance with the outstanding balances identified in the variance accounts.



Ontario

Social Programs – Budget

- As approved in the TB/MBC submission of Mach 1st, 2017 and confirmed in Vote-Item 2905-1, the financial impacts of the social programs for the period July 1 2017- March 31 2018 are as follows:

Program	2017-18 Budget
Rural or Remote Rate Protection	$344,000,000
Ontario Electricity Support Program	$140,000,000
On-Reserve First Nations Delivery Credit	$15,000,000

- The IESO manages a variance account for the OESP, which holds the difference between the amount of OESP charge collected from the rate base, and the amount of OESP paid out in the form of credits. The amount in the variance account is about $120 million as of March 1, 2017.
- These funds will be used to fund the OESP program until the variance account is depleted, at which point the transfer payment line will be used to finance the program costs.
  - Due to the potential range in costs of the OESP, which will depend on program uptake and any costs associated with supporting increased participation, the set allocation is required despite the variance account.
- ENERGY will return will updated out-year figures following program implementation.

Ontario

Affordability Fund

- On March 2, 2017, the government announced the establishment of an Affordability Fund as part of its Fair Hydro Plan.
  - Electricity distributors and other stakeholders had indicated to the government that there is an immediate need to help customers in bill arrears and facing service disconnection.
- The Affordability Fund will provide energy efficiency measures to electricity customers who are not eligible for existing low-income conservation programs, and who are otherwise unable to make energy efficiency improvements without financial assistance.
- ENERGY worked with Hydro One to establish an independent Trust to administer the Fund. A centralized delivery model through a Trust was established to ensure independent oversight of funds and to facilitate efficient distribution of funds to electricity distributors.
  - The 'Affordability Fund Trust' was established on March 23, 2017, when the Original Trustee signed a Declaration of Trust ('Trust Deed'). The Original Trustee is Computershare, a professional Trustee company which partners with some of the largest public and private organizations in Canada and globally.
  - On March 24, 2017, ENERGY entered into a Transfer Payment Agreement with the Original Trustee to flow $100 million in fiscal year 2016/17 to the Affordability Fund Trust.
  - The Original Trustee will be replaced by a Board of Trustees, based on the recommendations of an Advisory Committee established by ENERGY, by the end of May. The Board of Trustees will be responsible for administering the Fund, including distributing funds to electricity distributors across the province based on an application process and targeted eligibility criteria. Trustees will include representatives from three electricity distributors and two social service agencies, as well as one non-voting government representative.
  - It is expected that electricity distributors will be able to start applying for funds in Summer 2017.

Ontario

Communications

Communications Objective:

- Raise awareness about Ontario's commitment to lower electricity costs for ratepayers through the rollout of proposed Fair Hydro Plan (FHP) initiatives

Strategic Approach:

- Use introduction of legislation milestone to continue increasing awareness of the Fair Hydro Plan and how its measures would lower electricity rates across the province
- Raise awareness, province wide, using earned, owned, shared and purchased media materials
- Support LDCs with a comprehensive communications package and leverage their channels to spread the word
- Reactive materials will include updated Q&As, key messages and issues management plan.

Audiences:

- All electricity consumers in Ontario
- Consumer subgroups: residential households, low-income households, small businesses, farms, medium sized businesses (those not RPP-eligible or ICI-eligible), large businesses, municipalities, post-secondary institutions, schools, hospitals (MUSH sector), Indigenous communities

Ontario

Communications (cont'd)

Key Messages:

- *Ontario's Fair Hydro Plan proposes new measures to lower electricity bills by 25 per cent on average for all residential households and as many as half a million small businesses and farms. This builds on the previously announced 8 per cent rebate.*

- *Rates increases held to inflation for four years.*

- *Lower-income Ontarians and those living in eligible rural communities would receive even greater reductions, as much as a 40 to 50 per cent cut.*

- *These measures include the eight per cent rebate introduced in January and build on previously announced initiatives to deliver broad-based rate relief on all electricity bills.*

- *This is the largest reduction to electricity rates in Ontario's history.*

Ontario

Communications (cont'd)

Communications – Tactical Approach			
	April/May 2017	**May/June 2017**	**June 2017 to Fall**
Regional Rollout Examples: • MPP Template • Speeches • Media event • Op-ed, media pitch • Editorial board meeting	• MPP echo announcements • Minister speaking engagements (ongoing)	• MPP echo announcements • Minister speaking engagements (ongoing)	• Ministry and MPP echo news releases/announcements/Backgrounders/Key messages/ QA (dependent on relevant legislations and/or regulation passage)
Earned Examples: • News release, etc. • Remarks • Event • Calls/emails to targeted audiences • Multilingual media • Fact sheets • House Statement	• Preconditioned earned media: examples of innovative technology success stories • LDC Toolkit development (FAQs, matte stories, digital assets)	• Introduction of legislation May 11th • News release • House statement • QAs • Targeted media outreach • Deliver toolkit to LDCs	• Disseminate matte materials to community meeting to support
Digital / Social Examples: • Web content • Twitter/Facebook • Keyword / interactive web • Blogger outreach • Videos	• Web and social media content development (ongoing)	• Updated web and social media content (aligned with TV creative)	• Next phase of digital campaign • Develop sharable content with focus onbill savings
Paid ***(must include budget)*** Examples: - TV/radio/newspaper - Online banners/ads - Advertorial - Householder/direct mail	• Radio ads • Digital banner ads	• Prepare next wave ads – TV, digital, community channels	• TV ads (timing July)
Shared shared	• Develop and share materials t support LDCs	• LDC communications with customers • Bill inserts • Leverage and support agency comms (OEB, IESO)	• LDC communications with customers • Bill inserts, digital content, brochureware

Ontario

Cabinet Minute

1. Cabinet approved the proposed *Fair Hydro Act, 2017* for introduction, subject to the following:

   i. The Office of Legislative Counsel is authorized to prepare a French version and to make minor adjustments to the English vers on, for the purpose of ensuring consistency between the two versions and mal ing other improvements or correcting mistakes discovered in the translatic n process.

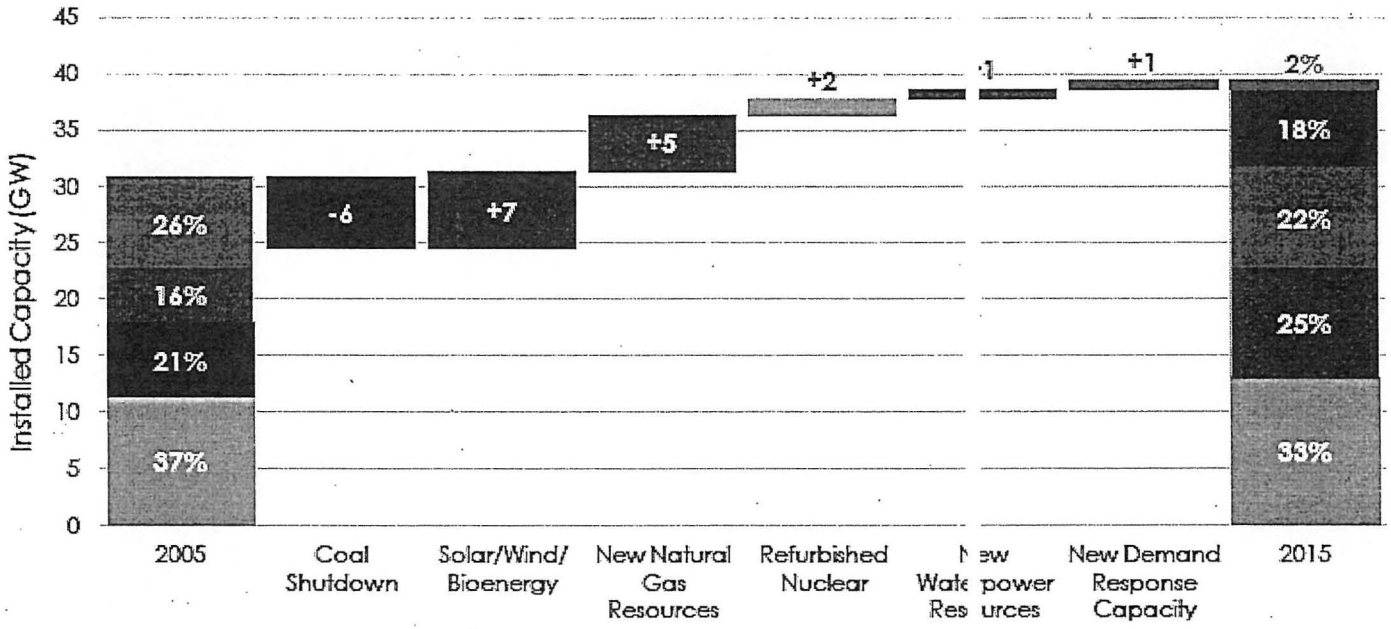
Ontario

Appendix

Ontario

Infrastructure Investments

- Electricity costs are increasing as the necessary investments are made to decarbonize and modernize the province's electricity infrastructure. Since 2005, Ontario has invested more than $50 billion in generation, transmission and distribution assets to ensure the system is clean and reliable.



Source: IESO Ontario Planning Outlook

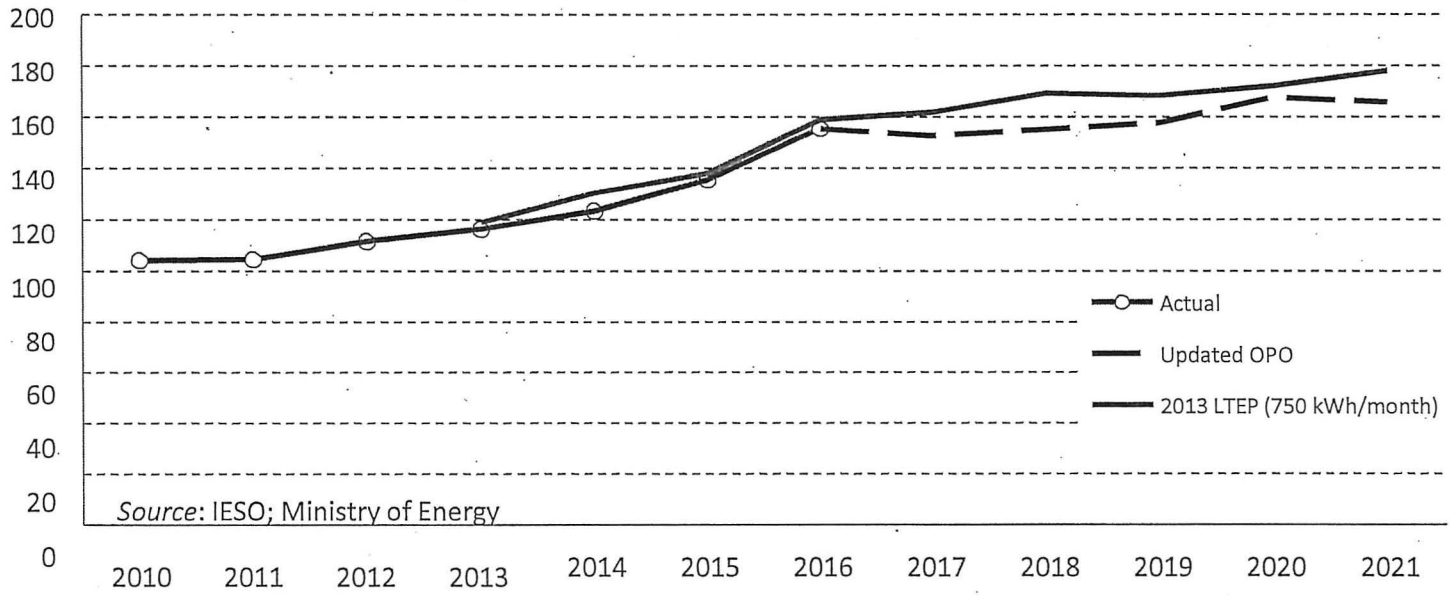
CONFIDENTIAL CABINET DOCUMENT

Electricity Prices Infrastructure Investments

- Electricity price increases have generally outpaced inflation. There have been several government policies that have impacted electricity prices over the past several years, including: HST, the Industrial Conservation Initiative (ICI), the Ontario Clean Energy Benefit (OCEB) and the Debt Retirement Charge (DRC).

- Following the 2016 Throne Speech, a number of actions were announced to further reduce electricity costs including an 8% electricity bill rebate for residential consumers.

Illustrative Typical Residential Electricity Bills
Historical and Forecast in $/month



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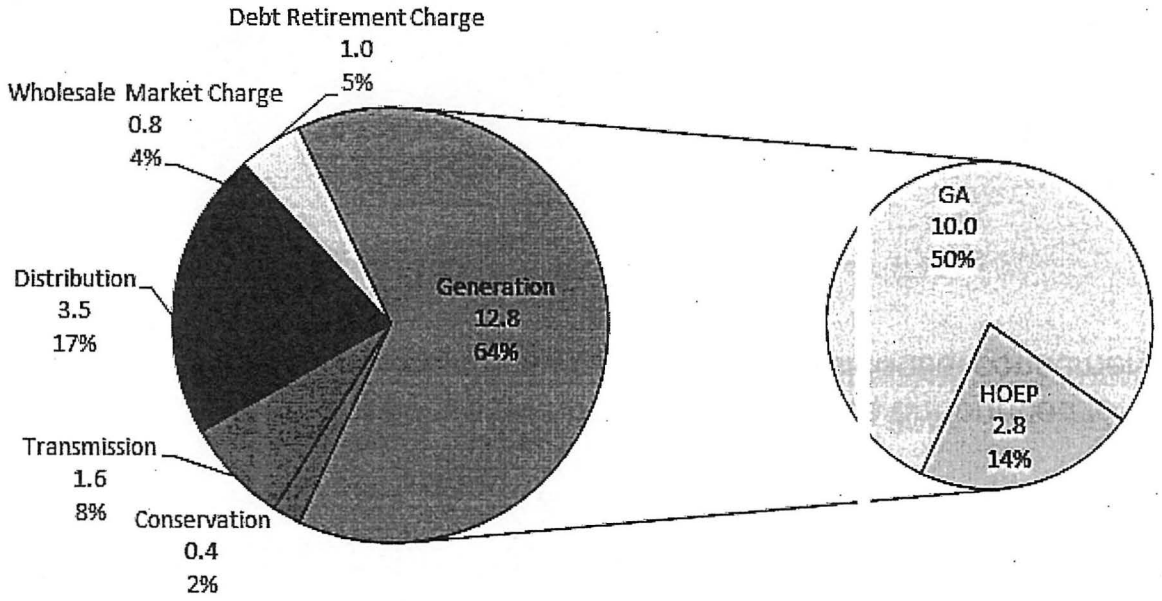
Global Adjustment

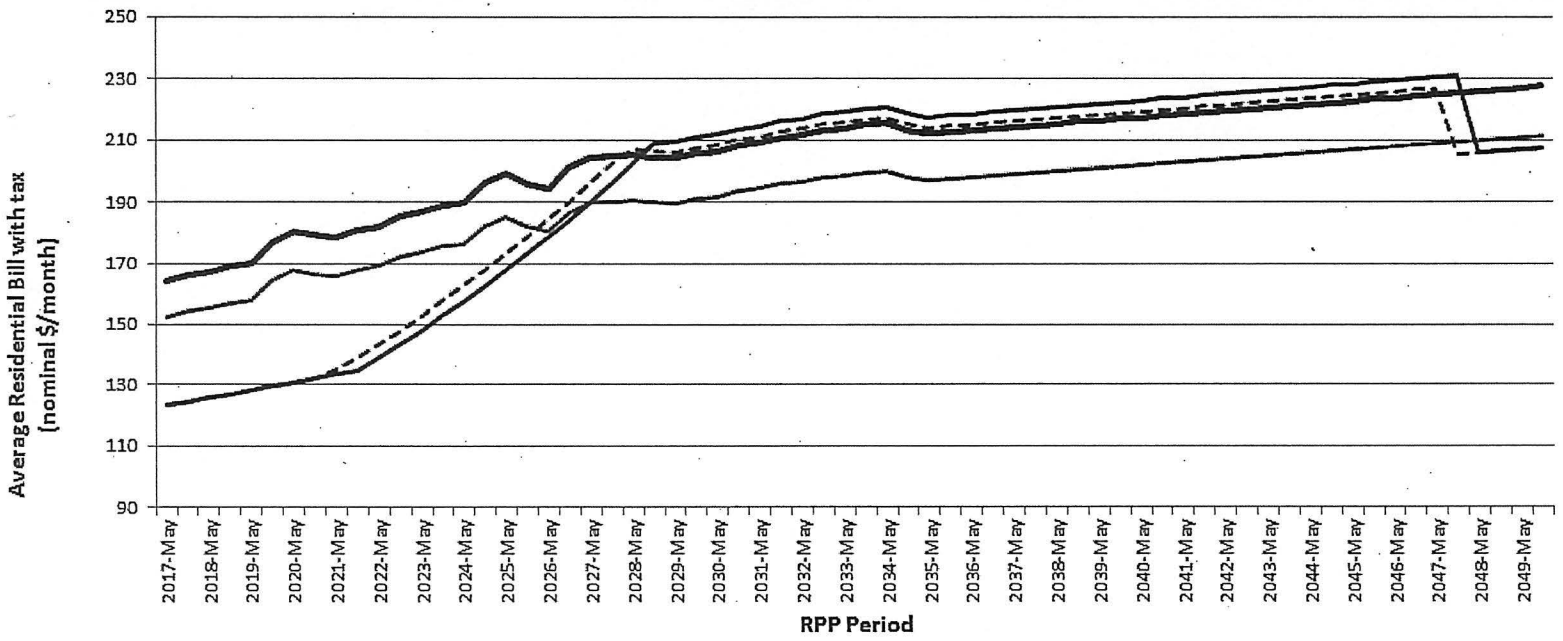
- In 2015, generation accounted for 64% of total electr city system costs. Total system costs in 2015 were $20 billion.

2015 Electricity System Cost
$ billion



***Source*:** IESO

GA Smoothing for RPP-Eligible Only (Borrow $2.5 billion in 2017, Residential Bills Lowered 25%)



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
Average monthly bill with OFHP ($/month)	124	126	129	131	137	146	155	165	176	187	199	207	207	209	212	214	216	216	214	215	216	217	219	220	221	222	223	224	225	226	216	206
Year-over-year change (%)	n/a	2.01	2.01	2.01	4.25	6.44	6.44	6.44	6.44	6.44	6.44	3.61	0.08	1.20	1.29	1.14	0.93	-0.04	-0.88	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	-4.37	-4.61
Impact of GA financing and tax-basing ($/month)	-29.9	-30.0	-35.0	-34.4	-28.8	-24.0	-17.8	-14.2	-3.3	3.4	12.2	16.4	16.5	16.7	16.9	17.1	17.2	17.1	17.0	17.1	17.2	17.3	17.4	17.5	17.6	17.6	17.7	17.8	17.9	18.0	-3.9	-4.0
Total accumulated debt ($B)	2.5	5.2	8.2	11.6	14.7	17.5	19.9	22.0	23.5	24.1	24.2	23.7	23.1	22.5	21.8	21.0	20.1	19.2	18.3	17.2	16.1	14.9	13.7	12.3	10.9	9.3	7.7	5.9	4.1	2.1	0.0	0.0
Total change in accumulated debt ($B)	2.5	2.6	3.0	3.5	3.1	2.8	2.4	2.0	1.6	0.6	0.1	-0.5	-0.6	-0.6	-0.7	-0.8	-0.8	-0.9	-1.0	-1.0	-1.1	-1.2	-1.3	-1.4	-1.4	-1.5	-1.6	-1.7	-1.9	-2.0	-2.1	0.0

Notes: Assumes 30 year financing period and a nominal interest rate of 5% (compounded monthly). Ratepayer GA payments increase annually beyond 2020 such that the average monthly residential electricity bill increases by 6.3% per year to a maximum of $2.2 billion above the true cost of GA in any given year to cap repayment charges at around 10% of total bill. IESO forecast is based on IESO's revised OPO forecast as of February 2017. Includes the cancellation of LRP II and EFW, expansion of ICI. Does not include smoothed OPG rates. Above residential bill is based on a 750 kWh per month Toronto Hydro customer. Data shown above is by RPP period. Assumes RPP prices are adjusted in July 2021 instead of May 2021 to coincide with the end of the inflation cap.

Ontario

GA Smoothing for RPP-Eligible Only – Residential Bills Lowered 25% (with Tax-base Funded 8% Rebate and Social Programs, 2% increase)

- Total bill below is based on a revised IESO forecast. See footnotes for more information.

Residential (750 kWh/month)	Actual 2016	2017	2018	2019	2020	2021
Total Bill (includes HST)	**158**	**164**	**167**	**170**	**181**	**178**
Total Bill (excludes HST)	140	145	148	150	160	158
Impact of GA Financing		-28	-25	-25	-32	-25
Impact of Tax-Basing Social Programs		-2	-2	-2	-3	-3
Subtotal		116	120	123	125	130
8% rebate		-9	-10	-10	-10	-10
HST		15	16	16	16	17
Revised Bill (includes HST)	**158**	**124**	**126**	**129**	**131**	**137**
Year-over-Year Change		-22%	2%	2%	2%	4%
Change from Forecast		**-25%**	**-24%**	**-24%**	**-27%**	**-23%**

Commercial & Small Industrial ($/MWh)	Actual 2016	2017	2018	2019	2020	2021
Class B Total (excludes HST)	**160**	**165**	**160**	**162**	**173**	**169**
Class B Revised Total (excludes HST)	**160**	**162**	**157**	**159**	**170**	**166**
Year-over-Year Change		1%	-3%	1%	7%	-2%
Change from Forecast		-2%	-2%	-2%	-2%	-2%

Large Industrial ($/MWh)	Actual 2016	2017	2018	2019	2020	2021
Class A Total (excludes HST)	**90**	**91**	**93**	**88**	**95**	**96**
Class A Revised Total (excludes HST)	**90**	**88**	**90**	**84**	**92**	**93**
Year-over-Year Change		-2%	2%	-6%	9%	1%
Change from Forecast		-4%	-4%	-4%	-4%	-4%

Notes: Based on IESO's revised OPO forecast as of February 2017. Includes the cancellation of LRP II and EFW, expansion of ICI. Does not include smoothed OPG rates. Above residential bill is based on a 750 kWh per month Toronto Hydro customer. Above Class B estimate based on a 1 MW customer connected to Toronto Hydro, assumes delivery charge escalates as per residential forecast. "Social programs" refers to existing RRRP and OESP. While initiatives would take several months to implement, the above estimate for 2017 reflects a full-year impact. The 8% rebate above represents savings compared to status quo due to the reduction in the sub-total from GA financing.

Delivery and Distribution Charge – Background

- The **Delivery** line on a typical consumer bill is specific to a consumer's Local Distribution Company (LDCs) and accounts for roughly 25-35% of the total bill before taxes.
- Delivery covers the costs of getting electricity from generating stations across the province to homes and businesses and combines three cost components of the electricity sector into one line item charge:
  - **Transmission:** The costs of moving electricity across high voltage lines from generating stations to the distribution system. This cost is recovered through a variable charge that is approved by the OEB.
  - **Distribution:** The costs of moving electricity from the transmission system to homes and businesses. Depending on the LDC, distribution costs makes up about 60% to 80% of the Delivery line.
    - This cost is currently recovered through both a variable charge and fixed charge, approved by the OEB. Distribution rates are moving to a fully-fixed charge over next 5 years.
  - **Line Loss:** The costs to recover electricity that is lost as heat when its delivered over a power line. Each LDC is assigned by the OEB a specific line-loss adjustment factor to reflect their loses particular to their assets. This factor is multiplied against the monthly electricity cost to determine the monthly cost.

SAMPLE MONTHLY BILL STATEMENT

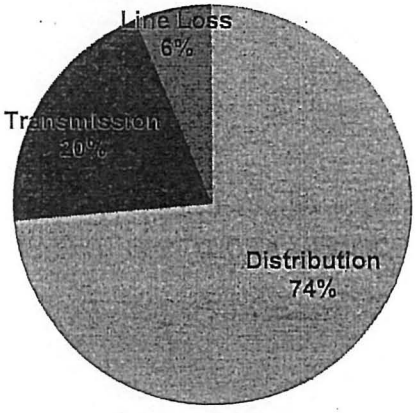
Anytown Hydro-Electric Limited

Account Number:
0000 000 000 000 0000

Meter Number:
00000000

Your Electricity Charges	
Electricity	
Off-Peak @ 8.700 ¢/kWh	41.20
Mid-Peak @ 13.200 ¢/kWh	16.35
On-Peak @ 18.00 ¢/kWh	23.60
Delivery	53.07
Regulatory Charges	4.79
Debt Retirement Charge	0.00
Total Electricity Charges	**$139.00**
HST	18.07
8% Provincial Rebate	(11.12)
Total Amount	**$145.95**

Cost breakdown of Delivery Line for an Average Residential Bill*



* Toronto Hydro Bill @ 750kWhs

Ontario

Rural or Remote Rate Program – Background

- Rural or Remote Rate Protection (RRRP) mitigates some of the high costs of electricity distribution in rural or remote areas of the Province. It is a legacy progra m of the old Ontario Hydro and has existed in its current form since 2001.
  - RRRP is funded by ratepayers in Ontario.
- Part of the program helps fund the costs of Hydro One custc mers classified into the "R2" residential rate class. There are 335,000 R2 customers acrc ss the Province. These customers have some of the highest Delivery costs in the Province.
  - From 2001-2016 the program provided $125.4 million annually t › help defray these costs.
  - In the 2016 Speech from the Throne, this funding was expande(by $116.4M to a total of $241.9 million.
  - As of Jan 2017 R2 customers receive $60.50/month off their dis ribution costs.
- These customers still have high delivery and high distributio ı costs and are often faced with significantly higher than average bills.
  - The higher than average consumption patterns coupled with hig ıer than average distribution rates has resulted in monthly bills many view as no longer affordable.

Ontario

Economic Conditions on Reserve

- On-reserve First Nations customers face unique challenges that impact electricity affordability, such as the poor quality of the housing stock on-reserve. These challenges result in significantly higher electricity consumption levels and costs.
- First Nations living on reserve are particularly vulnerable low-income consumers: the average income is considerably lower compared to First Nations living off reserve and compared to non-Indigenous populations:
  - Average income of First Nations on reserve in Ontario: $21,100;
  - Average income of First Nations off reserve in Ontario: $31,527;
  - Average income of Non-Indigenous people in Ontario: $42,506; and
  - Median incomes on smaller reserves can fall below $10,000 (e.g., Cat Lake FN).
- Employment rates also differ between on-reserve First Nations, off-reserve First Nations and Non-Indigenous individuals, as well as other indices of social vulnerability:
  - 54% of Indigenous people over 15 years old and living on-reserve in Ontario are unemployed or not in the labour force;
  - The on-reserve unemployment rate is 18.3% compared to 6.4% in Ontario generally; and
  - 67% of families residing on-reserve are single parent families, compared to the Canadian equivalent of 19%.
- First Nations are seeking redress for historic grievances related to lands affected by energy developments, such as transmission or distribution infrastructure built on reserve lands and traditional territories where, in some cases, they may not have been appropriately consulted.
- Further, in some circumstances, linear infrastructure corridors cut First Nation reserves in half, significantly disturbing the use and management of an already small land base; the First Nation communities disturbed by the energy infrastructure report having experienced long wait times (e.g., 20 years) for their communities to get connected and receive the benefits of the energy derived from the local infrastructure.

Ontario

Implementation of Ontario's Fair Hydro Plan

Ministry of Energy

May 10, 2017

Minister	Deputy Minister

Ontario

[redacted]

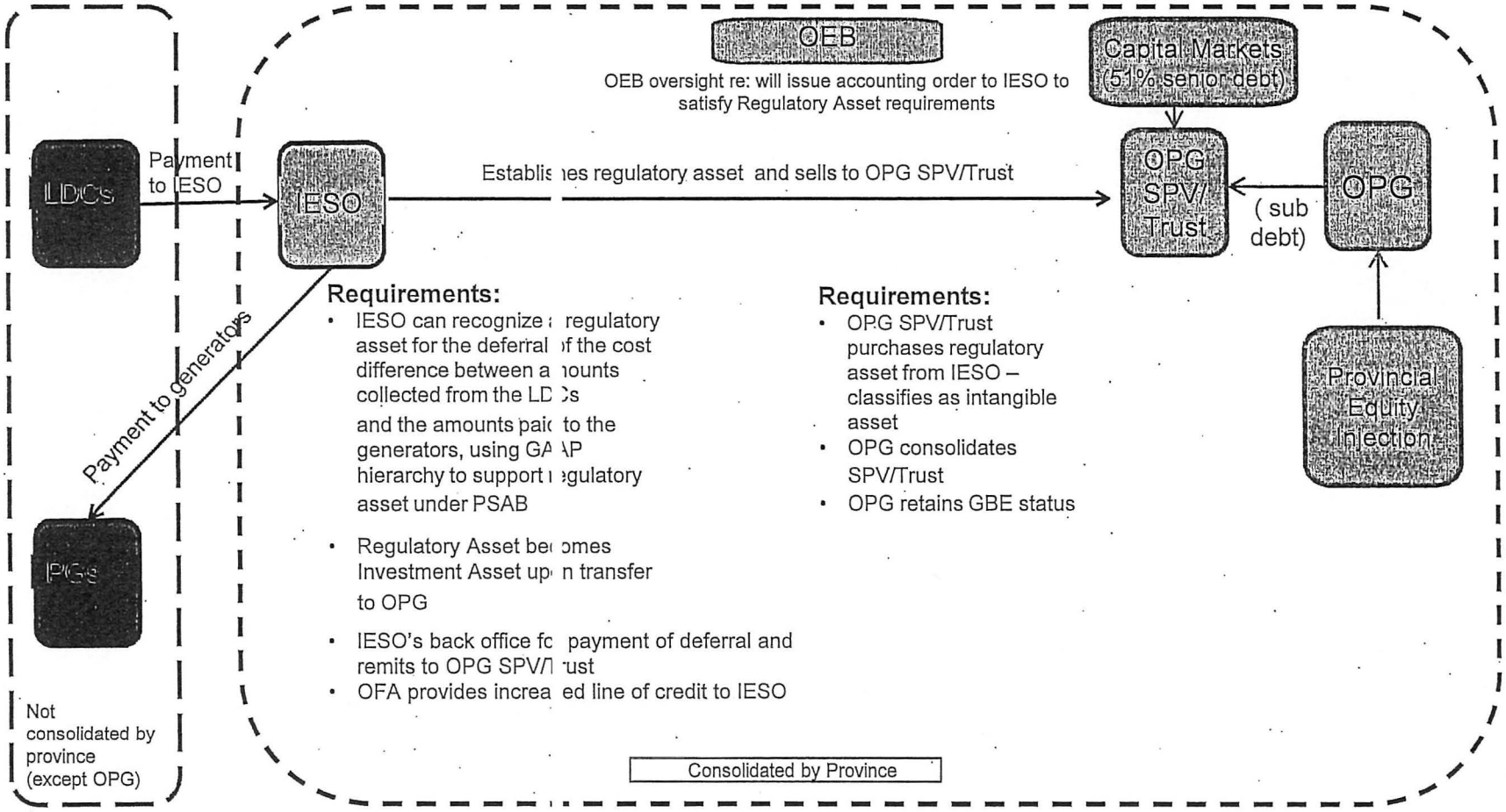
nponents:

Ontario

1) Refinancing the Global Adjustment

GA Refinancing – Roles and Responsibilities

- The following diagram provides an overview of the entities that would implement GA Refinancing.



CONFIDENTIAL CABINET DOCUMENT

Ontario

GA Refinancing – Legislative Overview (Cont'd)

Fair Adjustment

- Sets out the mechanism for the Ontario Energy Board (OEB) to determine the "relief", including the initial decrease in rates to achieve the 25% decrease, for the period July 1, 2017 to April 30, 2018.
  - Under the legislation, the OEB must determine the amount within 15 business days of the legislation coming into force.

- The Fair Adjustment also allows the Lieutenant Governor in Council (LGIC) to make regulations prescribing electricity rates for the period May 1, 2018 to June 30, 2021. After June 30, 2021, regulations will have regard to the fair allocation amount and clean energy adjustments.

Clean Energy Adjustment

- The Clean Energy Adjustment is the mechanism to recover the under-collection of GA from eligible consumers during the recovery period.
  - This is an adjustment to a consumer invoice on a monthly basis to repay principal, interest and other financing.
  - IESO and each electricity distributor will act as an agent for the financing entity to impose, invoice and collect the clean energy adjustments.

- This section outlines:
  - The process for determining the total Clean Energy Adjustment amount;
  - The obligation on individual ratepayers for the re-collection of the amount; and
  - The inability to offset or bypass re-collection of the amount.

Ontario

GA Refinancing – Legislative Overview (Cont'd)

Financial Services Manager

- The legislation appoints OPG as the Financial Services Manager.

Financing Plan

- Under the legislation, OPG, as the Financial Services Manager, is required to prepare a Financing Plan and submit it to the Minister.

- The Plan sets out the funding obligations and amounts related to the financing of the under-collected GA amounts.

- The Plan shall be governed by principles, including:
  - Fair Adjustment period (July 1, 2017 to June 30, 2021);
  - Reasonable assumptions; and
  - Alignment with the Fair Allocation Amount.

Ontario

GA Refinancing – Legislative Overview (Cont'd)

Investment Asset

- The sale of the regulatory asset from IESO to the OPG Special Purpose Vehicle (SPV)/Trust creates an "Investment Asset".
  - The legislation establishes property rights for the Investment Asset such as the right to collect principal and interest and financing costs in the form of the clean energy adjustment from eligible consumers.

- The Investment Asset allows for the recovery of the under-collected GA as the Investment Asset may in turn be sold to other investors or group of investors.

Amendments to Other Acts

- The legislation stipulates required amendments to existing legislation such as:
  - The Electricity Act – to expand the objects of IESO and OPG to enable them to perform their rights and obligations in the proposed Act
  - The Ontario Energy Board Act – to address license conditions and the determination of regulated payments.

Ontario

GA Refinancing – Policy Considerations (cont'd)

- The legislation establishes a frame\ /ork for processes once the ratepayer relief is set. There is limited control once the plan is set, vhich could represent challenges for electricity planning and rate mitigation in future Long-Term Energy Plans.

- The legislation recognizes the four- /ear period ending June 30, 2021, consistent with how the full reduction from OFHP are expected to be addressed through a July 1st RPP rate adjustment. **Note:** preliminary estimates presented in he March 1, 2017 Cabinet submission assumed calendar year 2017 to 2022.

- Bill impacts would vary between inc ividual customers:
  - Small consumers (i.e., condo resid(nts) will receive less than 25%;
  - Larger customers (i.e., electrically h eated homes) will receive more than 25%; and
  - Vulnerable customers eligible for ot ıer components of the OFHP will receive more than 25%.

- Inflationary increases are in regulat on not legislation, thus open to criticism that these could be too easily amended in the future.

Ontario

GA Refinancing – Accounting Considerations

- The legislation to enable the refinancing of the GA has benefitted from the review and input of KPMG, E&Y and OPCD.
- The proposed legislation establishes mechanisms to enable the funding, sale and transfer between IESO and OPG that respond to the accounting requirements and advice outlined in the March 1, 2017 Cabinet Submission, such as concerns regarding consolidation by the Province.
- Under the proposed legislation, OEB will issue an "accounting order" to authorize IESO to create a variance account in which it will record the funding shortfall and recover the shortfall in accordance with the legislation and regulations. [KPMG advises that this level of OEB oversight addresses the accounting requirements need to establish IESO's Regulatory Asset. **Need to confirm]**
  - The Auditor General (AG) will likely raise concerns with how IESO's ability to establish a regulatory asset. Ministry and agency staff have provided technical briefing to the AG and her office.
- The proposed legislation and the associated amendments to the Electricity Act, 1998, enshrine OPG's SPV/Trust as a stand-alone entity able to conduct business separately under a Trust agreement. [E&Y advises that the accounting requirements have been met. **– Need to confirm**]
  - OPG will have the authority to set up the SPV and assign it with powers regarding decision-making, funding and ongoing operation.
  - OPG and IESO are developing a process that will allow interest payments to occur under GA Refinancing.

Ontario

GA Refinanc ng – Legal Considerations

- The bill includes language specifying tha *"No action or omission by the Board, the Minister or the Crown shall be effective to reduce, impair, postpone or t rminate the obligations of specified consumers to pay amounts in respect of the clean energy adjustment o to impair or postpone the invoicing, collection or remittance of the clean energy adjustment".*
- The intention of the provision is to mirror as closely as possible the language of a similar provision that appears in legislation in the United States that purpo rts to limit a state legislature's ability to enact legislation that would affect the transaction. Although we have not b en provided with an opinion of local counsel concerning the purpose or effect of the provision under relevant U.S law, we have been advised that that institutional investors would expect the language of the provision to be inclu ed in the proposed Bill and that failing to do so would undermine the marketability of the proposed securities.
- The main legal risk associated with the p ovision is that its precise legal purpose and intended effect are not clear. Under Canadian law, it is not poss ble for legislation to limit the future exercise of legislative power by the Legislature, including the power to amen l or repeal statutory provisions or to expropriate private rights conferred under past statutes.
- In light of this limitation, the U.S. provisio n has been modified to focus on possible actions by the executive branch of government that might undermine the alue of the proposed securities (including regulation-making), rather than seeking to constrain the Legislature's po ers. However, in the absence of some future statutory amendment, it is not clear what, if any, executive action c uld have the effect of undermining the payment obligation that would be imposed on consumers under the Act an l, therefore, it is not clear what practical risk the provision is designed to mitigate against. This uncertainty create a risk that a reviewing court could construe the provision in unanticipated ways.

Ontario

Electricity Support Programs to Help the Most Vulnerable – Overview

- To date, a number of electricity support programs are funded through the electricity rate-base. There is opportunity to provide support to a more targeted subset of customers who are disproportionately affected by increased electricity costs and to shift these costs to the tax base. These customers include:
  - **High Distribution Cost Customers**: Some customers in rural areas where the cost to deliver electricity is high can experience difficulty in reducing their electricity bill through conservation, particularly when reliant on electric heating.
  - **Low-Income Customers**: Rising electricity costs make up a disproportionally large amount of the household expenditures for low-income households.
  - **First Nation On-Reserve Customers**: On-Reserve First Nations customers experience challenges with energy affordability and are seeking to address historical grievances associated with electricity system infrastructure.
- To provide targeted assistance to the customers and alleviate electricity cost burden, Cabinet agreed on March 1st 2017 to:
  - **Enhance Rural or Remote Rate Protection** (RRRP) by funding its costs through the tax base and providing additional support to customers of designated Hydro One rate classes and other high distribution cost Local Distribution Companies (LDCs).
  - **Enhance Ontario Electricity Support Program** (OESP) by funding its costs through the tax base and increasing eligible benefits by 50%.
  - **Implement On-Reserve First Nations Delivery Credit**, to remove Delivery charges for on-reserve First Nations customers.
- Cabinet also agreed to establish a new Affordability Fund, which would provide energy efficiency measures at no or minimal cost to those who are ineligible for low-income conservation programs, have difficulty paying their electricity bills, and who cannot make energy efficiency upgrades without financial assistance.

Ontario's Fair Hydro Plan

What is the FHP

Subtitle

FHP for Business

OEB RPP update

What's included in the FHP

- Electricity price update
- RRRP
- OESP
- Affordability Fund
- On-Reserve Credit

Other Programs

- Ontario Energy and Property Tax Credit
- Northern Ontario Energy Credit
- saveONenergy

Our Electricity System

FHP for Business

- RPP update
- ICI expansion
- Regulatory charge changes
- saveONenergy
- Other programs for business

Our Electricity System

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Ontarians Perceptions of the Electricity System

Qualitative Research Report
Ontario Cabinet Office
February 2017

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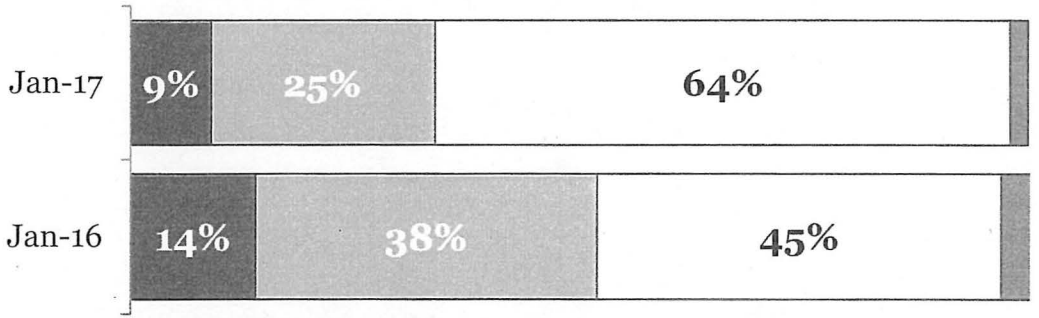
Importance vs. performance

"On a scale from one to nine, where one is "not at all important" and nine is "very important," how important is it that the Ontario government do the following?"

Control electricity prices

"Using a scale where 1 means "poor" and 9 means "excellent", how would you rate the performance of Ontario government at managing:"

Controlling electricity prices



Total n=1,102

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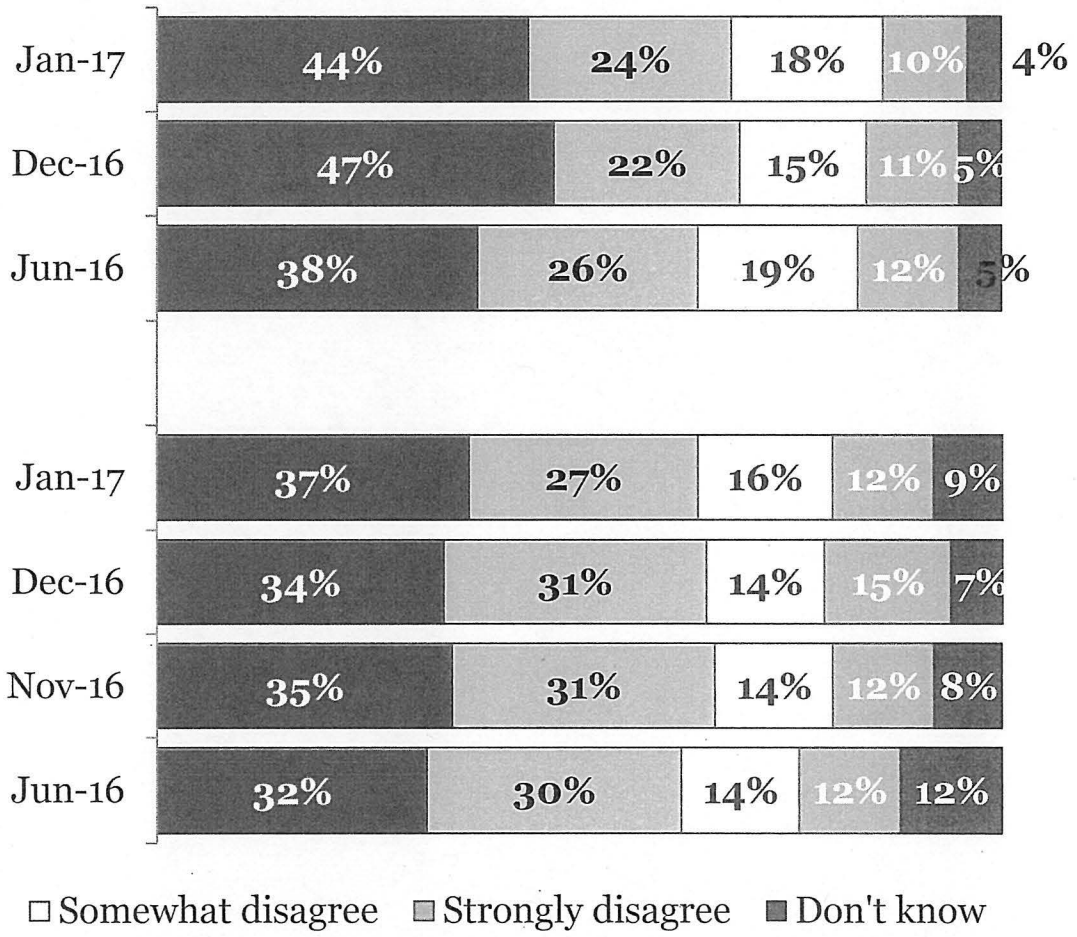
Preferred government priorities

The Government should prioritize affordable electricity over climate change initiatives

The Government is prioritizing climate change over affordable electricity



"Now I'd like to know if you strongly agree, somewhat agree, somewhat disagree, or strongly disagree with each of the following statements about various topics."

Total n=~725

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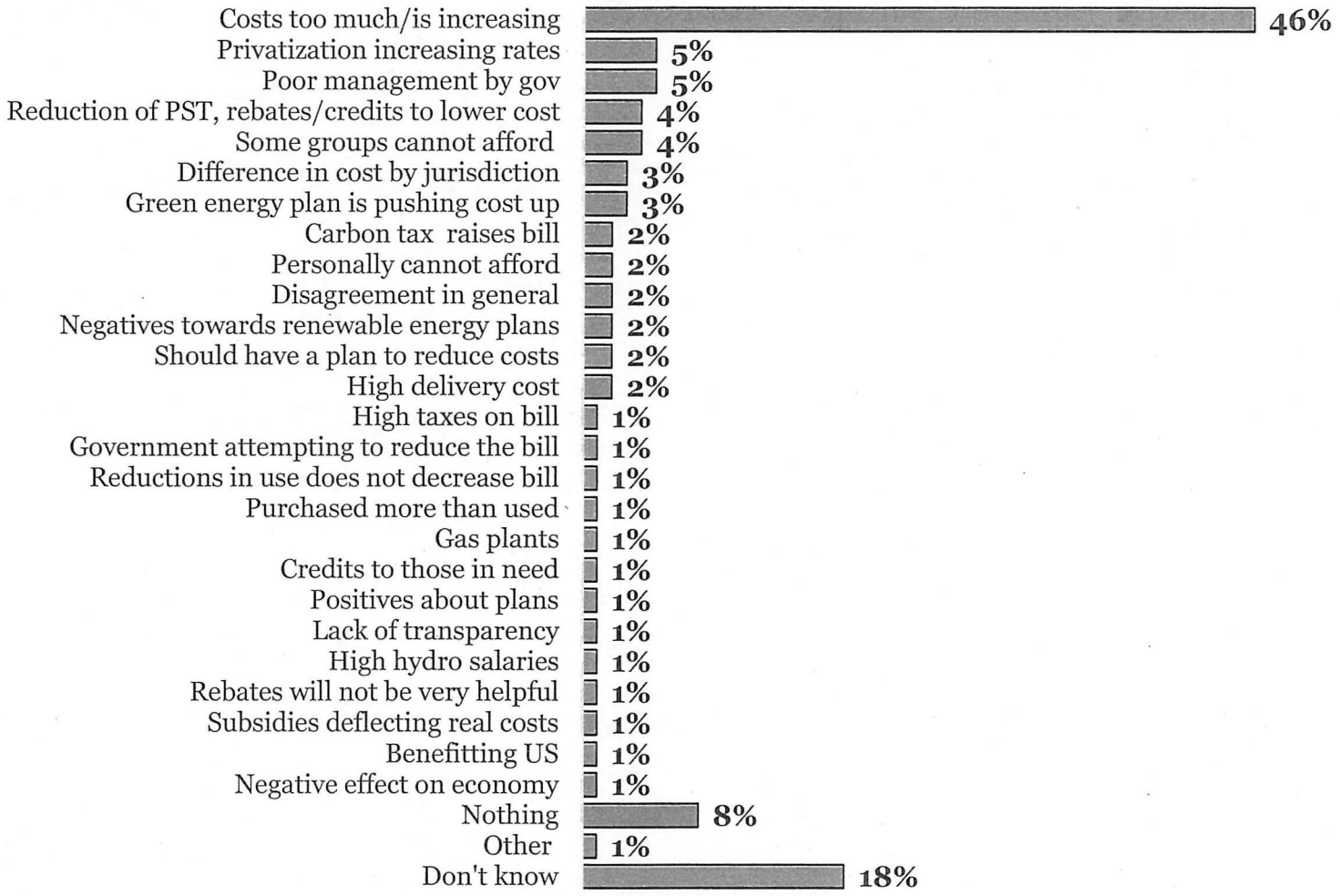
Changing electricity costs

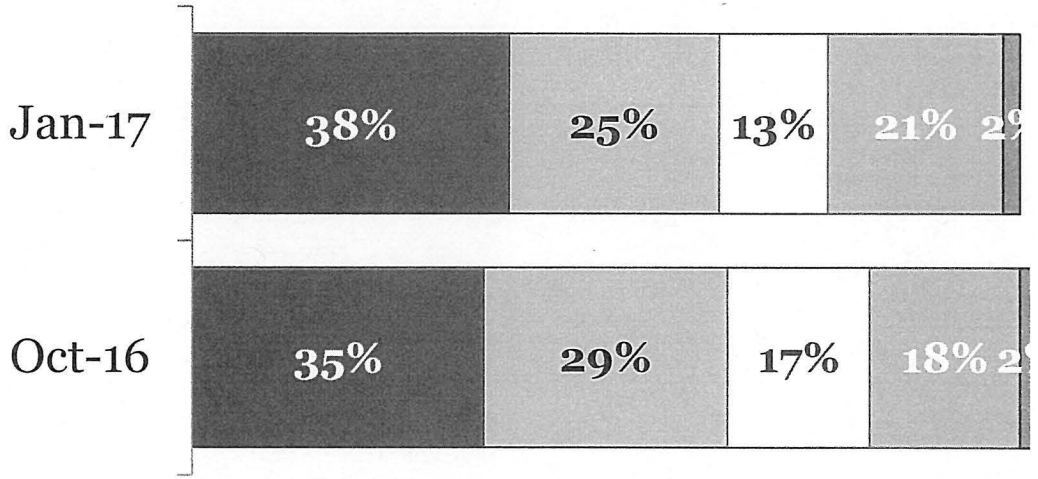


"What, if anything, do you know about the changing cost of electricity in Ontario?"

Total n=1,102

Reduction in cost of electricity

Reducing electricity bills by 8% will significantly help my family.



"Now, I'd like to know if you strongly agree, somewhat agree, somewhat disagree, or strongly disagree with each of the following statements about various topics."

Total n=~725

Methodology

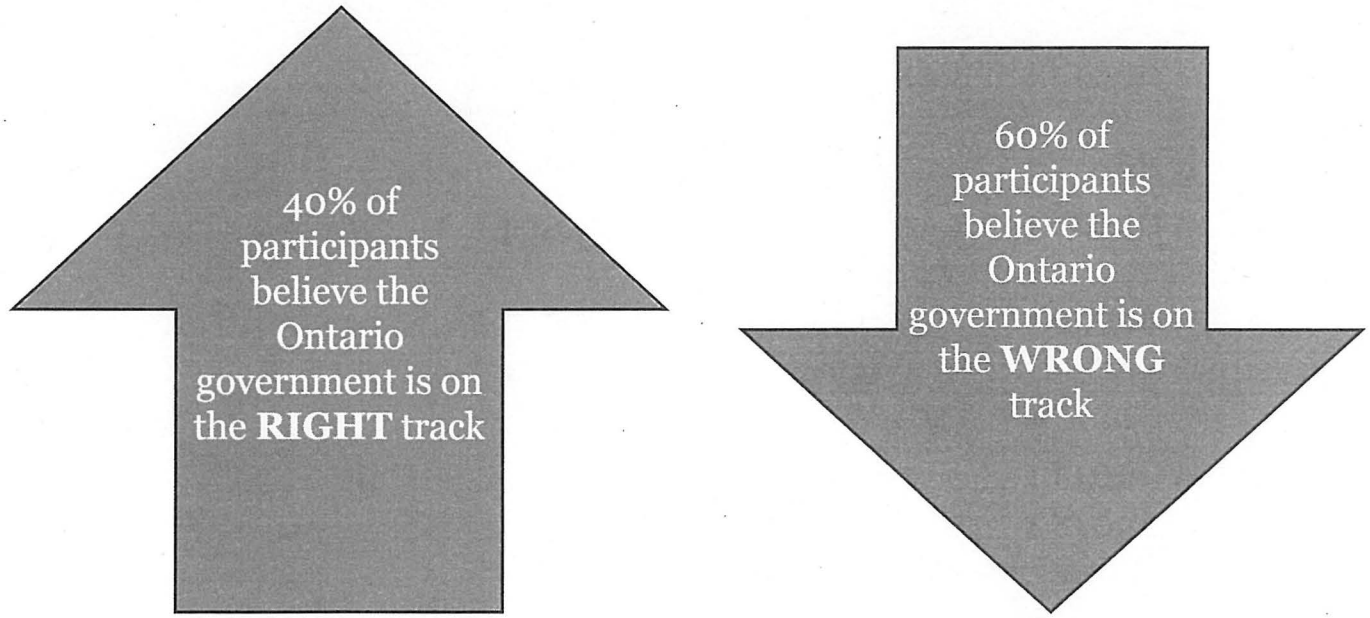
Methodology

Ten in-person focus groups among adult Ontarians with a mix of:

- Age groups
- Employment status
- Levels of education
- Household incomes

Where	When	Demographic
Toronto	January 24	1 group with women 1 group with men
Mississauga	January 26	1 group with women 1 group with men
Sudbury	January 31	1 group with women 1 group with men
Kitchener	February 1	1 group with women 1 group with men
Ottawa	February 2	1 group with women 1 group with men

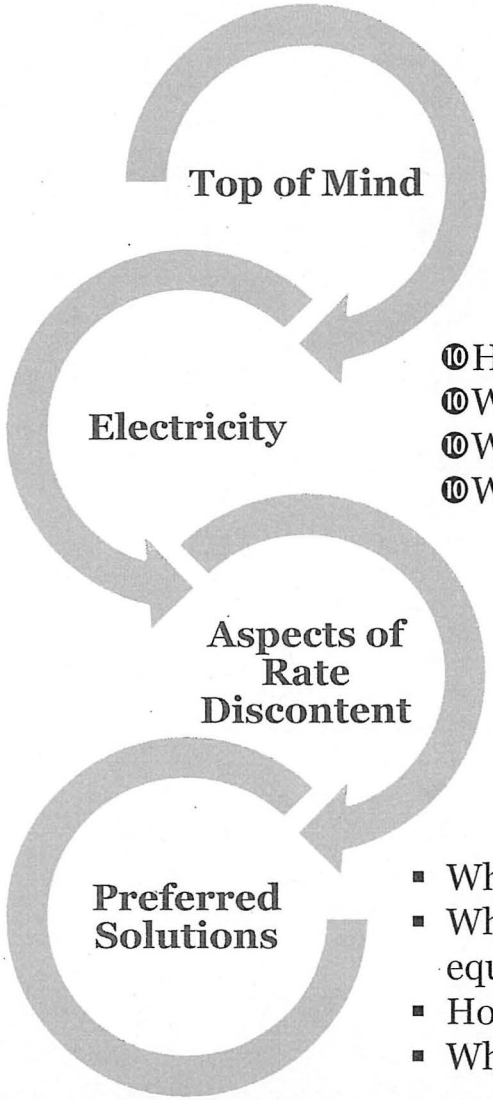
Who we listened to



Involved Ontarians were at least 30% of each group's composition.

In the Kitchener, Sudbury and Ottawa groups, 3 participants in each group were recruited from rural areas.

Structure of discussion



- Broad discussion on how participants feel the province is fairing

- How do they feel about the system?
- What is going well?
- What is going poorly?
- What has caused rate increases?

- What is government's role in this electricity 'problem'?
- Exploration of aspects of rate 'problem' - cost, certainty, equity
- Testing reasons for rate increase

- What does relief look like?
- What combination of factors would equate to addressing the problem?
- How palatable are potential trade-offs?
- What are the caveats on relief?

Top of Mind

Direction of the Government

Four issues dominated the initial discussion:

1. Electricity bills
2. Health care
3. High cost of living
4. Jobs and wages

Even among those who thought government was doing some things right, its performance on managing the electricity system, particularly cost, was thought to be very poor.

Top of mind: Electricity discussion

In this early part of the discussion, participants focused on their electricity bill as the indicator of the quality of management of the system. As an indicator, the bills tell individuals there is a "problem" for several reasons:

1. Absolute cost
2. Relative cost to what it was, for what they are consuming
3. Seemingly constant increases
4. No end of increases in sight

Electricity is an essential good
The cost of which is out of our control
Without reason

Top of mind: Electricity discussion

Government is responsible for ensuring Ontarians can access this essential service.

The increasing costs mean government is:

1. Failing to protect citizens from private profiteers
2. Using electricity as revenue generation for government
3. Badly mismanaging the system

Government is responsible for access to this essential commodity

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The Electricity System

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Low familiarity with the system (aside from what they're paying)

What they know:	What they don't know:
▪ Dramatic rate increases ▪ Multiple rate increases for which they weren't prepared ▪ More rate increases expected	▪ What is going on or why – is this a coherent (but bad) plan, or is the system run amok? ▪ Anything specific about the system - What is the energy mix? What investments have been made? ▪ What is going to happen next?

No solution will be an adequate solution without citizens understanding what has happened, and why something else will happen now.

Varied explainers of cost

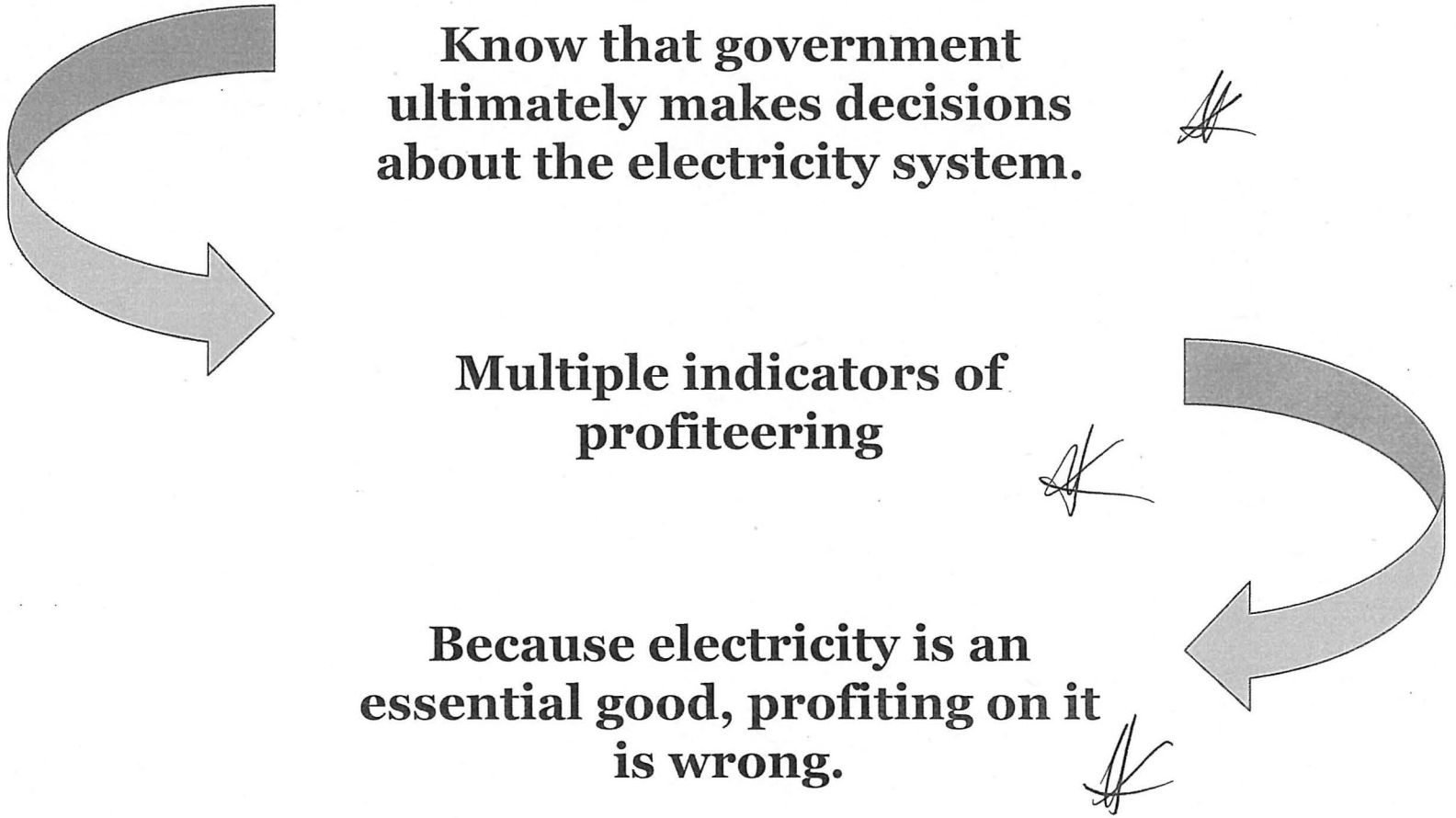
Please provide three reasons you think electricity costs what it does:	% of all mentions
Outdated grid and equipment maintenance / city maintenance	11%
High demand/ population growth	11%
Government mismanagement /short sighted/no long term planning	10%
Profit/revenue	6%
Greedy/profit driven people in charge / CEO salaries	6%
Hydro One - privatizing hydro / Wynne selling off hydro for profit	5%
Budget debt/deficit	4%
Overuse of the system/supply and demand	4%
Inflation	4%
Monopoly/lack of competition	3%
Mismanagement of infrastructure	3%
People are going off the grid/less demand	3%
Way to increase profits	2%
Environmentally friendly infrastructure	2%
Clean contracts	2%
Reliant on electricity/less reliant on oil	2%
Carbon tax / cutting emissions / environment help	2%
Producing too much electricity- selling off excess and charging us more	2%
HST/taxes	2%
Nuclear/Refurbishment of Darlington	2%
Cost of fuel	1%
Peak hours consumption	1%
Labour costs	1%
Building roads	1%
Delivery fees	1%
Servicing remote areas	1%
Lack of renewables	1%
Lack of fair rate assessment per household	1%
Necessity	1%

Assumed price gouging

Know that government ultimately makes decisions about the electricity system.

Multiple indicators of profiteering

Because electricity is an essential good, profiting on it is wrong.



Government of Ontario has been focused on:

1) ensuring there are not more blackouts and brownouts due to insufficient electricity generation

2) ensuring that Ontario doesn't have to buy expensive power from the US but can sell over capacity to the US.

3) on making the electricity system as healthy as possible by eliminating the use of coal-fired electricity and reducing pollution that causes climate change and smog.

4) upgrading the grid that transmits electricity so it is reliable and efficient.

the gandalf group

Breaking Down and Solving the Problem

Understanding the problem

In the discussion of electricity in particular, several key elements create "the problem" of electricity bills:

1. Don't understand why this happened
2. Absolute cost
3. Relative cost compared to the past
4. Relative cost compared to other goods
5. Variability in the system
6. Anxiety about the future

A strong narrative

1)What has government accomplished that has caused such high bills?

1)Why was this investment needed?

1)What is the next step (rate decrease), and how does this solve the **structural** problem?

Participants wanted a reason.

Any policy changes must be the next step in that transformation.

Absolute cost

Electricity bills have risen to the top tier of cost of living

Cost is perceived to be a problem for all Ontarians.

Very few were aware of the 8% decrease in effect January 1. It's believed to be insufficient.

Generally participants would like a significant decrease in electricity bills – at least 25%.

The caveat is that this decrease come from within the energy file. And it must make sense for the next generation. This is critical to the narrative.

There is tremendous anxiety about the next increase. Virtually all participants expect more dramatic increases. Participants want certainty.

A freeze on rates is **as important as a rate reduction**. A rate reduction without a commitment to a freeze leaves participants waiting for the 'gotcha'. It appears to be trickery and not a thought out plan.

A freeze on reduced rates would provide the predictability needed for participants to plan, and to not worry the next increase makes an essential good unaffordable.

The idea that there could be a freeze on rates was reassuring.

Additionally, it signals a system no longer out of control

Trading off

Few participants knew that the government is on track to balance the budget.

Participants showed a clear preference for reduced electricity over balanced budget.

Participants are not willing to trade off health care or education for rate reductions.

Any changes to electricity rates must be in an 'energy folder'.

Conclusions

Conclusions

The high cost of electricity is top of mind with Ontarians. Virtually unanimous agreement that government is mismanaging the electricity system.

Cost is believed to be a problem for all Ontarians.

It is the government's job to ensure citizens can afford this essential service.

Current cost is particularly offensive because:

1. There is little knowledge of why rates have increased
2. Participants feel like they have done all that they can to conserve and reduce costs, and
3. The magnitude of the increases to bills indicates profit. Because electricity is viewed as an essential good (particularly in Canada) it feels unfair for anyone, including government, to be making a profit

Conclusions

Secondary to a desire for cost relief, is the desire to fix the electricity system.

Definition of a system that is sustainable for the long-term is not far from the reality, aside from cost. The system is not sustainable if it is unaffordable for its citizens. A sustainable system would include:

1. A fair price point,
2. A sustainable energy mix, and
3. Reliability

The government has a good story to tell on the second and third points, but there needs to be efforts to restore perceived cost fairness.

When announcing relief, it is critical to explain the combination of factors that led to increasing costs, and how reduced costs fit into a system that has been fixed.

the gandalf group

Cabinet Office

Omnibus Report
March 2017

Methodology

This survey was completed via telephone interviewing March 2-14, 2017.

In total, 1,200 interviews were completed, yielding a margin of error of +/- 2.8%, 19 times out of 20. Data is weighted to represent the gender, age, and regional distribution of the province.

Reporting has been done on the following sub populations. Note that only statistically significant differences are discussed.

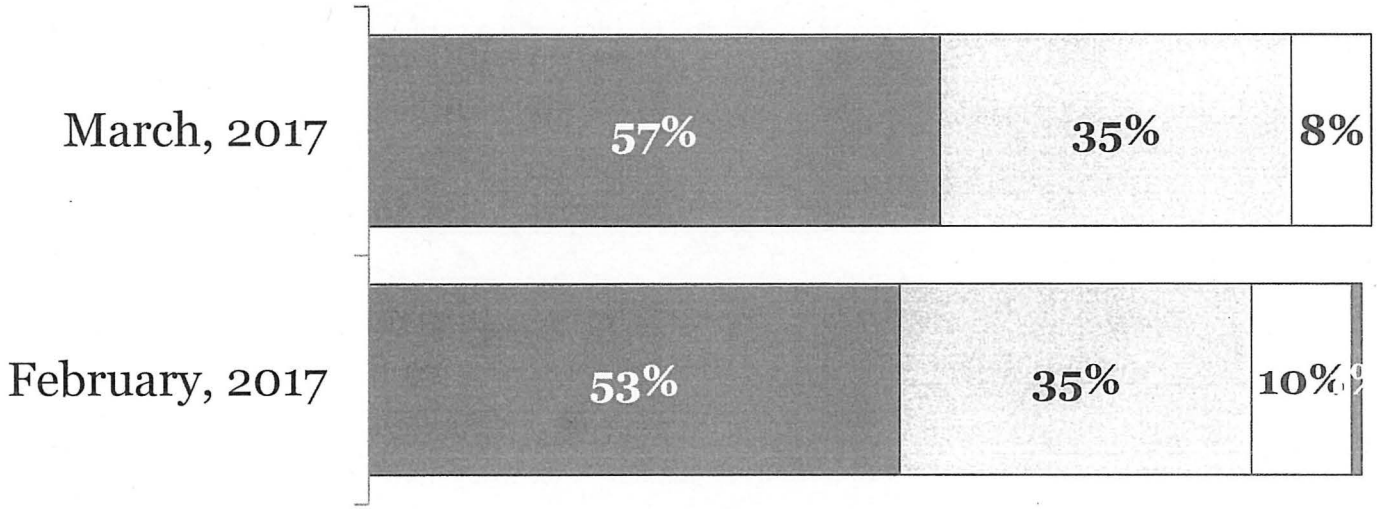
	Male	Female	<35	35-44	45-54	55-64	65+
n=	579	621	211	235	226	254	274
MOE	±4.1%	±3.9%	6.8±%	±6.4%	±6.5%	±6.2%	±5.9%

	Central	East	905	Niagara	North	Southwest	Toronto
n=	90	153	324	110	72	219	232
MOE	±10.3%	±7.9%	±5.4%	±9.3%	±11.6%	±6.6%	±6.4%

	HHI, <$60k	$60-$80K	$80--$100K	$100-$150k	>$150K
n=	406	138	140	169	141
MOE	±4.9%	±8.3%	±8.3%	±7.5%	±8.3%

Electricity Costs Awareness

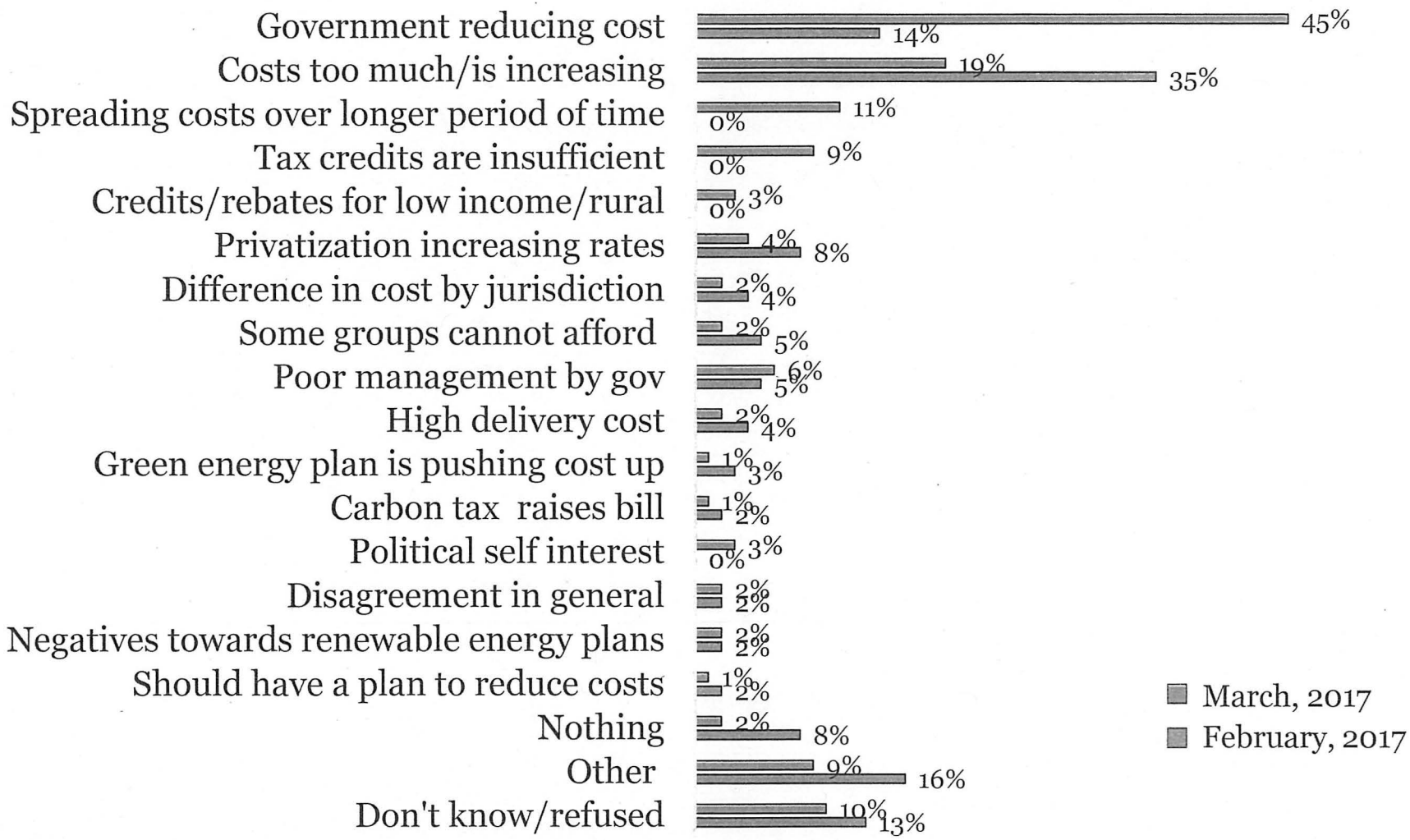
How much have you heard about the changing cost of hydro lately?



"Would you say you have:

the gandalf group

Electricity Costs

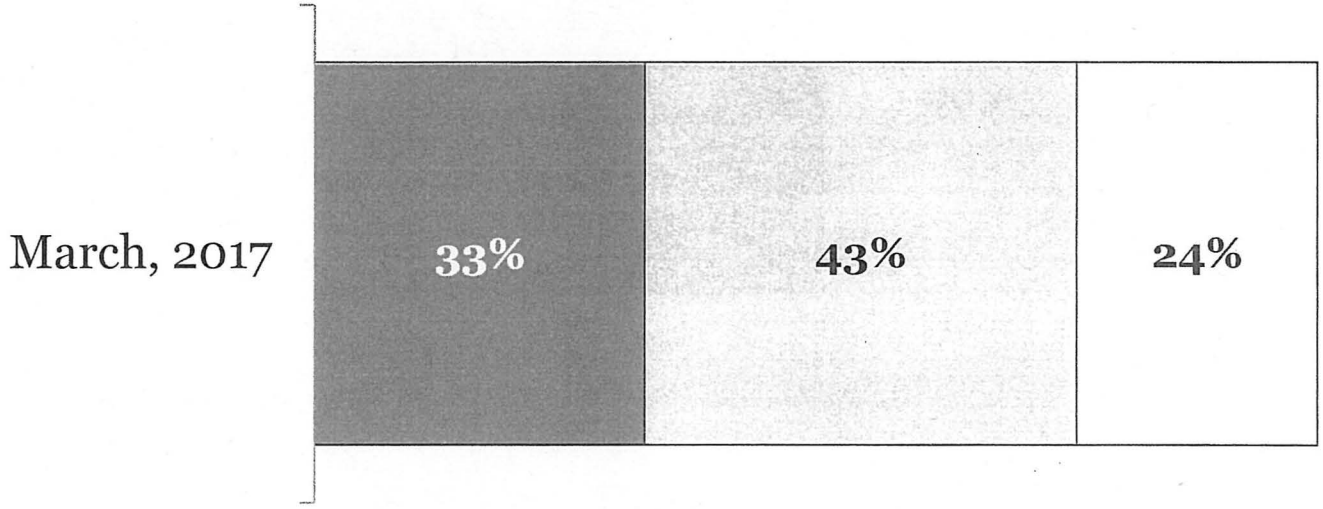


"What, if anything, do you know about the changing cost of hydro in Ontario?"

Total n=1122

Government Announcement

Recently, the government announced they will be reducing the cost of hydro by 25%. They have also announced that hydro rates will not increase more than the rate of the inflation for the next four years.

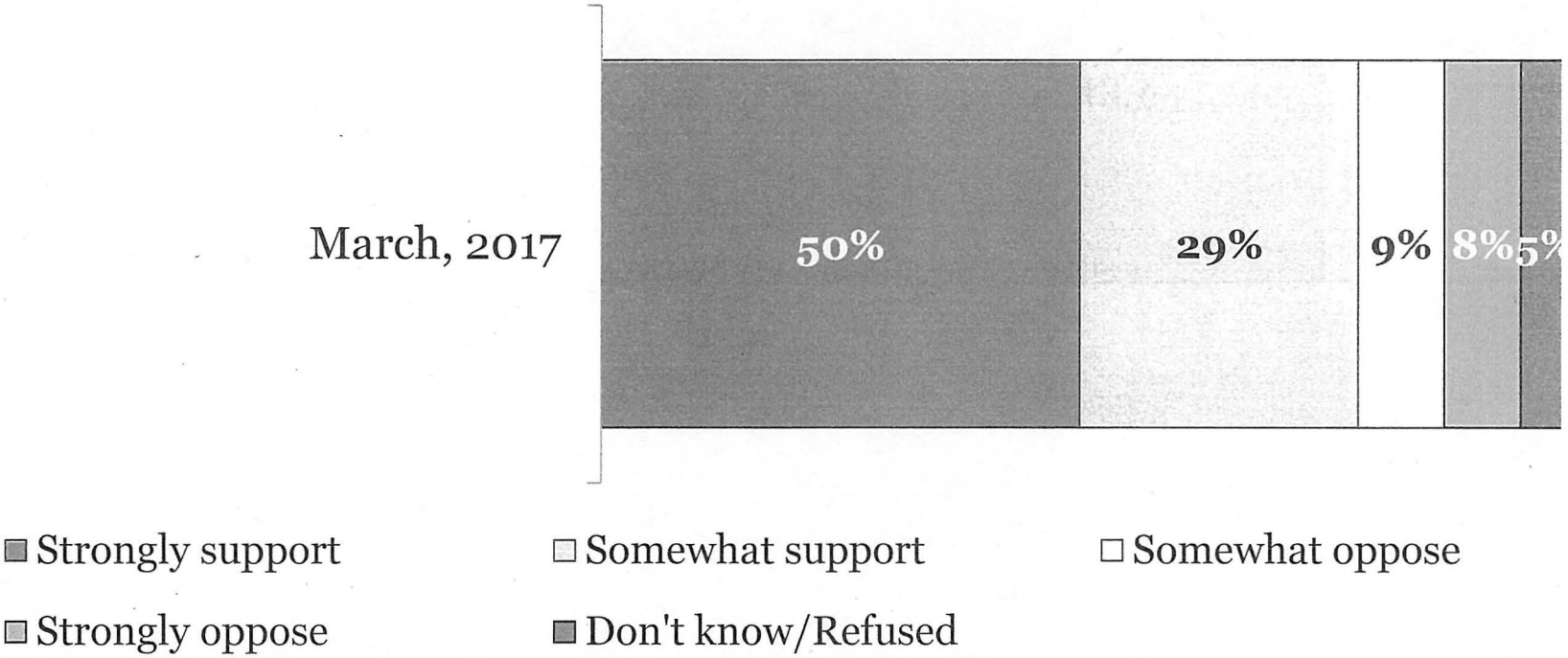


"Recently, the government announced they will be reducing the cost of hydro by 25%. They have also announced that hydro rates will not increase more than the rate of the inflation for the next four years. Prior to now, would you say that you have:"

Total n=1200

Government Announcement

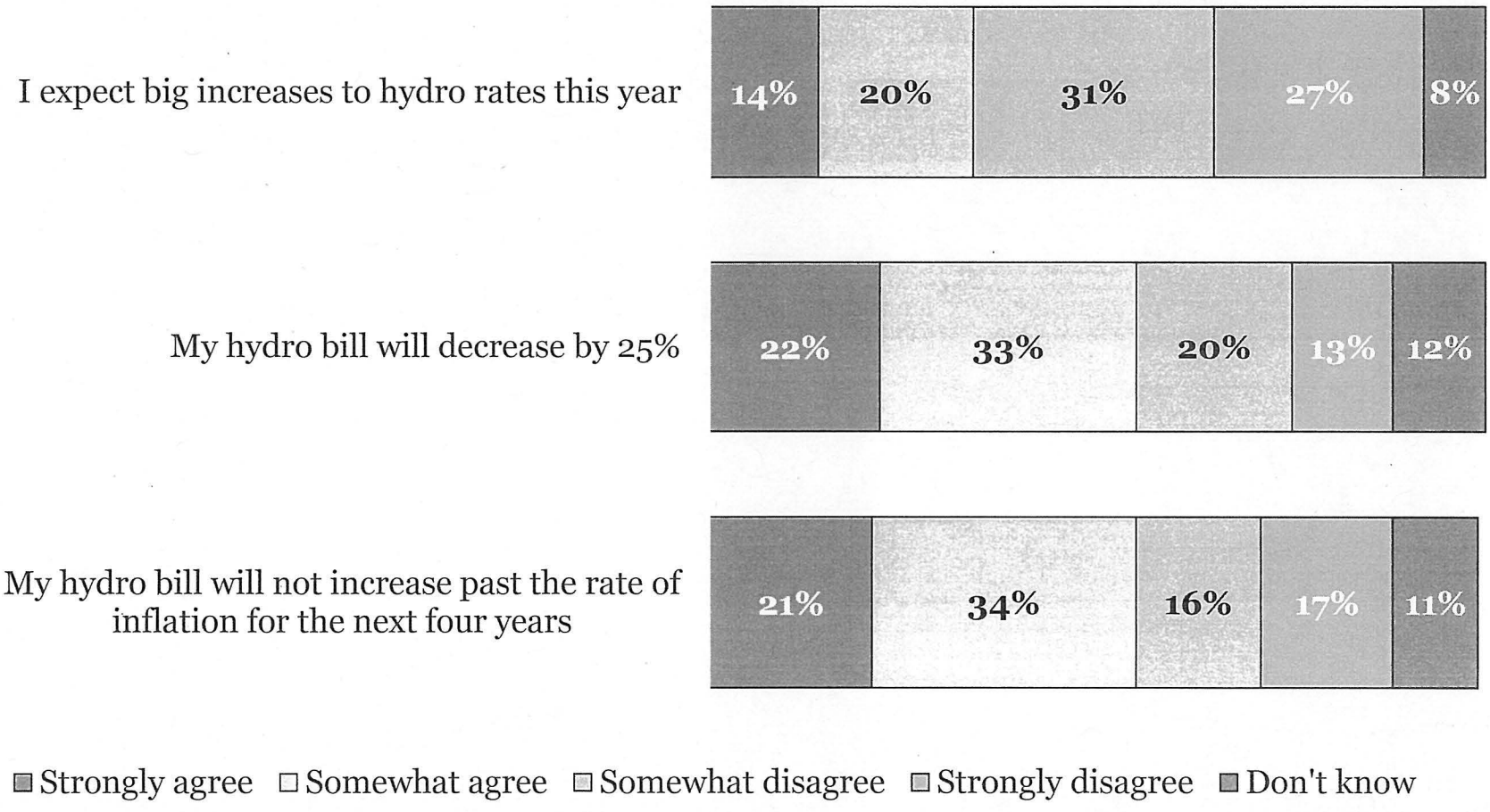
- Support for this policy is widespread (79%).



"And would you say that you strongly support, somewhat support, somewhat oppose or strongly oppose this reduction in the cost of hydro?"

Total n=1200

Believability

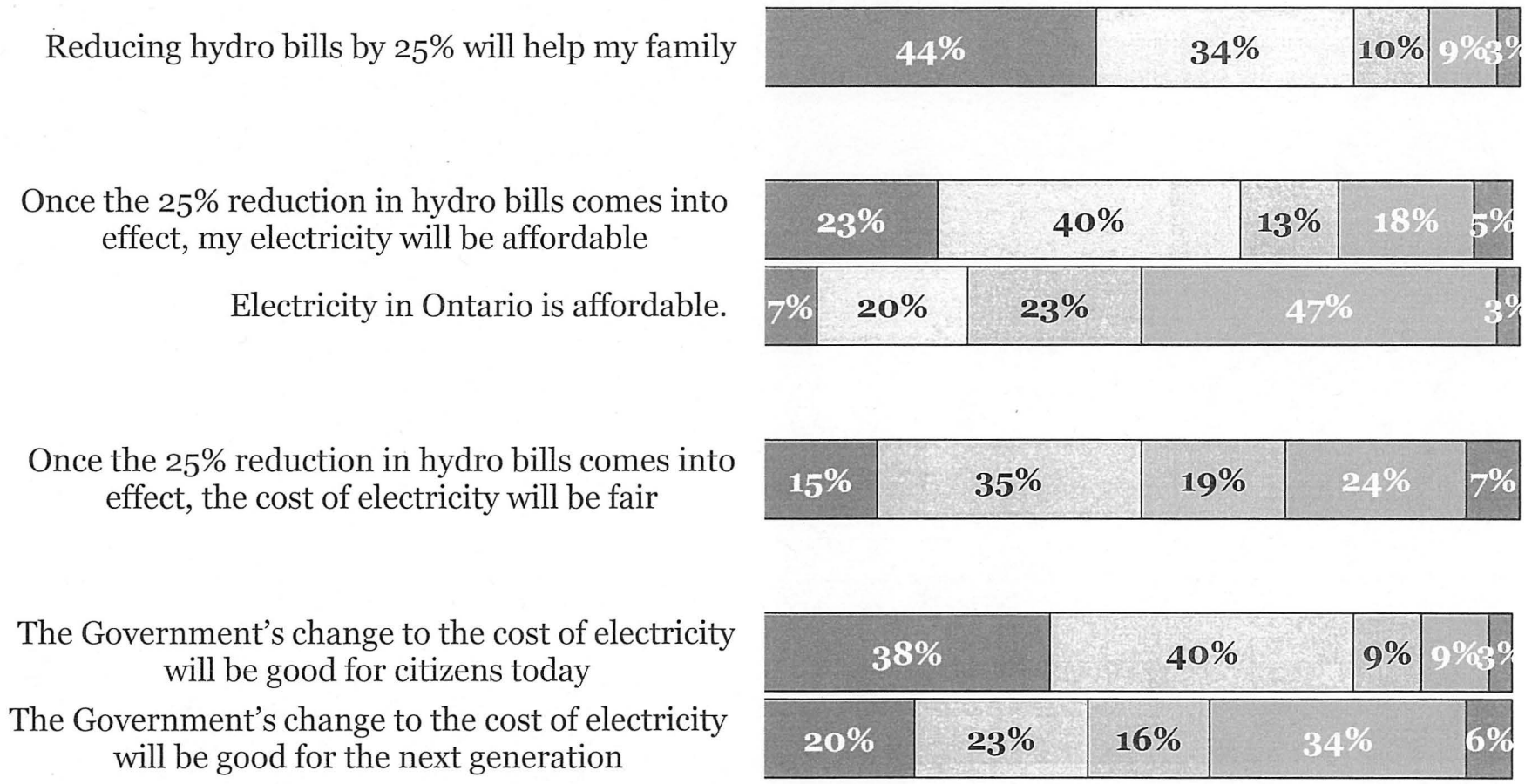


"Now I'd like to know if you strongly agree, somewhat agree, somewhat disagree, or strongly disagree with each of the following statements about various topics."

Total n=1200

the gandalf group

The Policy Achieves its Aim

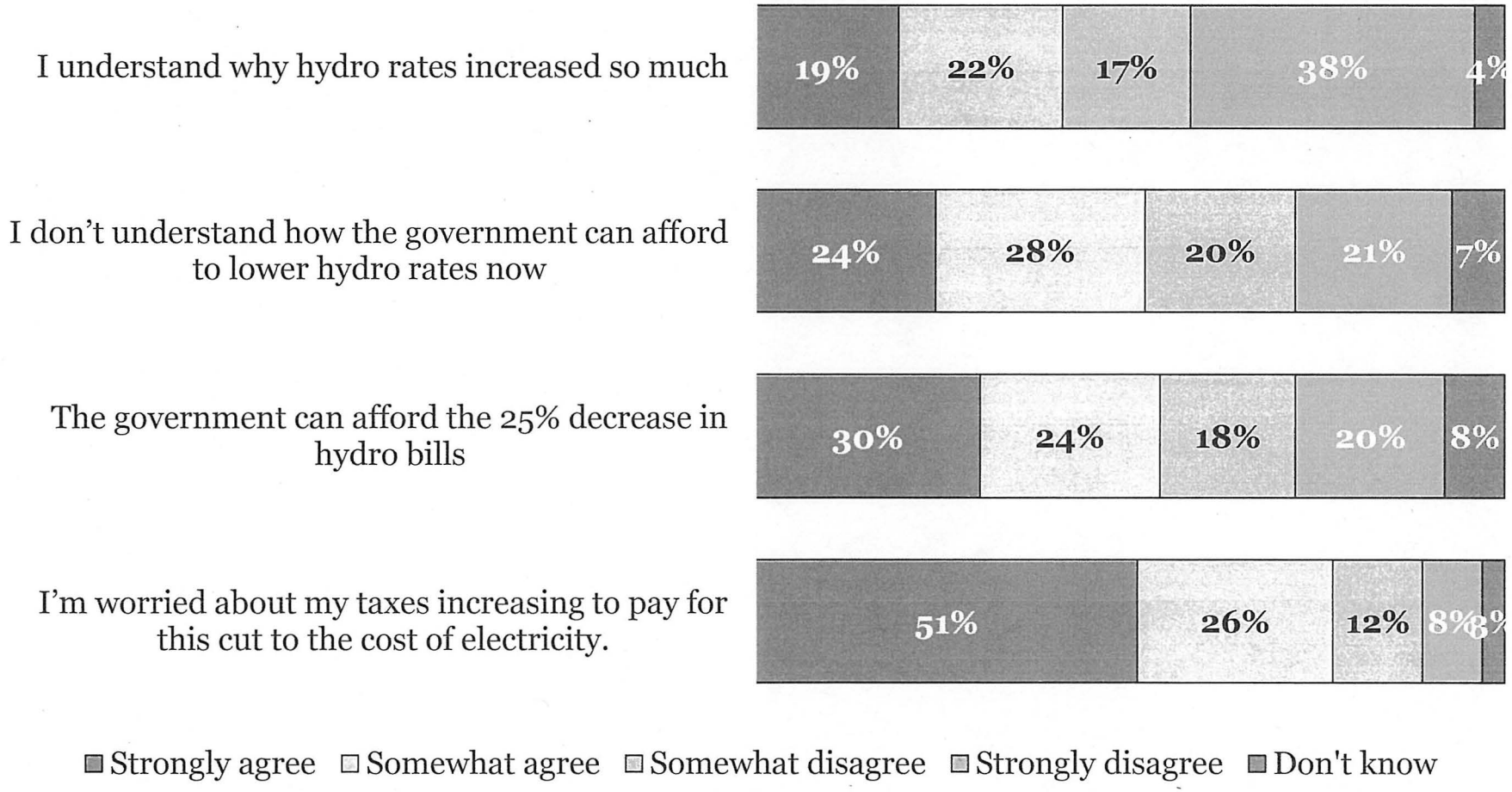


"Now I'd like to know if you strongly agree, somewhat agree, somewhat disagree, or strongly disagree with each of the following statements about various topics."

Total n=1200

the gandalf group

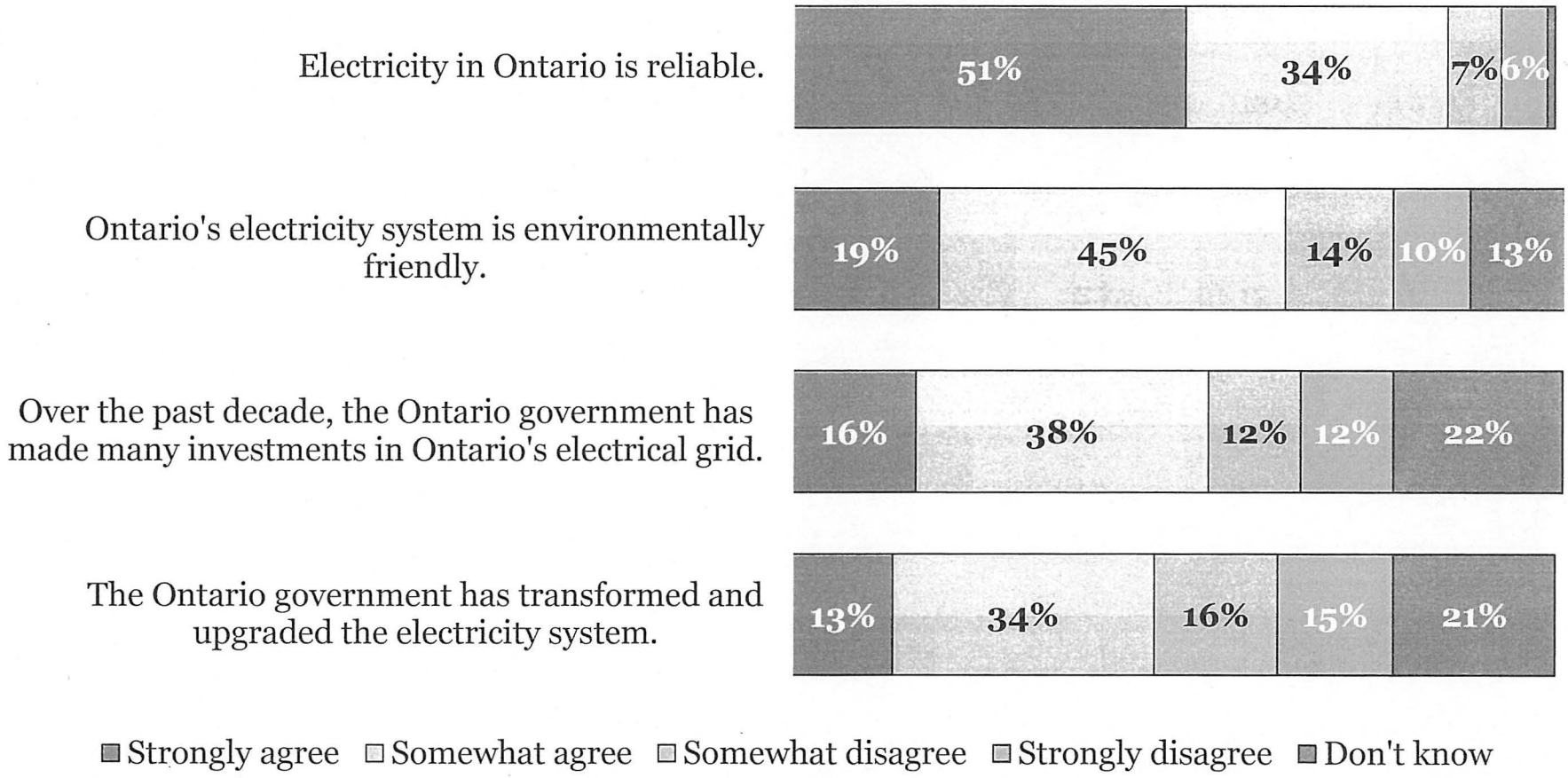
Changes to Affordability



"Now I'd like to know if you strongly agree, somewhat agree, somewhat disagree, or strongly disagree with each of the following statements about various topics."

Total n=1200

Ontario's Electricity System



"And please tell me if you strongly agree, somewhat agree, somewhat disagree, or strongly disagree with each of the following statements about various topics."

Total n=1200

Conclusion

Two important measures: assessment of the government's overall performance and assessment of the government's management of electricity prices have stayed constant from February through March. These are measures that have been consistently eroding over the past several months, so remaining constant is a step in the right direction.

And compared to October 2016 and even last month, more Ontarians (+9 since October, +5 since last month) believe the government has been listening to regular Ontarians. Today, half of Ontarians believe the government has been doing a better job listening to their concerns.

Three quarters of Ontarians have heard at least something about the government's recently announced changes to the cost of hydro. And the vast majority of Ontarians are supportive of this change, and believe their family will benefit from it.

In fact, more than half of Ontarians have already absorbed what the 25% reduction with increases held to inflation means for their own hydro bill.

Conclusion

However, critical elements of the government's narrative have not stuck. From focus groups, we know Ontarians want a system that is properly managed over the long term. This means:

- A price that is affordable and sustainable;
- An electricity system that is sustainable into the future; and
- Consists of a reliable and environmentally friendly energy mix.

The government needs to increase the number of Ontarians who understand why hydro rates increased (good outcomes) and how the government can afford to lower rates now (amortization within energy file, fair to successive generations).

This is critical as most Ontarians believe that reduction in hydro rates will be good for this generation. But far fewer are certain that it will be good for the next generation. And three quarters of Ontarians are worried their taxes will increase because of this change to the cost of electricity.

Strong majorities of Ontarians, once asked, believe the electricity system has strong attributes such as reliability and environmental friendliness; however, they are less sure of governments' (their hydro rates) role in those outcomes.

RAIN 43

Ministry of Energy
Estimate Presentation
"Little Moments"
1 x :30
1 x :15
1 x :06
English & French

Ontario

Date: May 16, 2017
Prepared by: Meghan Cheesbrough

MEETING AGENDA

Meeting Purpose & Objective
Script
Director Selection Summary & Recommendation
Budget Overview
Estimate Details
Next Steps

MEETING PURPOSE & OBJECTIVE

Purpose:
To present the Fair Hydro Plan, Director recommendation and estimate details.

Objective:
To obtain final approval on both Director selection and production costs to proceed.

SCRIPT

"LITTLE MOMENTS" – 30s

Audio	Visual
Music: Quiet, minimalist and unobtrusive V/O: **Ontario has come a long way.** SFX: Dumplings sizzling in a pan	Close-up shot of delicious dumplings in a frying pan on an electric stove.
V/O: **Upgrades to our electricity system**... SFX: water from the shower splashing the bottom of the tub	Shot of a foggy bathroom with steam flowing out of the shower curtains.
V/O: ...**have made it more reliable...** SFX: lightning strike	A little girl lies in bed at night. A lightning flash illuminates the room. She rolls over in bed to face her nightlight.
SFX: dryer sounds	A toddler watches a front-loading dryer go round and round.
V/O: ...**for all Ontarians.** SFX: phone vibrating on table	Close-up of hands plugging in a phone; the phone buzzes to indicate it's charging.
SFX: sound of popcorn popping	A bag of popcorn grows in a microwave.
V/O: **And we now enjoy cleaner air**... SFX: children's laughter	Cut to kids playing outside on their home's cul-de-sac under a clear blue sky.

V/O: ...**thanks to the elimination of coal plants.** ALT V/O: ...**thanks to the elimination of our coal plants.** SFX: a dog barking in distance	A front porch light turns on at dusk.
SFX: a fan blowing and faint snoring/sleep breathing	A fan oscillates in a bedroom beside an open window at night.
V/O: **Now recent changes have made electricity bills more affordable...**	A woman in her mid-thirties is sitting at her dining room table with paperwork. A lamp illuminates it.
V/O: **...and by this summer, household electricity bills** SFX: paper shuffling together, an envelope being torn open	She rifles through some papers and bills on the table. She opens her hydro bill and begins reading it.
V/O: ...**will be an average of 25% less.** SFX: children's laughter	Return to the children playing outside, as the streetlights come on.
V/O: **Learn more at ontario.ca/FairHydroPlan**	ontario.ca/FairHydroPlan
Paid for by the Government of Ontario	Arc and Ontario logo appears

Additional scenes:

- ☐ A young girl sits in her living room, practicing her electric keyboard
- ☐ We see a fish tank with the filter bubbling away, keeping the fish happy and healthy
- ☐ Rice cooker beeping that it's done
- ☐ A Roomba robot vacuum rolls across a living room floor
- ☐ We see a lawn being mowed with an electric mower – only see man's legs
- ☐ A stand mixer beater going round and round, mixing cookie dough
- ☐ Close-up of a coffee pot making coffee

DIRECTOR SELECTION SUMMARY & RECOMMENDATION

Who we looked at:

1. Yael Staav (Soft Citizen)
2. Chris Muir (Someplace Nice)
3. Phil Brown (Untitled)

DIRECTOR RECOMMEND

Yael Staav, Soft Citizen

Why Yael?

Yael showed a deep understanding of the emotional nature of the spot and the sensitive context around the reality of the energy conversation in Ontario, which will have a great influence on the final creative. She had the strongest visual references that felt the most natural and warm. It's clear from her treatment that she understood and embraced the script, but also offered additional ideas on how we can make the most of every scene, so these small, everyday things add up to something that emotionally resonates with our audience.

CAMPAIGN BUDGET OVERVIEW

PHD (Media) -- $2,000,000
Rain43 (Development & Production) -- $1,000,000

AGENCY BUDGET OVERVIEW

Agency Fees -- $500,000 (currently estimated at $390,000)
TV Production -- $450,000
Radio Production -- $20,000
Digital Production -- $20,000
Misc. -- $10,000
Total – $1,000,000

MINISTRY OF ENERGY – TV & ONLINE

AGENCY RECOMMENDATIONS & ESTIMATE BREAKDOWN

Recommended Director:	Yael Staav
Production Company:	Soft Citizen
Recommended Editor:	Matthew Kett
Recommended Post Production House:	School Editing
Audio House:	VaporRMW

PRODUCTION HOUSE – SOFT CITIZEN – YAEL STAAV

- 1 x 12 hour day & 1 x 10 hour day
- All necessary crew/support personnel
- Camera & transcoding of digital dailies
- DOP, Grip and Lighting needs
- Crane & remote head for cul de sac scene (kids playing)
- Ambient sound capture as per Yael's treatment
- Video village
- Location scout, manager and fees
- Locations range from 3 versatile houses – urban, suburban & rural – within GTA allotment
- Supplemental set dressing & props
- Toronto casting of all talent appearing on camera with 1 day of callbacks
- Wardrobe, hair & makeup for 10 SOCs
- Craft service for crew, talent, client and agency
- Production insurance

Comparative Bids - Phil Brown (Untitled)
- Chris Muir (Someplace Nice)

POST PRODUCTION – EDITORIAL/TRANSFER/ONLINE -

School Editing – Offline Editor – Matthew Kett

- Editorial fees
- Colour correction (The Vanity)
- On-Line studio time (The Vanity)
- Includes creating French versions (common picture to English)
- Does not include any special effects, sky replacement, background replacements

Comparative Bids – Ryan Hunt (Married to Giants/Wingman)
- Christina Humphries (Rooster/Fort York)

AUDIO PRODUCTION - (Original music TV & Web)

VaporRMW – Director – Karen Goora

- Creative Fee & Production Supervision
- Studio Fees - Record/Mix/Master – English and French
- Original Music - 1 track
- Sound Design

Comparative Bids – Ta2
- Imprint Music

TALENT SESSION & RESIDUALS - (Session/Residuals)

SESSION
"Little Moments" :30 - ACTRA

- 5 x SOC @ Scale – 5 kids (cul de sac)
- 2 x SOC @ Scale – 1 toddler + back up toddler
- 1 x SOC @ Scale – 1 child (lying in bed)
- 1 x SOC @ Scale ½ - 1 adult female (hydro bill scene)
- 1 x SOC @ Scale – additional SOC for additional scenes to be filmed
- 3 x demos @ Scale – demos showing gadgets, appliances et…
- 1 x VO @ Double Scale – announcer

"Little Moments" :30 - UDA

- 1 x VO at PP @ Scale ½ - announcer

Little Moments" :15 - UDA

- 1 x VO at PP @ Scale ½ - announcer

Little Moments" :06 - UDA

- 1 x VO at PP @ Scale ½ - announcer

RESIDUALS

- Residuals will be the above performers excluding the Demos as that is a non-residual categories
- First 13 week cycle of TV is included in UDA session fee
- Costs included are: Wardrobe, Overtime, Session; Residuals – 1 x 13 week cycle broadcast plus one year online use; Contract Service fees; Pension and Welfare; and Talent Payment Services Fee. Any non-union talent will be permitted. Permit fees to be deducted from session fee payment.

MISC –

- Closed Captioning
- Dubs & Distribution
- Contingency (Taxis, Meals, Couriers)
- Production Management Fee
- Production Admin Fee
- French costs to translate, facilitate casting (VO only) and direct talent

NEXT STEPS

Agency to issue formal estimate for approval – May 16, 2017
Award Job – ASAP

TV Budget

Television Commercial Production

Date: May 16, 2017
Title: Little Moments

Client: Ministry of Energy
Product: Fair Hydro Plan

Docket #: MOE 274
Description: 1 x :30 English and French with 1 x :15 and 1 x :06 cutdowns

Production Topline		**Recommended Bid**
Production House	Soft Citizen	$ 274,994.90
Post Production	School Editing	$ 40,254.00
Effects	N/A	$
Sound	Vapor RMW	$ 21,890.00
Talent	See below for breakout	$ 91,500.00

Summary of Costs	**(Co. Name)**	Soft Citizen	Untitled	Someplace Nice
Storyboards		$	$	$
Production House		$ 274,994.90	$ 275,192.00	$ 286,448.00
Post Production House		$ 40,254.00	$ 40,254.00	$ 40,254.00
Animation House		$	$	$
Audio Production		$ 21,890.00	$ 21,890.00	$ 21,890.00
-Musicians		$	$	$
-English-Studio (Toronto), casting, music & mix, voice over record		$	$	$
-French-Studio (Toronto) & French casting		$	$	$
-Music Rights		$	$	$
Talent Sessions:	-English Session SOC, Demo & VO	$ 30,000.00	$ 30,000.00	$ 30,000.00
	-French Vo @ PP	$ 8,100.00	$ 8,100.00	$ 8,100.00
All Talent Residuals:	-English Residual & French 1 x 13 wk	$ 18,500.00	$ 18,500.00	$ 18,500.00
	-French Session Fee includes first cycle of use			
Internet:	-English 1 year multisites	$ 22,500.00	$ 22,500.00	$ 22,500.00
	-French 1 year multisites	$ 11,400.00	$ 11,400.00	$ 11,400.00
Talent Management:		$ 1,000.00	$ 1,000.00	$ 1,000.00
Colour Corrects		$	$	$
Art Work/Type/Skills, etc.		$	$	$
Closed Captioning		$ 1,500.00	$ 1,500.00	$ 1,500.00
Other:	Production Admin Fee	$ 1,000.00	$ 1,000.00	$ 1,000.00
Net Total Costs		$ 431,138.90	$ 431,336.00	$ 442,592.00
Account Management		$	$	$
Creative Fees		$	$	$
Producer Fees		$ 20,000.00	$ 20,000.00	$ 20,000.00
French Adaptation & Producer's Fee		$ 2,975.00	$ 2,975.00	$ 2,975.00
Legal Fees & Clearances	Telecaster	$ 1,000.00	$ 1,000.00	$ 1,000.00
Travel -Agency				
-Talent				
Dubs & Distribution		$ 2,500.00	$ 2,500.00	$ 2,500.00
		$	$	$
Contingency		$ 2,500.00	$ 2,500.00	$ 2,500.00
TOTAL ESTIMATE (Excluding Taxes)		$ 460,113.90	$ 460,311.00	$ 471,567.00
HST:		$ 59,814.81	$ 59,840.43	$ 61,303.71
		$	$	$
TOTAL ESTIMATE (Including Taxes)		$ 519,928.71	$ 520,151.43	$ 532,870.71

Weather Day Cost (Net)
Please allow a 10% contingency when allocating funds.
Postponement and cancellation liabilities as per CICPA/ACFC guidelines.

Approvals

Agency Producer	Meghan Cheesbrough	Date	16-May-17
Account Services	Amanda Tucci	Date	16-May-17
Client		Date	16-May-17

Note: This is an estimate only. It is based on present information. Final costs, including the cost of intangible or unknown elements that are difficult to estimate, will be reflected in our billing and/or revised estimates. It only covers costs up to first release print/dub or tape. It does not include prints or dubs or subsequent releases or the shipment of same, nor does it include the cost of talent residual payments.

Distribution: Client, Account Group, Producer, Accounting.

Advertising Standards Canada
Les normes canadiennes de la publicité

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South Tower, Suite 1801
Toronto, Ontario M4W 3R8

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Confidential

Via email: Laurie.Sloan@ontario.ca

August 14, 2017

Lorie Sloan
Managing Director ARB
Toronto, ON

Dear Ms. Sloan:

Re: Our Ref #142792, 142861 & 142892 – Government of ON – Fait Hydro Plan – Radio Advertisement

The attached complaint has been filed with Advertising Standards Canada (ASC) regarding the above-referenced advertising. As the national advertising self-regulatory body ASC accepts, adjudicates and reports on consumers' complaints about advertising.

We would appreciate receiving your comments on the merits of this complaint by August 28, 2017. ASC will then review this matter under Clause 1 (Accuracy and Clarity) of the *Canadian Code of Advertising Standards, (Code)* available at: adstandards.com/en/Standards/theCode.

If, after reviewing your response, ASC identifies a potential *Code* issue, the case may be ***Administratively Resolved*** or referred for ***Standards Council Adjudication.***

- ***Administratively Resolved Complaints***
  ASC may resolve a case that involves an apparent contravention of Clauses 1 and/or Clause 3 if the advertiser:
  - Permanently withdraws or appropriately amends the advertisement before or immediately upon being advised of the complaint by ASC, and for retail advertising, also publishes/posts a correction notice*.

  ASC does not publish case reports for ***Administratively Resolved*** cases.

- ***Standards Council Adjudication***
  If the advertiser does **not** acknowledge the infraction and withdraw or appropriately amend the advertisement, ASC will forward the case to the independent volunteer Standards Council for adjudication. If the Standards Council finds the advertisement contravenes the *Code,* the advertiser will be requested to appropriately amend or permanently withdraw the advertising.

Publication of Standards Council Adjudications
ASC publishes case summaries of complaints upheld by the Standards Council in its online *Ad Complaints Reports*. Whether or not an advertiser is named depends on the advertiser's response to ASC and Council.

1. "**Non-identified Cases**" In these cases, the advertiser withdrew or appropriately amended the advertising before Council met to adjudicate the complaint. In addition, for retail advertising, the advertiser published/ posted a correction notice*.

2. "**Identified Cases**" In these cases, the advertiser did not withdraw or appropriately amend the advertising before Council met to adjudicate the complaint. In addition, for retail advertising, the advertiser did not publish/post a correction notice*.

***Code* Requirement for Correction Notices for Retail Advertising**
For retail advertising, in addition to withdrawing or appropriately amending the advertisement, the *Code* requires the advertiser to publish/post a correction advertisement in the same medium and addressed to the same consumers to whom the original advertisement was directed.

Please feel free to contact me if you have any questions about the *Code* or the procedure that will be followed.

We look forward to receiving your comments regarding this complaint and your intentions with respect to this advertising.

Yours sincerely,

Janet Feasby
Vice President, Standards

Janet.feasby@adstandards.com
Phone: 416-961-6311, extension 243

Enclosure

Advertising Standards Canada
Les normes canadiennes de la publicité

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Confidential

Via Email: Karen.Evans@ontario.ca

September 25, 2017

Karen Evans
Director, Communications Branch
Ontario Ministry of Ontario

Dear Ms. Evans:

Re: Our Ref #142792, 142861 & 142892 – Government of ON – Fair Hydro Plan – Radio Ad

ASC has now re-evaluated the above-noted advertisement in light of your response to the consumer's complaint and determined that the matter should be adjudicated by the Standards Council (Council). This case will be forwarded to Council for consideration at its next scheduled meeting in **October**.

If you wish to provide any additional information to assist Council in its evaluation, please forward the material to me by October 6, 2017, (janet.feasby@adstandards.com).

Standards Council Adjudication
If Council finds the advertisement contravenes the *Code,* the advertiser will be requested to appropriately amend or permanently withdraw the advertising.

Publication of Standards Council Adjudication
ASC publishes case summaries of complaints upheld by Council in its online *Ad Complaints Reports*. Whether or not an advertiser is identified depends on the advertiser's response to ASC and Council.

1. "**Non-identified Cases**" In these cases, the advertiser withdrew or appropriately amended the advertising before Council met to consider the complaint, and, for retail advertising, the advertiser published/ posted a correction notice*****.

2. "**Identified Cases**" In these cases, the advertiser did not withdraw or appropriately amend the advertising before Council met to consider the complaint, and for retail advertising, the advertiser did not publish/post a correction notice *****.

******Code* **Requirement for Correction Notices for Retail Advertising**
For retail advertising, in addition to withdrawing or appropriately amending the advertisement, the *Code* requires the advertiser to publish/ post a correction advertisement in the same medium and addressed to the same consumers to whom the original advertisement was directed.

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Please feel free to contact me if you have any questions.

Thank you very much. Your cooperation with this important process is greatly appreciated.

Yours sincerely,

Janet Feasby
Vice President, Standards

Janet.feasby@adstandards.com
Phone: 416-961-6311, extension 243

COPY

Project: Fair Hydro Plan - Radio Script

:30 Radio – AS RECORDED:

VO:	SFX:
Ontario has come a long way. Upgrades to our electricity system have made it more reliable for all Ontarians. And we now enjoy cleaner air thanks to the elimination of coal plants. Recent changes have made electricity bills more affordable. By this summer, household electricity bills will be an average of 25% less, and electricity rates won't increase beyond the rate of inflation for four years. Learn more at ontario.ca/FairHydroPlan. Paid for by the Government of Ontario.	**Music**: Quiet, minimalist and unobtrusive

Advertising Standards Canada has received your e-Complaints Submission as summarized below. We will review your submission carefully and respond to you shortly. If you have any questions or comments regarding this submission, please respond by reply e-mail.

Thank you for using the e-Complaints Response System.

ASC Reference # 142792

Your Information

Mr. Stephen Sharpe,
247 Hepburn Cres
Hamilton Ontario L9C 7T3, Canada
steve.9053201487@gmail.com

Advertisement Information

Advertiser:	Ontario Government
Product/Service:	Fair Hydro Plan
Ad Language:	English
Where Seen:	on Hamilton radio stations
When Seen:	currently running
Attachments:	

Description of advertisement:

The ad describes the Ontario Fair Hydro Plan

Your concern

Please note is this a Government of Ontario ad - it not the Liberal party nor is it for an election - therefore, I feel that it is a valid complaint. The ad is misleading and is not fair nor balanced. The Ad indicated that there is a reduction - that is not truthful or balanced. The cost is going down for 2 main reasons A) The financing has been pushed out to lower the payments - but the actual cost over time is not a reduction. B) part of the cost is offset and paid for by other general revenues. If you are a taxpayer there is no reduction - you are paying part through the hydro bill and part through provincial taxes. This is like a store advertising a lower price - but when you get there, they tell you that there is an additional service charge on the on-sale item. The Ad will be correct if they say "If you do not pay Ontario Provincial tax, your net electricity cost will go down." They also need to add a disclaimer that the financing has been extended with higher overall cost - to ensure that it a fair message. I am concerned that through these Ads, the government of Ontario is spending even more money to send out a message that is not balanced or fair. It is misleading. Thank you for investigating

You have given consent to ASC to disclose to the advertiser your name and contact information together with your complaint in case the advertiser wishes to contact you directly.

You have acknowledged and accepted the following terms of service.

ASC cannot process consumer complaints from persons who are affiliated or associated in any way with a competitor of the advertiser or any of the advertiser's advertising/promotion agencies. By acknowledging and accepting these terms where indicated below, you confirm that neither you nor any member of your household/family has any direct or indirect affiliation or association with a competitor of the advertiser or any of the advertiser's advertising/promotion agencies.

Important notice: The information contained in this e-mail is privileged and confidential. It is intended only for the person or entity named above and should not be read by or disclosed to any other person or entity. If you are not the intended recipient of this communication, please notify the sender immediately at 416-961-6311 or by reply e-mail. Thank you in advance for your cooperation.

For more information please visit our website at www.adstandards.com

ATEL: Prepare for campaign

Ontario

MINISTRY OF ENERGY

Fair Hydro Plan Communications Campaign

2017-06-27

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Agenda

- Communications Objective
- Key Messages
- Research Findings
- Multi – Media Advertising
  - Television
  - Radio
  - Digital Online Video :15s, :6s
  - Digital Display
  - Search Engine Marketing
- Media Plan Highlights
- Public Relations, Social Media Communications

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Communications Objective

Awareness

- To raise awareness that investments in the electricity system have made the system cleaner and more reliable. This summer, significant changes are coming to consumers' electricity bills to provide rate relief and help make electricity more affordable for all Ontarians.

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Key Messages

More Affordable
Ontario has made electricity costs more manageable for all Ontarians, including an average 25% reduction for households starting this summer, and rates won't increase beyond the rate of inflation for 4 years

More Reliable
Ontario has made improvements and upgrades to the electricity system and these upgrades have made the system more reliable.

Cleaner
Ontario has eliminated dirty coal plants, and introduced more renewables to improve overall air quality.

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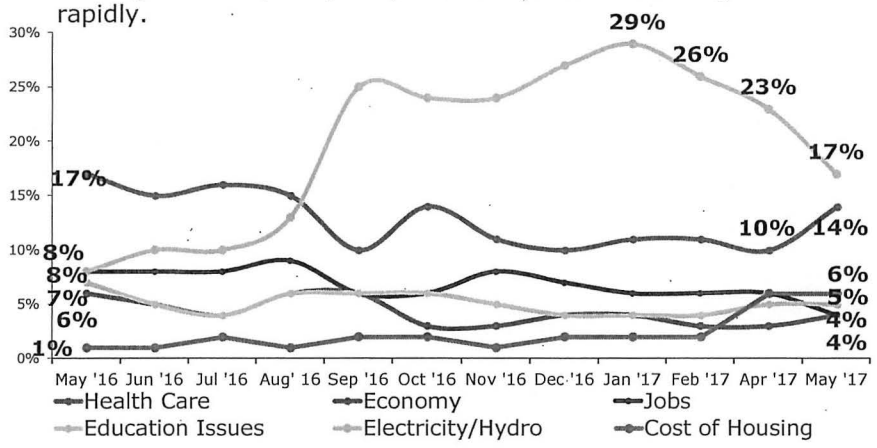
Energy in Public Opinion

Electricity issues have been most top of mind since September, although the frequency they are mentioned is trending downward rapidly.



"Thinking about the issues presently facing Ontario, which ONE do you feel should receive the GREATEST attention from the Ontario provincial government? That is, what should be the top priority?

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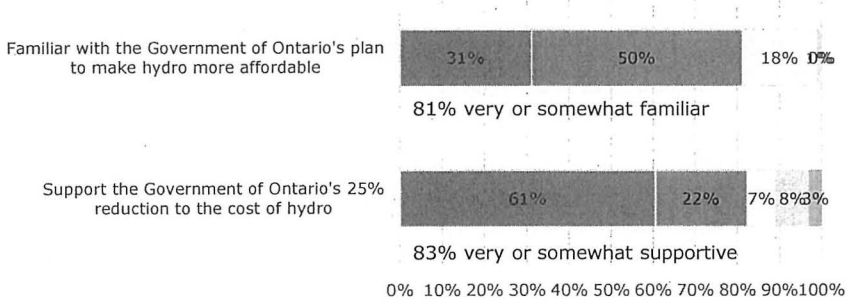
Familiarity and Support for the Fair Hydro Plan

Most (74%) Ontarians have heard at least something about the recent provincial Budget. They are most likely to have heard about the plan to make hydro more affordable, and the government's plan to ensure that all Ontario youth receive free prescription medication.

Ontarians are most likely to support the government's 25% reduction to the cost of hydro, the plan to increase health spending by $7 billion dollars, and the government's program that eliminates or reduces tuition costs for low and middle income students.



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30s TV

Ontario 7 MINISTRY OF ENERGY

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15s Online Video

Ontario 8 MINISTRY OF ENERGY

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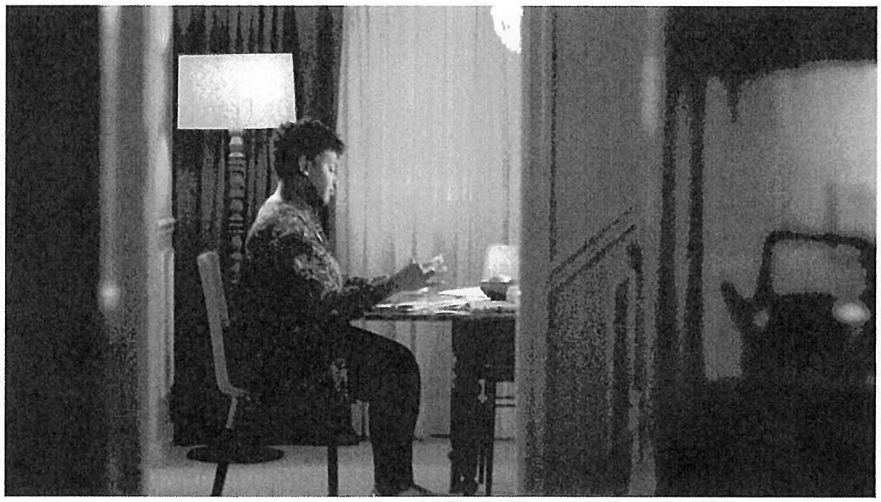
6s Online Bumper Ad (Version 1)



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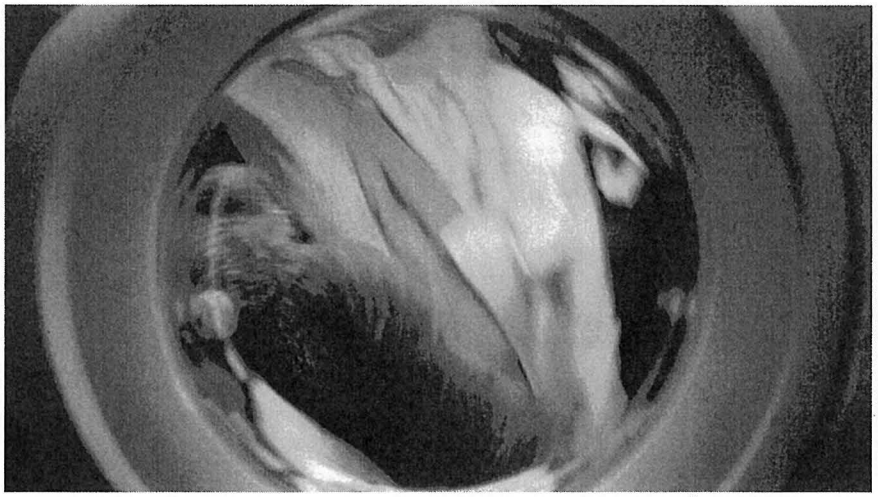
6s Online Bumper Ad (Version 2)



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Radio

30s English

30s French

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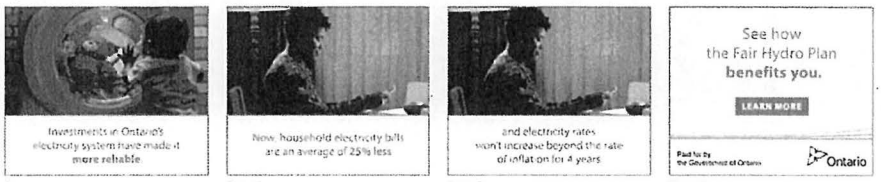
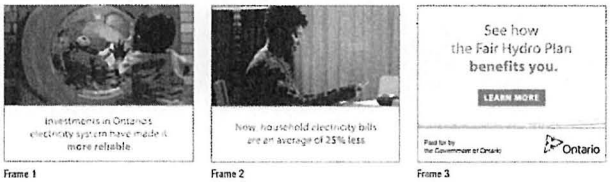
Banner Ads

Big Box Banner v1a



Frame 1 Frame 2 Frame 3 Frame 4

Big Box Banner v1b



Frame 1 Frame 2 Frame 3

Mobile

Staging link: http://banners.rain43.com/viewer_v2/project.php?client=MOE&year=2017&group=Fair_Hydro&project=MOE-355-fair-hydro

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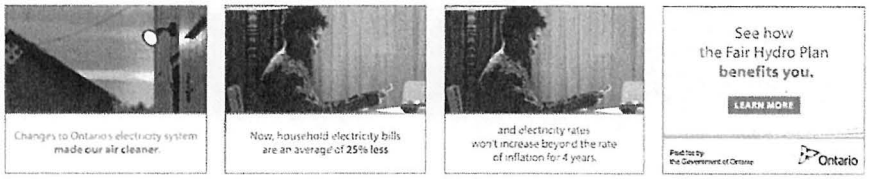
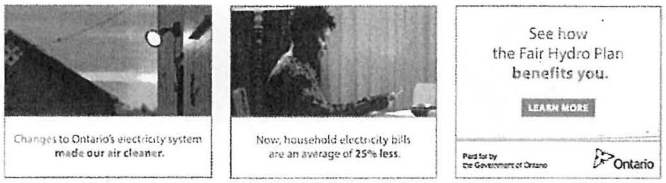
Banner Ads

Big Box Banner v2a



Frame 1 | Frame 2 | Frame 3 | Frame 4

Big Box Banner v2b



Frame 1 | Frame 2 | Frame 3

Staging link: http://banners.rain43.com/viewer_v2/project.php?client=MOE&year=2017&group=Fair_Hydro&project=MOE-355-fair-hydro

Geo-target by message

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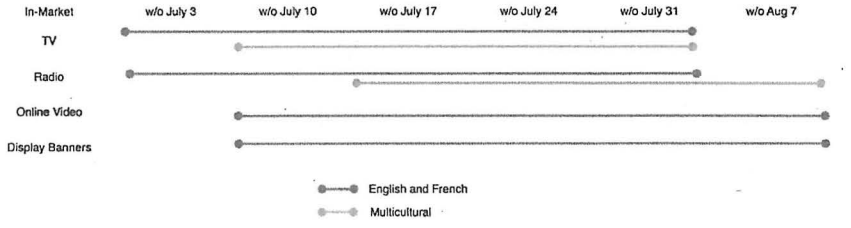
Media Overview

Television
1 x 30s EN & FR & Multi

Radio
1 x 30s EN & FR & Multi

Online
1 x 30s EN & FR
1 x 15s EN & FR
2 x 6s EN & FR (Bumper Ads)
Standard Banners EN & FR



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The Media Buy

Fresh Television Programming, Radio on the go, Websites, Video on Mobile

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Media Buy continued

Television GRPs 150/wk per market x 5 weeks
- Toronto, Ottawa, Barrie, Kitchener/London, Sudbury/Timmins/North Bay, Peterborough, Thunder Bay, Windsor, Kingston
- French + 19 Multi-cultural languages

Radio GRPs 75-200 GRPs/wk per market x 5 weeks
- 23 Major and 60 Local markets
- French + 19 Multi-cultural languages

Digital Video
- Google Preferred, AOL Branded Skip Pre-roll

Digital Display
- Programmatic – Kijiji, Yahoo, MSN, CBC, TSN, CTV, NHL, CP24, National Post

Communications

- Collaborating with energy sector agencies, relevant social agencies, First Nations and government ministries to raise awareness
- Several tactics will be rolled out over the coming months:
  - Matte stories
  - Editorials
  - News releases
  - Designated website
  - Geo-targeted and general social media engagement
  - Communications through LDC channels

Evaluation

- Track the number news articles and editorials, recording verified distribution reach, and applying a quantitative scale to denote their tone
- Digital and social media click-throughs
- Record engagement numbers for LinkedIn
- Track the number of letters and emails
- Provincial omnibus monthly survey tracks awareness

Ontario

MINISTRY OF
ENERGY

First Nations Delivery Credit (FNDC)

May 2017

OEB Report Recommendation Summary

- In response to the Minister's June 2016 letter, the OEB provided its report on options for a First Nations Rate in December 2016. The report recommended:
  - Eliminate the delivery charge for all on-reserve First Nations residential customers and eliminate the monthly service charge for customers of licensed distributors which charge a bundled rate;
  - Automatically qualify on-reserve First Nations residential customers (~21,500 customers).
  - Enable greater information sharing between distributors and band councils to identify all on-reserve First Nations customers.
  - Continue to provide assistance through OESP and LEAP to eligible on-reserve First Nations customers.
- The report did not identify a mechanism to include on-reserve First Nations residential customers served by unlicensed distributors (i.e. Independent Power Authorities (IPAs)), but indicated that the issue warranted further exploration.
- The OEB suggested the program should be funded from the tax base as it is targeted to a particular segment of the provincial population, or, if rate based, to use a province-wide charge.
- The Ministry plans to launch the program on July 1st.
  - These working groups have identified implementation risks that ENERGY must consider in order not to jeopardize July 1 roll-out.

Program Design

- The Ministry has used the OEB's report to develop its proposal for a First Nations Delivery Credit (FNDC), which was announced as part of Ontario's Fair Hydro Plan.
- ENERGY established two separate workings groups, one for affected LDCs and one with the Chiefs of Ontario to discuss and identify implementation risks and considerations.
    - The working groups are on-going. The LDC WG met on March 24th and May 4th; COO WG met on April 26th and May 11th.
- ENERGY will continue to engage all affected parties leading up to the program roll-out.

Policy Rationale: FNDC is intended to help alleviate some of the economic challenges that on-reserve First Nations people face, and to acknowledge the First Nations' historic contribution to the development of the electricity infrastructure in Ontario.

Description:

- 100% delivery charge credit for on-reserve First Nation residential customers; and,
- Elimination of the monthly service charge for on-reserve First Nation residential customers of licensed distributors who pay a blended rate.

Funding: Indefinite, tax base funded program with annual costs of around $20 million with possible upward pressure over time due to increases in delivery charges.

Financial Mechanism: Direct rebate to LDCs administered by IESO.

Visibility: FNDC will appear as a specific line item on customer's electricity bills.

COO Working Group

- The COO Working Group held its first meeting on April 26th and COO's key messages were:
  - Focus on meeting the July 1, 2017 target date for removing the delivery charge for residential customers on-reserve, and deferring discussions on expanding the program to cover commercial and off-reserve customer to after initial implementation.
  - The Chiefs were informed of the tentative timeframes for public posting of legislation and did not raise any concerns.
  - The Chiefs strongly preferred the program to be delivered to First Nations people on reserve rather than all residential customers on reserve.
  - They see the implementation of the delivery credit as a recognition of a right that should only be exercised by status band members of the First Nation. Having non-Indigenous people who reside on a reserve, such as seasonal cottage owners, benefit from the delivery credit would cause social and political tensions within the communities.
- The Chiefs Committee on Energy provided an update on the implementation of the FNDC at the Special Chiefs Assembly in Gatineau on May 2nd to 3rd
  - The Chiefs in Assembly supported the implementation date of July 1st with the focus being on residential customers only.
  - The Chiefs encouraged COO to continue pursuing opportunities to have the FNDC expanded to include Band owned building and off-reserve First Nations post July 1st
  - COO will update as required at the annual All Ontario Chiefs Conference (AOCC) being held in Lac Seul First Nation on June 13, 14 & 15, 2017.

Proposed FNDC Postcard

- The Ministry has developed draft content for the FNDC Postcard and would like to share with COO for their review and feedback. The draft content is as follows:

COVER:

REDUCING ON-RESERVE ELECTRICITY COSTS

FIRST NATIONS DELIVERY CREDIT

[PICTURE/GRAPHIC]

The **First Nations Delivery Credit** would apply to on-reserve First Nation households that are customers of licensed electricity utilities. It would provide a 100% credit of the delivery or service charge, depending on how your local electricity distribution company bills you for electricity. The Ontario Energy Board estimates this would provide an average monthly credit of almost $75 in the summer and $100 in the winter to eligible customers' electricity bills.

Residential customers living on reserve should automatically qualify for the credit. If you believe you are eligible and you are not receiving the credit after July 1st, please contact your Local Distribution Company.

PAGE/LEAF 2

The **First Nations Delivery Credit** is the direct result of First Nation leadership, and an example of the Political Accord signed between First Nations and Ontario coming to life. It is intended to help address some of the unique challenges that on-reserve First Nations customers face, and to recognize First Nations' contribution to the provincial electricity system.

In April 2016, after collaboration with First Nations, the Minister of Energy asked the Ontario Energy Board to look into options to reduce on-reserve electricity costs. The Ontario Energy Board provided its report to the Minister in December 2016. The Government intends to introduce legislation to implement the report's recommendations, which, if passed, would enable the **First Nations Delivery Credit**.

For more information: Ontario.ca/XX

FNDC Considerations – Timing, Display, Communications, Eligible lands

Timing

- COO was pleased with the speed at which the program is being implemented and encouraged keeping the approach as simple as is possible.
- LDCs are focused on making the program implementable for July 1st if based on all-residential customers. If limited to band members, those who have registered status with LDC will receive as of July 1st with others enrolled as processes established. Clarity on eligibility approach (see next slides) required as soon as possible to avoid implementation delays.

Display

- Chiefs would like to see the delivery credit on the bill but were otherwise not too concerned as long the delivery credit was eliminated.
- LDCs prefer a line item credit on the bill as that is easiest for billing system upgrades. For some LDCs this is the only feasible option.

Communications

- Chiefs identified the need to get communication materials out to communities to provide accurate information about the program to clear up misinformation that is currently circulating
    - A FNDC information brochure will developed with COO and co-branded with ENERGY
    - LDCS are willing to work with band councils and Ministry in communication of program.

Eligible Lands

- On-reserve will be defined in the regulation and the Chiefs would prefer to see flexibility in how "reserve" is defined to accommodate lands in the 'Additions to Reserve' (ATR) process, lands that were not surrendered, future lands awarded in claims processes, and future development of urban reserves. They are willing to defer discussion of this expansion to post-July 1st.

FNDC Considerations - Eligible Customers

- There was discussion with COO on customer eligibility and the Chiefs indicated that:
  - The First Nation Delivery Credit should apply only for customers who reside on-reserve and are band members of the First Nation.
  - The Chiefs proposed to automatically migrate First Nation customers who are currently registered as GST and DRC exempt with an LDC.
  - Further considerations on options will be needed to determine approaches to include Band members who are not currently registered for the GST and DRC exemption who reside on-reserve.
  - COO will hold-off on pursuing discussions to include Band owned buildings such administration buildings, seniors centres, schools etc. as well as off-reserve First Nation band members to post July 1st.
- A discussion with the affected LDCs was subsequently had to discuss some of the feedback from COO:
  - Preference would be to provide to all on-reserve residential customers for ease of identification.
  - Limiting to band members raises implementation issues related to identification and audit protection. LDCs would need access to information sources sufficient to demonstrate eligibility as defined in regulation.
  - Not all FN customers have HST exemption registration status and LDCs will need to find a way to identify those customers who have fallen through the cracks.
  - This likely will involve collaboration between LDCs and band councils to share information which could create privacy concerns as to the collection and retention of personal information.
  - Offered exclusion of seasonal customers as a means to indirectly exclude most non-status customers (though some LDCs without seasonal rate classes cautioned on implementation concerns).

Next Steps

- The COO Working Group will hold a teleconference on May 11th to continue discussions and COO will present options for eligibility based on feedback received at the Special Chiefs meeting held on May 2nd and 3rd.
- The Ministry to share draft FNDC Postcard content with COO for their review and feedback ASAP.
- The regulatory posting for FNDC will be issued the week of May 15th following the introduction of legislation. Regulations will be drafted while the posting is open in order to proceed to June LRC.
- LDCs will be seeking clarity on eligibility criteria in May so as to prepare system appropriately for July 1st launch date.

Appendix

OEB Report: Background

- Through the First Nations-Ontario Political Accord and Canada's Truth and Reconciliation Commission's Calls to Action, there is a renewed spirit to work together on issues of mutual interest, including resource benefits sharing, the treaty relationship, and jurisdiction.
- First Nation and Political-Territorial Organization leaders have advocated for the review of delivery charges associated with transmission and distribution assets within the context of historical grievances and the need for electricity rate relief for on-reserve customers.
- The Minister committed to consider options for addressing the issue at the Apr. 18, 2016 First Nations-Ontario Energy Table meeting.
- In June 2016, pursuant to s.35 of the OEB Act, the Minister issued a letter directing the OEB to prepare a report providing "*advice on options for an appropriate electricity rate (or rate assistance) for on-reserve First Nations electricity consumers.*"
- In order to inform its report, the OEB engaged with First Nations, including remote communities, the distributors serving them, and consumer groups such as the Low Income Energy Network, in a series of meetings across the province. It also established an Advisory Committee with the Chiefs of Ontario's Grievance Committee.
- 48 First Nations attended meetings held in the Fall of 2016 in London, Couchiching, Sudbury, Toronto and Thunder Bay. The OEB also held sessions with Local Distribution Companies (LDCs) and consumer groups.
- The OEB provided its report to the minister on December 29, 2016.

Distributors Serving On-Reserve First Nation Customers[1]

Distributor	Number of On-Reserve Residential Customers
Algoma Power Inc.	473
Attawapiskat Power Corporation	336
Bluewater Power Distribution Corporation	237
Cat Lake Power Utility Ltd.	80
Cornwall Electric Distribution	514
Fort Albany Power Corporation	No Data Filed
Kashechewan Power Corporation	No Data Filed
Hydro One Networks Inc.	16,679
Hydro One Remote Communities Inc.	2,579
PUC Distribution Inc. (Sault Ste. Marie)	264
Thunder Bay Hydro Electricity Distribution	332
Total Number of Customers	**21,494**

[1]Data is based on distributors' reports to the OEB. Customer numbers for Hydro One reflect total on-reserve residential customer accounts, not all of which have been identified as First Nations customers for tax-exemption purposes. The total number of on-reserve First Nations residential accounts represents the maximum number of residential accounts that could be held by First Nations customers.

First Nations Rate Assistance: Context

- On-reserve First Nations customers face unique challenges that impact electricity affordability, such as the poor quality of the housing stock on-reserve. These challenges result in significantly higher electricity consumption levels and costs.
- First Nations living on reserve are particularly vulnerable low-income consumers: the average income is considerably lower compared to First Nations living off reserve and compared to non-Indigenous populations*:
  - Average income of First Nations on reserve in Ontario: $21,100
  - Average income of First Nations off reserve in Ontario: $31,527
  - Average income of Non-Indigenous people in Ontario: $42,506*
  - Median incomes on smaller reserves can fall below $10,000 (e.g., Cat Lake FN).
- Employment rates also differ between on-reserve First Nations, off-reserve First Nations and Non-Indigenous individuals, as well as other indices of social vulnerability**:
  - 54% of Indigenous people over 15 years old and living on-reserve in Ontario are unemployed or not in the labour force.
  - The on-reserve unemployment rate is 18.3% compared to 6.4% in Ontario generally.
  - 67% of families residing on-reserve are single parent families, compared to the Canadian equivalent of 19%.

*Average income for those aged 15 and older in 2010
** 2006 Census data

First Nations Rate Assistance: Context

- First Nation leaders continue identifying high electricity costs as a significant policy issue to be addressed through the Energy Grievance Table process.
- First Nations are seeking redress for historic grievances related to lands affected by energy developments, such as transmission or distribution infrastructure built on reserve lands and traditional territories where, in some cases, they may not have been appropriately consulted.
- Further, in some circumstances, linear infrastructure corridors cut First Nation reserves in half, significantly disturbing the use and management of an already small land base; the First Nation communities disturbed by the energy infrastructure experience long wait times (e.g. 20 years) for their communities to get connected and receive the benefits of the energy derived from the local infrastructure.
- The elimination of the delivery charge has received groundswell support as a way to address these historic grievances.
- At the negotiations with First Nations on Hydro One shares, the issue of delivery costs has, at times, been raised as an issue complementary to achieving a deal.

Rebecca wants to see two complaint 2-track.

SFX: a fan blowing and faint snoring/sleep breathing	A fan oscillates in a bedroom beside an open window at night.
V/O: **Now recent changes have made electricity bills more affordable...**	A woman in her mid-thirties is sitting at her dining room table with paperwork. A lamp illuminates it.
V/O: **...starting with an 8% rebate introduced in January and by July, electricity bills...** SFX: paper shuffling together, an envelope being torn open	She rifles through some papers and bills on the table. She opens her hydro bill and begins reading it.
V/O: **...will be an average of 25% less.** SFX: children's laughter	Return to the children playing outside, as the streetlights come on.
V/O: **Learn more at ontario.ca/FairHydroPlan**	ontario.ca/FairHydroPlan
Paid for by the Government of Ontario	Arc and Ontario logo appears

for households

Additive
Manufacturing
Conversation

Post-Legislation of Fair Hydro Plan – TV Script Revised May 11

Audio	Visual
Music: Quiet, minimalist and unobtrusive V/O: **Ontario has come a long way.** SFX: Dumplings sizzling in a pan	Close-up shot of delicious dumplings in a frying pan on an electric stove.
V/O: **Upgrades to our electricity system...** SFX: water from the shower splashing the bottom of the tub Made it more relatable.	Shot of a foggy bathroom with steam flowing out of the shower curtains.
V/O: **...have led to a more reliable system...** SFX: lightning strike	A little girl lies in bed at night. A lightning flash illuminates the room. She rolls over in bed to face her nightlight.
SFX: dryer sounds	A toddler watches a front-loading dryer go round and round.
V/O: **...for all Ontarians.** SFX: phone vibrating on table	Close-up of hands plugging in a phone; the phone buzzes to indicate it's charging.
SFX: sound of popcorn popping	A bag of popcorn grows in a microwave.
V/O: **And we now enjoy cleaner air...** SFX: children's laughter	Cut to kids playing outside on their home's cul-de-sac under a clear blue sky.
V/O: **...thanks to the elimination of coal plants.** SFX: a dog barking in distance	A front porch light turns on at dusk.

More emphasis

FAIR HYDRO PLAN CAMPAIGN REVISIONS

WEDNESDAY, APRIL 26, 2017

RAIN

LITTLE MOMENTS: TV :30

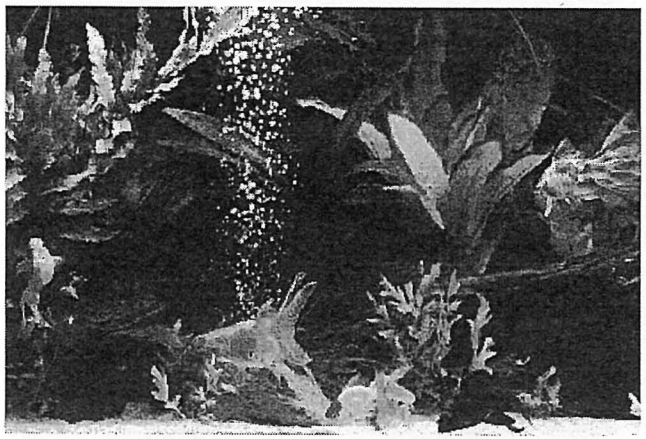
CREATIVE APPROACH

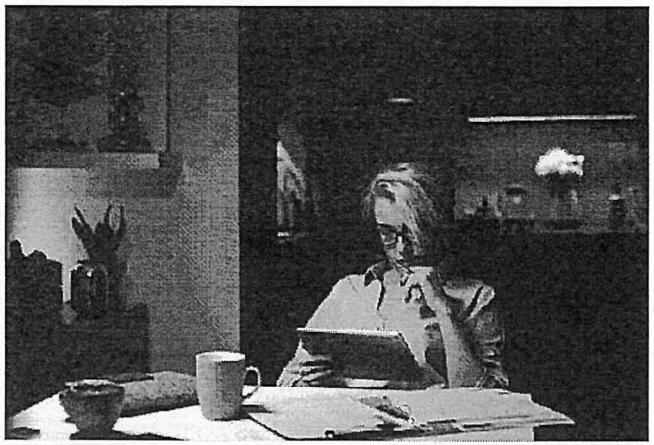
This spot is shot in the 'slice of life' style: a combination of different quick, emotive moments reminding us of all the little ways electricity supports and improves our everyday lives, without us even thinking about it. The tone is warm, real, and emotionally positive.

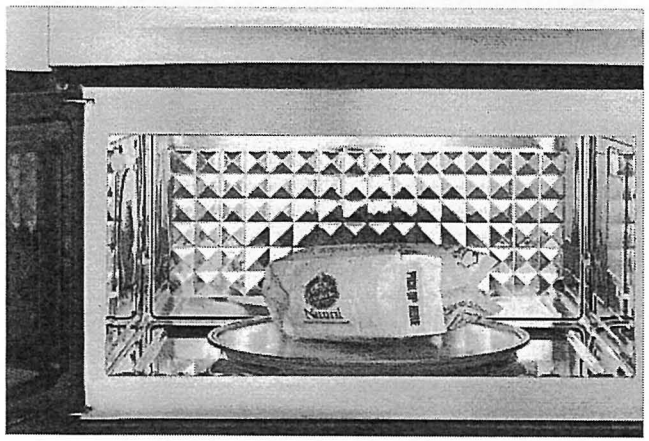
ART DIRECTION

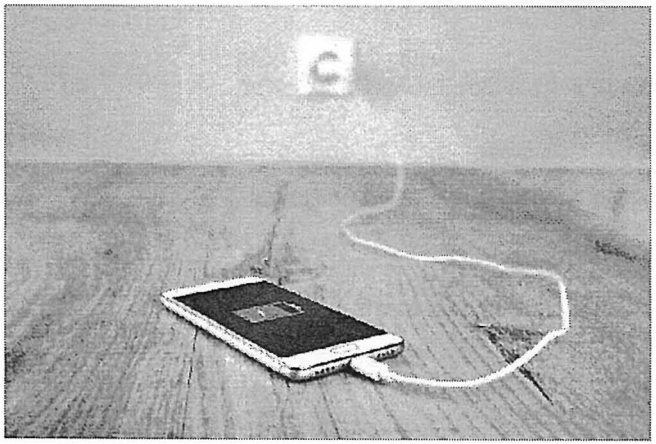
- Authentic colours and lighting for each scene ensure portrayed moments come across as 'real'
- Shallow depth of field (when appropriate) will create intimacy and clear focus for each moment
- Framing of subject will add clarity to the focus of each portrayed moment
- Heightened sounds also add focus to the spot (i.e. the sound of coffee dripping or a phone vibrating may be louder than reality)

LITTLE MOMENTS: TV :30









LITTLE MOMENTS V1 : TV :30

VIDEO	AUDIO
Close-up of coffee maker brewing in a family's kitchen.	Music: Quiet, minimalist and unobtrusive V/O: **Ontario has come a long way.** SFX: dripping of coffee maker
Shot of a foggy bathroom with steam flowing out of the shower curtains.	V/O: **Upgrades to our electricity system**... SFX: water from the shower splashing the bottom of the tub
A little girl lies in bed at night. A lightning flash illuminates the room. She rolls over in bed to face her nightlight.	V/O: ...**mean we no longer have to worry about outages and interruptions...** SFX: lightning strike
A toddler watches a front-loading dryer go round and round.	SFX: dryer sounds
Close-up of hands plugging in a phone; the phone buzzes to indicate it's charging.	V/O: ...**because our grid can handle more demand.** SFX: phone vibrating on table
A bag of popcorn grows in a microwave.	SFX: sound of popcorn popping
Cut to kids playing outside on their home's cul-de-sac under a clear blue sky.	V/O: **And we now enjoy cleaner air**... SFX: children's laughter
A front porch light turns on at dusk.	V/O: ...**thanks to the elimination of coal plants.** SFX: a dog barking in distance

Continues on next page...

LITTLE MOMENTS V1 : TV :30

VIDEO	AUDIO
A fan oscillates in a bedroom beside an open window at night.	SFX: a fan blowing and faint snoring/sleep breathing
A woman in her mid-thirties is sitting at her dining room table with paperwork. A lamp illuminates it.	V/O: **But as far as we've come, there was still one thing left to do:**
She rifles through some papers and bills on the table. She opens her hydro bill and begins reading it.	V/O: **...make it all more affordable.** SFX: paper shuffling together, an envelope being torn open
Return to the children playing outside, as the streetlights come on.	V/O: **Starting in July, Ontarians will receive 25% off their hydro bill.** SFX: children's laughter
SUPER: ontario.ca/FairHydroPlan	V/O: **Learn more about how the updates benefit you at ontario.ca/FairHydroPlan**
Arc and Ontario logo appears	Paid for by the Government of Ontario

Additional scenes:

- A young girl sits in her living room, practicing her electric keyboard.
- Close-up shot of delicious dumplings in a frying pan on an electric stove.
- We see a fish tank with the filter bubbling away, keeping the fish happy and healthy.

LITTLE MOMENTS V2 : TV :30

VIDEO	AUDIO
Close-up of a coffee maker quietly doing it's thing, auto-brewing in a family's kitchen.	MUSIC: Quiet, minimalist and unobtrusive, so we can hear the sound effects of the little moments. V/O: **Ontario has come a long way.** SFX: dripping of coffee maker
We see a fish tank with the filter bubbling away, keeping the fish happy and healthy.	SFX: fish tank bubbling
A little girl lies in bed at night. There is a rainstorm outside her window. She rolls over in bed to face her nightlight, which comforts her.	V/O: **Our improved hydro system means we no longer live in fear of outages and interruptions.** *(ALT) Improvements to our hydro system mean we worry less about outages and interruptions.* SFX: Sound of driving rain on the roof.
We cut to a close-up shot of delicious dumplings in a frying pan on an electric stove.	SFX: Dumplings sizzle in the pan
Shot of a foggy bathroom. Someone we don't see is having a long hot shower with steam flowing out of the shower curtains.	V/O: ...**because the grid can now reliably meet demand.** SFX: water from the shower hitting the bottom of the tub
A toddler watches a front loading dryer go round and round, mesmerized.	SFX: Dryer sounds
Cut to kids playing outside on their home's cul-de-sac under a clear blue sky.	V/O: **And because our energy is cleaner, so is our air.**

LITTLE MOMENTS V2 : TV :30

VIDEO	AUDIO
Close-up of hands plugging in a phone; the phone buzzes that satisfying sound that indicates it's charging .	V/O: **But as far as we've come....** SFX: phone vibrating on table
A young girl sits in her living room, practicing her electric keyboard.	V/O: ...**there was still one thing left to do:** SFX: electric keyboard notes
A woman in her mid-thirties is sitting at her dining room table with paperwork. She turns on a desk lamp to see it better.	V/O: **make it all more affordable.** SFX: paper shuffling together, an envelope being torn open
She rifles through some papers and bills on the table. She opens her hydro bill and begins reading it.	V/O: **Starting in July, Ontarians will receive 25% off their hydro bills.**
Return to the children playing outside, as the streetlights come on. SUPER: ontario.ca/FairHydroPlan	V/O: **Learn more about how updates to Ontario's hydro system benefit you, at ontario.ca/FairHydroPlan**
Arc and Ontario logo appears	Paid for by the Government of Ontario

Additional scenes:

- A bag of popcorn grows in a microwave.
- A fan oscillates in a bedroom beside an open window at night.

FAIR HYDRO PLAN CAMPAIGN REVISIONS

WEDNESDAY, APRIL 26, 2017

RAIN

LITTLE MOMENTS: TV :30

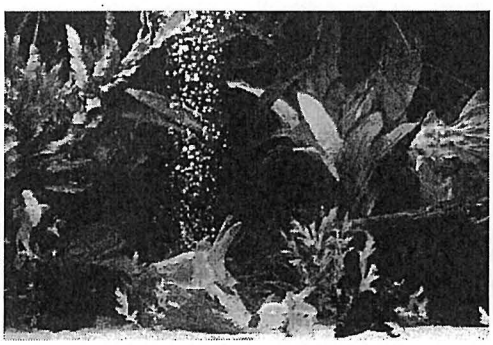
CREATIVE APPROACH

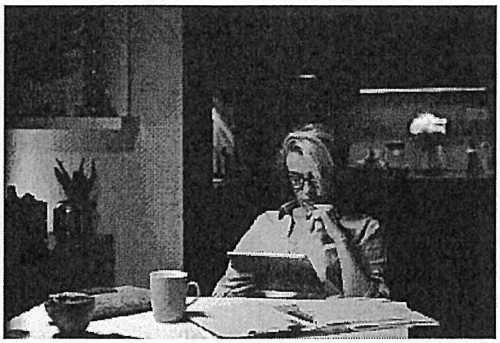
This spot is shot in the 'slice of life' style: a combination of different quick, emotive moments reminding us of all the little ways electricity supports and improves our everyday lives, without us even thinking about it. The tone is warm, real, and emotionally positive.

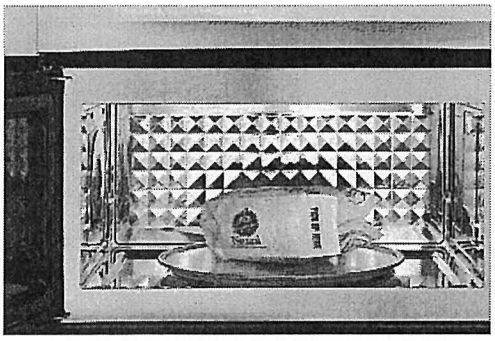
ART DIRECTION

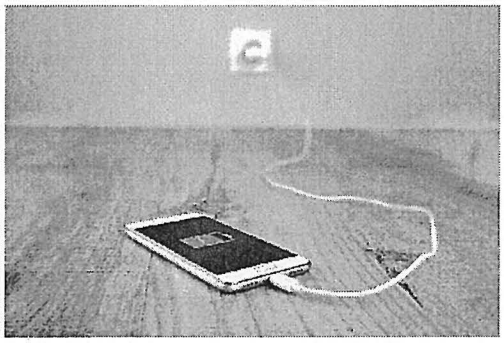
- Authentic colours and lighting for each scene ensure portrayed moments come across as 'real'
- Shallow depth of field (when appropriate) will create intimacy and clear focus for each moment
- Framing of subject will add clarity to the focus of each portrayed moment
- Heightened sounds also add focus to the spot (i.e. the sound of coffee dripping or a phone vibrating may be louder than reality)

LITTLE MOMENTS: TV :30









LITTLE MOMENTS V1 : TV :30

VIDEO	AUDIO
Close-up of coffee maker brewing in a family's kitchen.	Music: Quiet, minimalist and unobtrusive V/O: **Ontario has come a long way.** SFX: dripping of coffee maker
Shot of a foggy bathroom with steam flowing out of the shower curtains.	V/O: **Upgrades to our electricity system...** SFX: water from the shower splashing the bottom of the tub
A little girl lies in bed at night. A lightning flash illuminates the room. She rolls over in bed to face her nightlight.	V/O: **...mean we no longer have to worry about outages and interruptions...** SFX: lightning strike
A toddler watches a front-loading dryer go round and round.	SFX: dryer sounds
Close-up of hands plugging in a phone; the phone buzzes to indicate it's charging.	V/O: **...because our grid can handle more demand...** SFX: phone vibrating on table
A bag of popcorn grows in a microwave.	SFX: sound of popcorn popping
Cut to kids playing outside on their home's cul-de-sac under a clear blue sky.	V/O: **And we now enjoy cleaner air...** SFX: children's laughter
A front porch light turns on at dusk.	V/O: **...thanks to the elimination of coal plants.** SFX: a dog barking in distance

Continues on next page...

LITTLE MOMENTS V1 : TV :30

VIDEO	AUDIO
A fan oscillates in a bedroom beside an open window at night.	SFX: a fan blowing and faint snoring/sleep breathing
A woman in her mid-thirties is sitting at her dining room table with paperwork. A lamp illuminates it.	V/O: **But as far as we've come, there was still one thing left to do:**
She rifles through some papers and bills on the table. She opens her hydro bill and begins reading it.	V/O: **...make it all more affordable.** SFX: paper shuffling together, an envelope being torn open
Return to the children playing outside, as the streetlights come on.	V/O: **Starting in [1], Ontarians will receive [2]% off their hydro bill.** SFX: children's laughter [3]
SUPER: ontario.ca/FairHydroPlan	V/O: **Learn more about how the updates benefit you at ontario.ca/FairHydroPlan**
Arc and Ontario logo appears	Paid for by the Government of Ontario

Additional scenes:

- A young girl sits in her living room, practicing her electric keyboard.
- Close-up shot of delicious dumplings in a frying pan on an electric stove.
- We see a fish tank with the filter bubbling away, keeping the fish happy and healthy.

Summary of Comments on MOE-264-TVConcepts_April26_V3.key

Page: 4

Number: 1 Author: Evanskar Subject: Sticky Note Date: 04/26/2017 2:54:56 PM
The order of the copy is weird. We are flipping from day to night. Perhaps we look at a day in the life - start at wake-up and move through the day.

Number: 2 Author: Evanskar Subject: Sticky Note Date: 04/26/2017 2:45:28 PM
Most people heat their hot water with Gas.

Number: 3 Author: Evanskar Subject: Sticky Note Date: 04/26/2017 2:50:16 PM
We have a reliable grid and enough electricity to meet our needs

Number: 4 Author: Evanskar Subject: Sticky Note Date: 04/26/2017 2:49:09 PM
and accommodate new technologies - phone, plug-in electric vehicle, solar

LITTLE MOMENTS V2 : TV :30

VIDEO	AUDIO
Close-up of a coffee maker quietly doing it's thing, auto-brewing in a family's kitchen.	MUSIC: Quiet, minimalist and unobtrusive, so we can hear the sound effects of the little moments. V/O: **Ontario has come a long way.** SFX: dripping of coffee maker
We see a fish tank with the filter bubbling away, keeping the fish happy and healthy.	SFX: fish tank bubbling
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Shot of a foggy bathroom. Someone we don't see is having a long hot shower with steam flowing out of the shower curtains.	V/O: ...**because the grid can now reliably meet demand.** SFX: water from the shower hitting the bottom of the tub
A toddler watches a front loading dryer go round and round, mesmerized.	SFX: Dryer sounds
Cut to kids playing outside on their home's cul-de-sac under a clear blue sky.	V/O: **And because our energy is cleaner, so is our air.**

Page: 5

Number: 1 Author: Evanskar Subject: Sticky Note Date: 04/26/2017 2:53:24 PM
"summer"? Definitely not "July" since it will be July when the ads run.

Number: 2 Author: Evanskar Subject: Sticky Note Date: 04/26/2017 2:54:02 PM
this is very definitive language.

Number: 3 Author: Evanskar Subject: Sticky Note Date: 04/26/2017 2:51:41 PM
It's accidental that we are placing laughter with the 25% line right?

Page: 6

Number: 1 Author: Evanskar Subject: Sticky Note Date: 04/26/2017 2:57:02 PM

Some people still do.

Number: 2 Author: Evanskar Subject: Sticky Note Date: 04/26/2017 2:56:50 PM

this is better language

LITTLE MOMENTS V2 : TV :30

VIDEO	AUDIO
Close-up of hands plugging in a phone; the phone buzzes that satisfying sound that indicates it's charging .	V/O: **But as far as we've come....** SFX: phone vibrating on table
A young girl sits in her living room, practicing her electric keyboard.	V/O: **...there was still one thing left to do:** SFX: electric keyboard notes
A woman in her mid-thirties is sitting at her dining room table with paperwork. She turns on a desk lamp to see it better.	V/O: **make it all more affordable.** SFX: paper shuffling together, an envelope being torn open
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Return to the children playing outside, as the streetlights come on. SUPER: ontario.ca/FairHydroPlan	V/O: **Learn more about how updates to Ontario's hydro system benefit you, at ontario.ca/FairHydroPlan**
Arc and Ontario logo appears	Paid for by the Government of Ontario

Additional scenes:

- A bag of popcorn grows in a microwave.
- A fan oscillates in a bedroom beside an open window at night.

Executive Summary

Be finished for May 31. April/May sold out.

Who are we talking to?	All Ontario residents who pay electricity bills.
What do they believe right now?	Electricity prices are too high with some families having to make hard family budget decisions. Many Ontarians are not aware of existing rate relief programs or believe they are not enough. They are generally aware of the new proposal of the 25% rate reduction for average households, but it won't take effect until the summer. Ratepayers have some understanding of the reasons behind the electricity price increases, but it's limited. They also aren't sure how this rate reduction will impact future generations. Although there is support for investments in clean energy, there is a gap between calls for a clean energy mix and the increase in cost necessary to pay for this. There is an expectation that energy should be affordable.
What do we want them to believe?	Ontario has taken action that would provide bill savings for electricity consumers and keep rates down. These savings are real because they are proposed to be built on significant structural change – including stretching the cost of system improvements over a longer term, to more appropriately match how long they will be in use. These proposed changes would be fairer for people – because they don't ask today's generation to pay the freight for everyone who came before, and everyone who will benefit from clean energy infrastructure in the future.
How are we going to help them believe it?	Introducing the Fair Hydro Plan is intended to provide rate relief to consumers. It would reduce electricity bills by 25% on average for all households that pay for electricity, with rate increases held to the rate of inflation for the next 4 years. Many small businesses and farms would also benefit from this cut. People with low incomes and those living in eligible rural communities would receive even

	greater reductions to their electricity bills. It would be the largest cut to electricity rates in Ontario history. Ontario invested more than $50 billion in electricity generation, transmission and distribution assets following decades of underinvestment by governments of all political stripes. The burden of financing these system improvements and funding key programs has unfairly fallen almost entirely on the shoulders of today's ratepayers. To fix this inequity, Ontario intends to refinance the cost of system investments over the long term – which will make it fairer for today's generation, through government revenues instead of ratepayers. Shift the focus on electricity prices to the benefits of investments in the electricity system. The system is affordable, clean and reliable: today and for the future. Continue to provide information to the public.
Lasting Impression	The Ontario government has taken action to reduce electricity costs by an average of 25% and make electricity affordable, while investing in a clean and reliable system today and for the future.

Ministry of Energy

Value of Electricity – Phase II

What are we asking you to do?

Develop a TV-led integrated marketing campaign to follow the launch of radio/social and digital advertising. This phase of the campaign will reinforce Ontario's commitment to affordable, clean and reliable energy.

What is the problem or opportunity?

While the recent announcement of the 25% rate reduction has helped inform Ontarians of the government's actions to make electricity more affordable, there is an opportunity to balance awareness of cost saving actions with the return on investments that Ontarians have made to improve value of the system.

Language may shift from pre-passage of the legislation to post-passage. Timing is Spring 2017 (tbc).

Initiatives relevant to all residents who pay electricity will be supported by traditional and digital mass mediums, while other initiatives relevant to population segments will be reached through narrower targeted support.

ALL RESIDENTIAL RATE PAYERS – GEN POP MESSAGES

Action/Investment	Outcome	Consumer Emotional Benefit	Potential Mediums
25% off electricity bills on average starting this summer. Bills won't increase beyond inflation for at least 4 years. It is the largest cut to electricity rates in Ontario history. Refinancing system cost over more than just one generation to better reflect lifespan of assets – Fair Hydro Plan.	***Affordable.*** Improved affordability for everyone.	Relief.	Television, Print, Radio, Digital, Bill Inserts/envelopes
Closed dirty coal generating plants – the single largest climate	***Clean.*** Better air quality.	Peace of mind.	Television, Print, Radio, Digital

Action/Investment	Outcome	Consumer Emotional Benefit	Potential Mediums
change action in North America	Renewables added - wind, solar, hydroelectric, bioenergy for a cleaner, more diverse supply. Ontario a North American clean tech leader		
$50 billion invested to modernize and upgrade the electricity system. Infrastructure such as generation, transmission and distribution assets. Investments in electricity generation: nuclear refurbishment, renewables, hydro plant upgrades at Sir Adam Beck/Niagara Falls, coal plant conversion to biomass, natural gas-fired electricity generation to help peak demand.	***Reliable.*** Abundant supply to satisfy peak demand. System reliability.	Security.	Television, Print, Radio, Digital, Bill

Key Message
Ontario is taking action to keep electricity in Ontario affordable, clean and reliable to help people in their everyday lives.

What is the reason to believe?
- The Fair Hydro Plan – a new 25% off electricity savings for Ontario consumers.
- The electricity assets that Ontario has invested in have reduced air pollution to make the air we breathe cleaner.
- Improvements and modernization have made the system more reliable than ever before.

What tone should be used?
Clear, Optimistic, Empathetic

Marketing Objectives
Raise awareness of reductions to consumer's electricity bills, system upgrades and clean energy investments.

NOTE: Two versions of scripts will be needed
- one for pre-passage of legislation ("if passed... would" language)
- one for post-passage of legislation.

Media objectives & KPIs

Media Objective	**Primary KPI**
Media KPI Raise Awareness: Build Support/Shift perceptions *Television, radio, print, digital, social*	Reach/frequency/VTR

Target Audience
Ontario residents who pay electricity bills.
- They are frustrated at the rising costs of electricity in Ontario
- They just don't understand why it is so expensive
- They consider it a right to have reliable and affordable energy
- Some are forced to make difficult decisions between food/housing costs and electricity bills
- They are supportive of clean energy initiatives (e.g. closing coal) but not always aware
- They feel that this rate reduction could cost future generations more

How do we reach the target audiences?
Potential media could include:
- Television
- Digital video
- Print/Newspaper (targeted)
- Bill inserts
- Digital Display
- Radio
- Social Media – to be presented in mobile formats only (no desktop)
- Search

Timing
In-market starting in late May 2017.

Budget

Agency Fees & Production:	$1,000,000
Media Fees:	$2,500,000
Total Budget:	$3,500,000

Call-to-Action
Learn more about 25% off your average hydro bill, clean energy and system upgrades.

Website URLs	EN: ontario.ca/**FairHydroPlan** FR: ontario.ca/**ElectricitePrixEquitable**
Social media handles (English & French)	Facebook EN: https://www.facebook.com/energyontario Facebook FR: https://www.facebook.com/energieontario Twitter EN: https://twitter.com/ONenergy

	Twitter FR: https://twitter.com/ONenergie
Community management contact:	Ministry (Isabelle Speerin/Krista Janicki) and CO Marketing (Jacquelynn Emanuele) to work together
Ad trafficking contact:	Energy Communications in partnership with CO Marketing

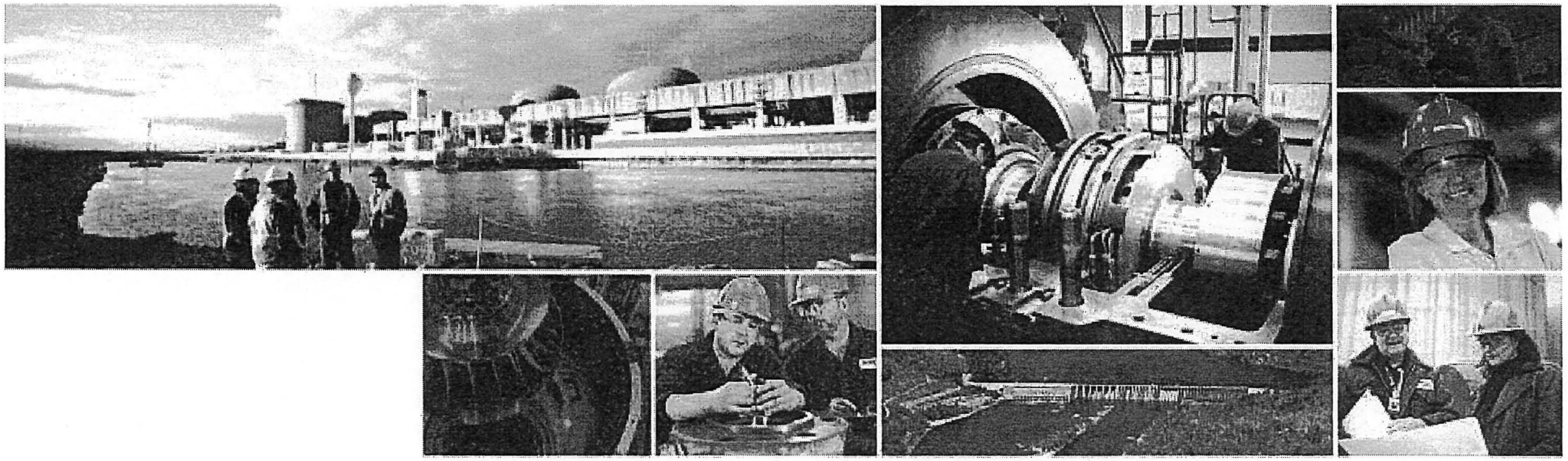
Executional mandatories

- All production estimates must include three competitive bids
- TV, cinema, and householder schedules must include at least 9 business days for Auditor General (AG) preliminary review of script/storyboard (including French and multi-lingual) plus 5 business days for final review. All other advertising requires 5 business days of AG final material approval (with the exception of paid search and social media advertising).
- No microsites
- Campaign webpage collaboration (hosted on ontario.ca)
- Social media and digital creative, when appropriate, should be presented in mobile-first formats
- Adhere to digital specs from media partner including 1x1 borders on display ads, HTML5 and click-thru tags as per IABC specs
- Build banner ads in HTML5, including adherence to the Ontario governments AODA policy for accessibility
- Use of Ontario subcontractors for directors, production houses, photography (as needed)
- Strong partnership with the government Agency of Record (AOR) for media (PHD)
- Adherence to the Ontario government visual identity system
- Incorporation of French language and multicultural. French translation will be provided by ministry.
- Strategic media considerations responsibility of media AOR PHD Media

Appendix

TARGETED TO RATEPAYER SEGMENTS – SEGMENT OR GEO-TARGETED

Action/Investment	Outcome	Consumer Emotional Benefit	Support Medium
Broadening Rural or Remote Rate Protection	Reduced distribution charges for those currently paying the highest costs.	Relief.	Bill inserts to ratepayers of specific LDCs. Website. Geo targeted digital, radio
Expansion of Ontario Electricity Support Program – 50% credit increase for eligible low income households.	Increased credits for those that need it most. Actual credits would vary based on income and household size. Enhanced credit for Indigenous people or those who use electric heat or certain electrically intensive medical devices.	Relief.	OW, ODSP, Fed Child Credit cheque inserts. Social service agencies: United Way, Salvation Army etc. LDC Bill inserts Service Ontario locations. Ministry website. Indigenous community outreach. Indigenous media.
Funding RRRP and OESP through the tax base, reducing ratepayer costs.	*Affordable.* Improved affordability for everyone.	Relief.	Website
Establishing an Affordability Fund to help eligible low-income households make home energy efficiency improvements.	*Affordable*. Expanded assistance for electricity customers who cannot qualify for low-income conservation programs	Relief.	Website. LDC bill inserts. Home energy auditors/contractors. TBC
Establishing an on-reserve First Nations delivery credit	*Affordable.*	Relief.	Indigenous community outreach. Indigenous media. Website.



Fair Hydro Trust Implementation

OPG Briefing to Minister of Energy

June 13, 2017

ONTARIO POWER GENERATION

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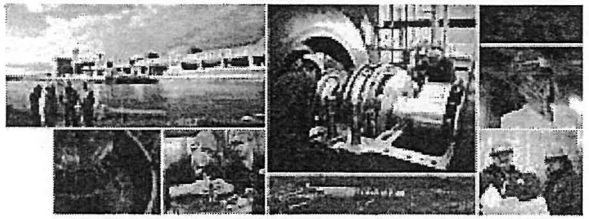

Overview

- The Fair Hydro Plan (FHP) legislation has been passed and regulations are moving towards completion.
- Once complete, the next step in implementing the FHP is preparing the Trust to obtain funding and providing OPG with ability to fund its portion of the Trust.
- The purpose of this briefing is to provide an overview of OPG's accelerated workplan for funding the Trust, including:
  1. Developing the contracts and structure for the Trust
  2. Securing a credit rating for the Trust's debt
  3. Access to Debt Markets
     A. Short-term debt
     B. Long-term debt

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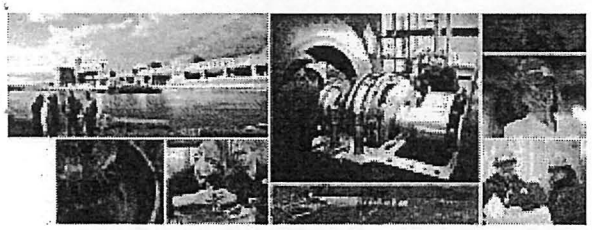

1. Financing Entity Contracts & Structure

- Contractual arrangements and structural documents will be key for ensuring that investors are offered the protections expected for highly rated debt.
- These agreements will involve discussions between the OFA, ENERGY, MOF, IESO, Dealers, Trust, OPG, Third party service providers, Trustee, etc.
- Key agreements include:
  - Share subscription agreements to fund equity injection into OPG
  - Purchase and Sale agreements between IESO and the Trust
  - Indemnity for OPG Directors and Officers
  - Financial Services agreement between OPG and Trust
  - Management fee and OEB participation
  - Additional investor protections such as a form of Provincial guarantee
  - Payments in Lieu of Taxes exemption to minimize PILs payable by the Trust, as those costs will be recovered from ratepayers

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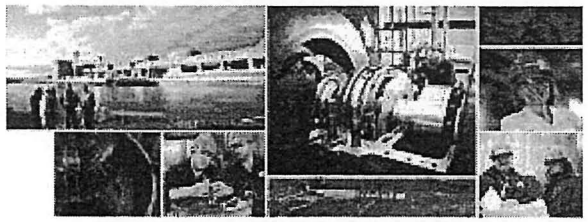

2. Rating Process

July Presentations to Rating Agencies

- Before the Trust can access debt markets, it must engage with ratings agencies to have its debt rated.
- In order to commence the credit rating process, the following must be completed:
  1. Fair Hydro Act & Regulations and the form of the Provincial Guarantee
     - Critical to the credit rating of the Trust's debt
  2. Fair Hydro Allocation Calculation and Plan
     - Required to determine the maturity profile and capacity of the financing program that will be rated
  3. Trust Financing Plan
     - Important to the rating agencies in assessing the merits of the financing approach

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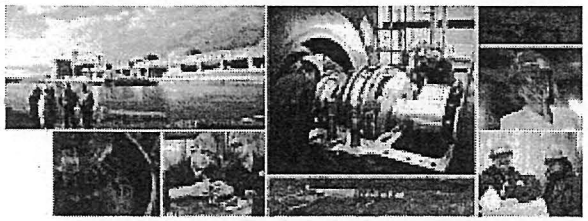

3. Access to Debt Markets

- The Trust is expected to be in a position to access the short-term debt markets by the end of August 2017. The debt platform must be finalized at this time which would include a master trust indenture, short term debt facility and an intercreditor agreement.
- Access to long term debt markets is expected to be established by the end of October 2017.
- To maintain maximum flexibility for the financing program, deal documentation will be developed concurrently to access both the Canadian and U.S. term debt markets.
- The timeline for accessing debt markets is detailed on subsequent slides.

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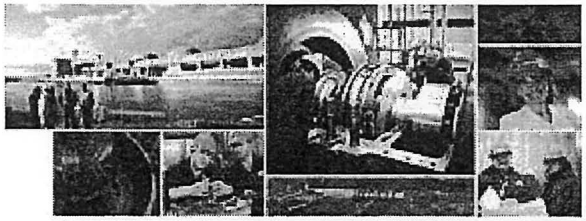

3.A Critical Path Flow Chart – Short Term Debt

Week of:	March			April				May					June				July					August				September			
	13	20	27	3	10	17	24	1	8	15	22	29	5	12	19	26	3	10	17	24	31	7	14	21	28	4	11	18	25

Legislation

Regulations

Form of Provincial Guarantee

Fair Hydro Allocation Plan

A — Completion of key Provincial documents

4 Agencies: DBRS ✓ Moody's ✓ S&P ✓ Fitch - maybe?

Financing Strategy & Structure

Trust and Contribution Documents

Trust Financing Plan

(Requires A to be largely completed) — A

(a) Rating Agency Process (b)

Key Financing Documents

Short Term Debt Execution

$200M/month

- Short term funding
- Equity injection

Legend

- A. Legislative & Regulatory Framework
- B. Financing Strategy & Structure
- C. Execution
- D. Incremental Time Anticipated[1]

Master Timeline Item	Comments
A. Legislative & Regulatory Framework	• Fair Hydro Act, regulations and form of Provincial Guarantee are critical to the overall financing strategy, structure and proceeding to engage the rating agencies in any meaningful discussions • Fair Hydro Allocation Plan is required to determine the target amortization profile and Past-Over-Charges which will establish an effective cap on the program
B. Financing Strategy & Structure	• Determining the optimal financing strategy involves several key elements including determining the Trust structure and the structure of OPG's sub debt; initial rating agency feedback will taken into consideration • The Trust Financing Plan will be very important to the rating agencies in assessing the merits of the financing approach
C. Execution	• Preliminary rating agencies meetings are beginning in June as critical path items in "A " are finalized or sufficiently advanced with a degree of certainty (a) • Formal rating agencies meetings will occur mid-July once critical path items in "A" and "B" are complete and the key commercial/transaction agreements are well advanced (b)
D. Incremental Time Anticipated	• A typical securitization transaction on a known asset class with one counterparty that has previous experience in securitizations can be completed in 6-8 weeks • A longer timeline is anticipated for this transaction given the unique nature of the assets being securitized and the multiple stakeholders (including their counsel) who will likely review and comment on the documentation

[1] Delay could be longer than indicated

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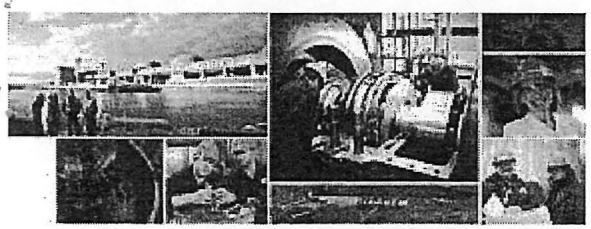
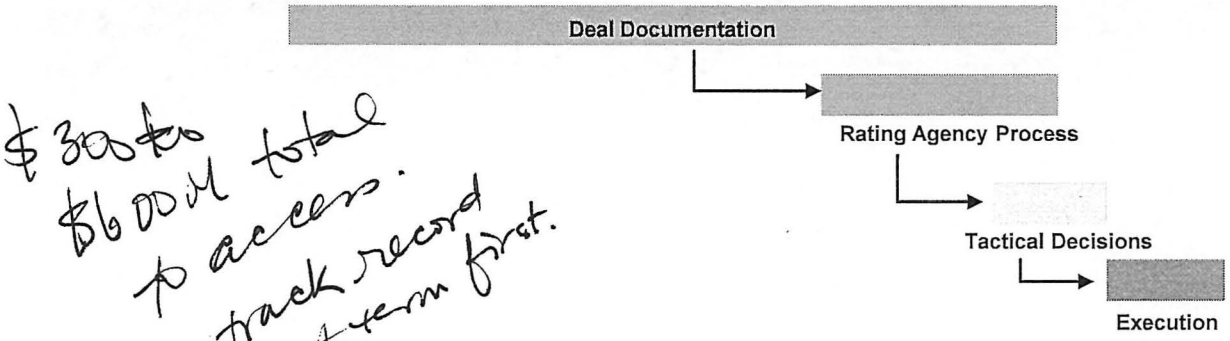
ONTARIO POWER GENERATION



3.B Critical Path Flow Chart –Long Term Debt

Week of:	July					August				September				October					November			
	3	10	17	24	31	7	14	21	28	4	11	18	25	2	9	16	23	30	6	13	20	27



$300 to $600M total to access. Use track record of short term first.

Legend

- E. Deal Documentation
- F. Tactical Decisions
- G. Execution

Master Timeline Item[1]	Comments
E. Deal Documentation	• To maintain maximum flexibility for the financing program, deal documentation will concurrently be developed to access the Canadian and U.S. term debt market (e.g. supplemental indenture, hedging documentation, offering memorandum/marketing documents, etc.) • To obtain long term debt ratings, an incremental ratings process will be undertaken by the rating agencies (even if the same agencies rate the short term debt); rating agencies will be approached in early/mid October once the deal documentation (item E) is well advanced
F. Tactical Decisions	• Prior to launching the inaugural term debt offering, tactical decisions will be made with respect to choice of market (Canadian or the U.S.), product, tenor etc. • Tactical decisions will take into consideration current market tone and overall cost considerations (including currency swaps)
G. Execution	• To attract the broadest base of investors and provide the tightest pricing, a full roadshow will be undertaken, regardless of whether the term debt is completed in Canada or the U.S. • To the extent that a U.S. offering is completed, currency swaps will be required as part of the deal execution

[1] Timelines are indicative only and could be subject to delay

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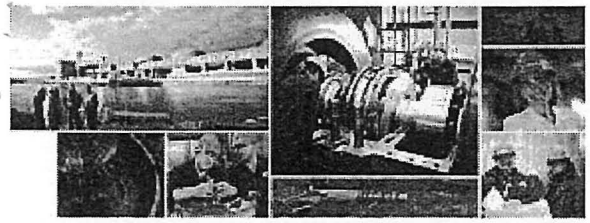
ONTARIO POWER GENERATION



Challenges to Timeline

- Extremely compressed time frame to develop structures.
- Concurrent/parallel activities establishing legal (legislation and regulation) and contract structures.
- Interrelationship between different elements of the structure and the need to involve many of the same individuals from government, legal counsel, OPG, IESO, OEB and dealers to ensure appropriate issues identified and resolved in a consistent manner.
- Ratings process requires structure and all key agreements to be finalized.

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Communications Snapshot – Fair Hydro Plan

Communications Objectives

- Demonstrate Ontario's commitment to lower energy costs for ratepayers through the Fair Hydro Plan.

Context

- On March 2nd, 2017 Premier Wynne announced Ontario's Fair Hydro Plan will lower electricity rates for households and small businesses by an average of 25 per cent.
- Ontario has invested in modernizing and decarbonizing the province's electricity infrastructure, which has resulted in rising electricity costs in the short term.
- In 2016, actions were announced to further reduce electricity costs by:
    - Providing an 8% rebate ($11/month savings), updating the Rural or Remote Electricity Rate Protection (RRRP) for up to $45/month savings when combined with the 8% rebate, expanding eligibility for the Industrial Conservation Initiative (ICI) which could provide up to one-third savings for participants, suspending the Large Renewable Procurement program (LRP II) and the Energy From Waste Standard Offer Program (EFWSOP), resulting in up to $3.8 billion in cost savings and recycling cap and trade proceeds to industrial/ commercial consumers.
- On November 28, 2016 at the Empire Club, the Minister of Energy announced the need for changes in how electricity resources are procured, the need for wholesale market renewal and greater electricity consumer choice.
- Ontario is currently updating its Long Term Energy Plan which provides an opportunity to consider a range of policy changes in the Ontario energy sector.
- The ministry is proposing to bring in additional savings to Ontario consumers through new initiatives including:
    - Smoothing the global adjustment (GA) to defer costs over a longer term period, resulting in savings of approximately $20 a month on the average electricity bill.
    - Helping the most vulnerable by enhancing electricity support programs and shifting cost onto the tax base. Consumers in the hardest hit areas will have their delivery charges lowered to approximately $55 per month and be eligible for additional funding through social programs including:
        - Rural or Remote Electricity Rate Protection (RRRP) Enhancement (Delivery Charge Relief);
        - Ontario Electricity Support Program (OESP) Expansion;
        - LDC Affordability Fund; and
        - First Nations Rate.
    - Identifying market efficiencies through energy agencies and modernizing Ontario's electricity market through market renewal initiatives.

Target Audience

- All electricity consumers in Ontario.

Key Messages

- Ontario's Fair Hydro Plan will lower electricity rates for households and small businesses by an average of 25 per cent.
- Ontario is committed to keeping electricity in Ontario clean, reliable and affordable.
- We understand the rising costs are a concern, which is why we are bringing in savings now through new initiatives that will cut costs directly on your energy bill.
- The electricity assets that we have invested in will remain valuable past their contract life, so we can apply those future savings to consumers now by deferring the global adjustment costs.

- We are making needed investments to modernize the system and this has resulted in an increase in energy rates for almost all Ontario-based electricity consumers.
- We have a robust energy supply and are in a good position for market innovation. An adaptive energy market has the power to remove inefficiencies, increase transparency, enhance opportunities for innovation and help keep competitive tension to reduce system costs.

Strategic Approach

- High-profile Premier's announcement is recommended, to share information before the House resumes and not detract from the Ontario Budget and Long-Term Energy Plan announcements in Spring 2017
- A multimedia marketing and advertising campaign is being prepared on the topic of rate mitigation for electricity consumers.

Issues & Mitigation

Issue/Consideration	Mitigation Strategy	Key Message
Saving money for consumers now will result in rising costs for future consumers	Emphasize market renewal and innovative technologies that could result in savings for future consumers	Extracting value from assets now gives us more time to innovate the market and bend the cost curve over time
Cost of these initiatives will stop Ontario from balancing the budget	Emphasize that it will help businesses stay competitive and reduce financial pressure on families	The government remains committed to balancing the budget by 2017-18 while continuing to invest in the economy, our people and a healthy, clean and prosperous low-carbon future.
Timeline may be too short to allow LDCs to adjust their billing systems for the rebate	Allow LDCs to provide retroactive payments if they can't update their systems by the implementation date	Consumers will receive the full amount of rebate to which they are entitled. We've made provisions to allow utilities to provide rebates retroactively.
Reducing bills by an additional $20 a month is not enough. The government is providing a little relief to all consumers, when they could instead have done more for those that needed it most.	Draw attention to Ontario Electricity Support Program and other initiatives which are targeted at the most vulnerable consumers.	The Ontario Electricity Support Program provides targeted relief to low income consumers. In addition, special programs are available to assist low income consumers with energy conservation and in meeting unpaid bills. As well, the government has put in place the Ontario Trillium Benefit to assist families with low to moderate incomes.

Tactics & Rollout

Launch Event	
Proposed Date and Time	**Location**
March TBC	TBD
Description *(What is the event, who is leading it? If it's a third party event, how does it connect to the announcement?)*	

Premier and Minister held a press conference announcing new initiatives to reduce costs for energy consumers and a technical briefing was held for key stakeholders
Visual/Photo-op *(Describe the backdrop (e.g., protected greenbelt forest) and describe any planned photo ops (e.g., boarding a new TTC streetcar).*
TBD
Speakers & Attendees
TBD

	Pre-Launch	Launch	Post-Launch
Regional Rollout Examples: - MPP Template - Speeches - Media event - Op-ed, media pitch - Editorial board meeting	Pre-May ECTO Newsletter.	legis passed last week/Friday N/A	MPP echo news releases/announcements Backgrounders/Key messages QA Presentations to Ontario Chamber of Commerce
Earned Examples: - News release, etc. - Remarks - Event - Calls/emails to targeted audiences - Multilingual media - Fact sheets - House Statement	Preconditioned earned media: examples of innovative technology success stories Matte stories	News release Backgrounders Remarks QAs Targeted media outreach Web content	Local utility communications with their customers LDC bill presentment
Digital / Social Examples: - Web content - Twitter/Facebook - Keyword / interactive web - Blogger outreach - Videos	N/A Banner Ads running.	Launch digital campaign	Next phase of digital campaign Sharable content with examples of energy innovation in Ontario
Paid ***(must include budget)*** Examples: - TV/radio/newspaper - Online banners/ads - Advertorial - Householder/direct mail	N/A	Launch paid digital campaign	Develop and coordinate distribution of bill insert for LDCs and bill presentment options Radio & TV ads (spring Summer

Evaluation

- Monitor and track
  - media reactions and editorials
  - incoming correspondence
  - response by opposition MPPs

2 weeks blackout for Budget.

Ontario

STATEMENT

Ministry of Energy

Statement from Minister Thibeault on the Ontario Energy Board's New Regulated Price Plan Electricity Rate Announcement

Today, Glenn Thibeault, Minister of Energy, issued the following statement in response to the Ontario Energy Board's (OEB) announcement to lower electricity prices for residential and small business customers on the Regulated Price Plan (RPP):

"Premier Wynne committed to reducing electricity bills by 25 per cent on average for households across the province, and today represents the next stage in the implementation of Ontario's Fair Hydro Plan.

The Ontario Energy Board Regulated Price Plan announcement means that the average 25 per cent reduction will be in place effective July 1 for all households in Ontario, providing real and significant relief on hydro costs. As many as half a million small businesses and farms will also benefit. The 25 per cent includes the eight per cent rebate, equal to the provincial portion of the HST that took effect on January 1, 2017. Our plan also holds any increases in electricity bills to the rate of inflation for four years.

Low-income Ontarians and those living in eligible rural or remote communities will receive even greater reductions, as much as 40 to 50 per cent on their bills through the already expanded Ontario Electricity Support Program and the broadening of the Rural or Remote Rate Protection program, while the delivery charge portion of residential electricity bills will be removed for on-reserve First Nations communities.

The OEB will continue to serve in its important role, which includes establishing reasonable rates and protecting energy consumers, while also ensuring proper investments are made to maintain long-term system reliability. Ontario's 2017 Long-Term Energy Plan, to be released later this summer, will focus on taking additional costs out of the system, and address long-term affordability.

Our government committed to providing significant and real relief on hydro bills for people across Ontario, and we have delivered on this pledge."

Colin Nekolaichuk, Minister's Office, 416-325-2690
Colin.Nekolaichuk@ontario.ca

Natasha Demetriades, Communications Branch, 416-326-5452
Natasha.Demetriades@ontario.ca

ontario.ca/energy-news
Disponible en français

Motion: 11

Energy - Communications

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Reference: 14229/1

January 17, 2018

VIA E-MAIL
CONFIDENTIAL

Mr. Rafe Engle
R.S. Engle P.C.
26 Sussex Avenue
Toronto, ON M5S 1J7

PRIVILEGED AND CONFIDENTIAL – DRAFT

Dear Rafe:

Twitter Matter

Further to your email of January 4, 2018, we are writing to respond to the issues you raised concerning a complaint received by Ad Standards on December 28, 2017 with respect to a tweet from Premier Kathleen Wynne highlighting the government's policy decision to reduce electricity bills by 25%.

It is our view that the Premier's tweet is not reviewable under the Code. The tweet is a message by the Premier about a government policy and, hence, "political advertising" under the Code. Please see examples in Appendix "**A**" below of comparable messages from other political leaders concerning the same area of government policy.

Further, the suggestion in your email that the Ministry breached its commitment to Ad Standards is very concerning to my client and it strongly opposes this view. The Premier's tweet was not part of the advertising campaign in issue. The complainant acknowledges this. It remains the case that the Ministry has not revived the advertising campaign.

We elaborate on these points in the remainder of this letter.

Please note that our position regarding the qualification of the Premier's tweet as "political advertising" for the purpose of the Code is limited to the issues raised by Ad Standards in the email of January 4, 2018 and should in no way be construed as an admission or acknowledgment that the tweet is partisan for the purposes of the *Government Advertising Act, 2004* ("**GAA**").[1] In any event, since the communication was not paid advertising and delivered via Twitter, the GAA does not apply. Moreover, unless you indicate otherwise, our understanding is that any issues regarding whether the communication is or is not of a "partisan" nature, as defined in the GAA, are outside the purview of the Code and Ad Standards' review.

[1] S.O. 2004, c. 20.

*****

1. *The Premier's Tweet is "Political Advertising"*

Ad Standards has made it clear that "it is not intended that the Code govern or restrict the free expression of public opinion or ideas through 'political advertising' or 'election advertising', which are excluded from the application of this Code."[2] While the Code could have excluded political expression from the definition of "advertising", it instead adopted a very broad definition of advertising but carved out political expression/advertising as an express exclusion. Under the Code, "political advertising" is defined as "'advertising' appearing at any time regarding a political figure, a political party, a government or political policy or issue publicly recognized to exist in Canada or elsewhere, or an electoral candidate."[3] This is in contrast to advertising intended to promote a business or commercial interest, which is the main focus of the Code.[4]

The measures taken to reduce Ontarians' electricity bills by 25% on average under the Fair Hydro Plan is government policy. On March 2, 2017, the Office of the Premier released a news release indicating that the government would take measures to lower electricity bills by 25% on average for all residential customers.[5] On May 11, 2017, the Minister of Energy introduced the *Fair Hydro Act, 2017* to direct the Ontario Energy Board to implement the reduction (see Appendix "**B**").[6] On May 31, 2017, the Legislature passed the *Fair Hydro Act, 2017*.[7] On June 22, 2017, the Ontario Energy Board announced how bills would be reduced by an average of 25% as of July 1, 2017.[8] The Premier has reiterated in the

---

[2] See "Exclusions", online: http://www.adstandards.com/en/Standards/canCodeOfAdStandards.aspx#codeProvisions.

[3] Emphasis added.

[4] As it is under the *Competition Act*, R.S.C. 1985, c. C-34, s. 74.01(1).

[5] See Ontario, Office of the Premier, "Ontario Cutting Electricity Bills by 25 Per Cent" (March 2, 2017), online: https://news.ontario.ca/opo/en/2017/03/ontario-cutting-electricity-bills-by-25-per-cent.html:

> Ontario is lowering electricity bills by 25 per cent on average for all residential customers as part of a significant system restructuring that will address long-standing policy challenges and ensure greater fairness.
>
> Starting this summer, Ontario's Fair Hydro Plan would provide households with this 25 per cent break.

[6] See Ontario, Ministry of Energy, "Ontario Cutting Electricity Bulls by 25 Per Cent" (May 11, 2017), online: https://news.ontario.ca/mei/en/2017/05/ontario-cutting-electricity-bills-by-25-per-cent.html.

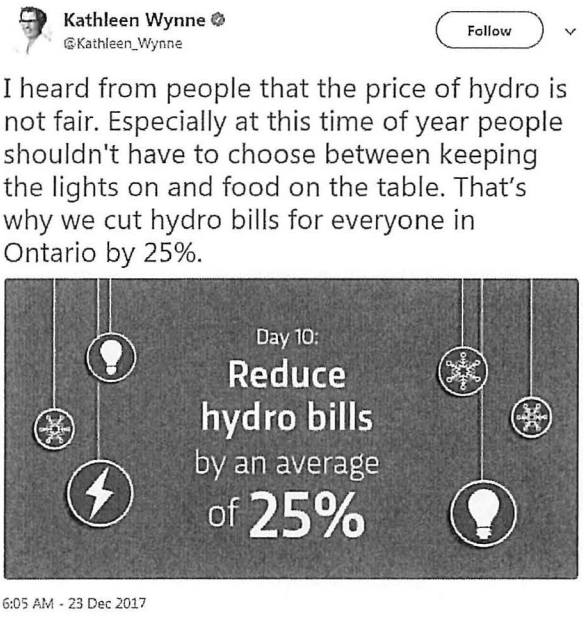
[7] See Ontario, Ministry of Energy, "Ontario Passes Legislation to Lower Electricity Bills by 25 Per Cent" (May 31, 2017), online: https://news.ontario.ca/mei/en/2017/05/ontario-passes-legislation-to-lower-electricity-bills-by-25-per-cent.html: "Ontario passed legislation today that will lower electricity bills by 25 per cent on average for all residential customers to provide significant rate relief and ensure greater fairness."

[8] See Ontario, Ontario Energy Board, "Electricity prices are dropping again on July 1" (June 22, 2017), online: https://www.oeb.ca/newsroom/2017/electricity-prices-are-dropping-again-july-1:

Legislature how the Fair Hydro Plan has resulted in an average 25% cut to residential ratepayers' invoices.[9]

The Premier's tweet, which is reproduced below, falls squarely within Ad Standards' definition of political advertising as it is clearly advertising regarding government policy.

Figure 1 – Tweet of Premier Kathleen Wynne (December 23, 2017, 6:05 am)



The policy being expressed in this communication is the reduction in electricity bills by 25%. This is a policy being promoted to the electorate by the Premier.

It would be inconsistent with the Code for Ad Standards or a Standards Council to treat communications from the Premier expressing a policy choice as reviewable. The Code includes an express exclusion for advertising regarding government policy. It is not intended for a Standards Council to review communications between elected representatives and their constituents on matters of public policy, as is plain in the text of the Code. Ad Standards' mandate is to protect consumers not

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> For residential and small business customers that buy their electricity from their utility, the OEB has set new lower Regulated Price Plan (RPP) electricity prices that build on the reduction in RPP prices that came into effect on May 1. With the new RPP prices that will start to apply on July 1, the total bill for the proxy customer described under the Fair Hydro Act, 2017 will be about $121. That is about $41 or 25% lower than it would have been without the following mitigation.

[9] Ontario, Legislative Assembly, Official Report of Debates (Hansard), 41st Parl, 2nd Sess, No 106 (October 18, 2017) at 5709 (Hon. Kathleen O. Wynne).

voters. It is up to the voters of Ontario to assess the policy statements made by political leaders and candidates.

2. The Ministry did not breach its commitment to Ad Standards

The Ministry has not breached its commitment to Ad Standards. The advertising in question, namely the radio advertising referenced in the three complaints, was discontinued. The Premier's tweet was not part of the advertising campaign in issue. The complainant acknowledges this in its Complaint. It remains the case that the Ministry has not revived the same advertising campaign.

* * * * *

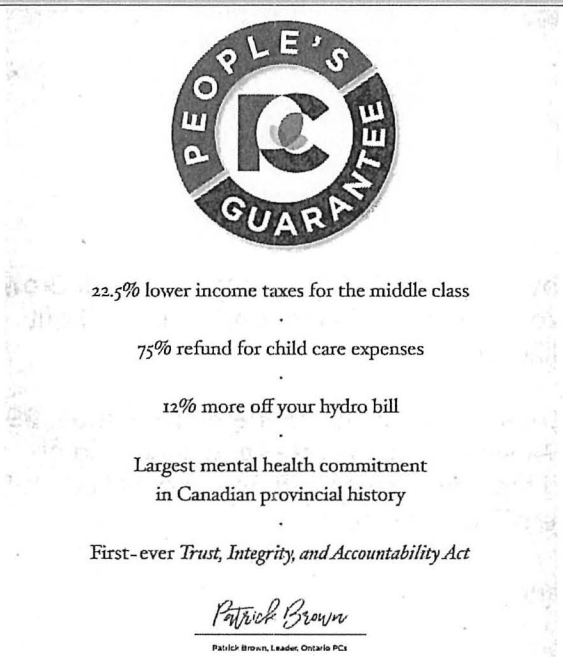
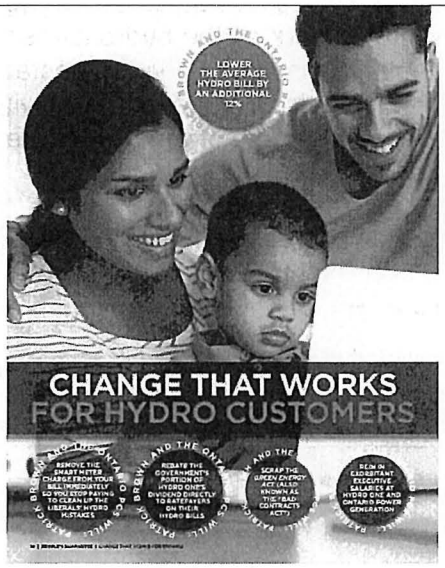
Yours very truly,

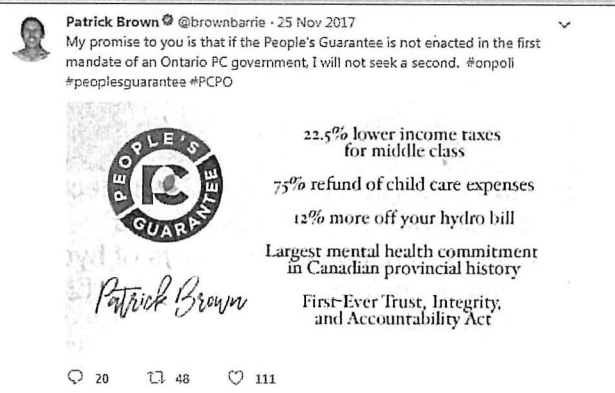
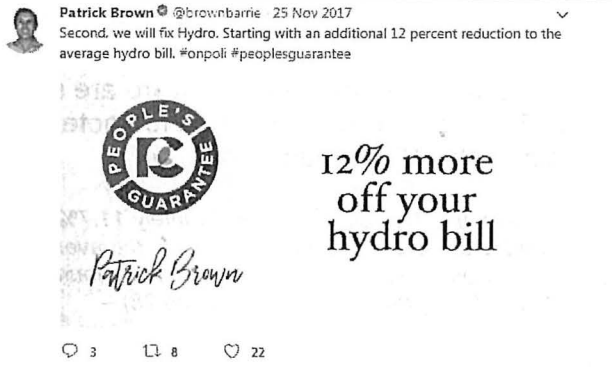
Joshua A. Krane

c. Maud Murray and Alena Thouin, *Legal Services Branch*

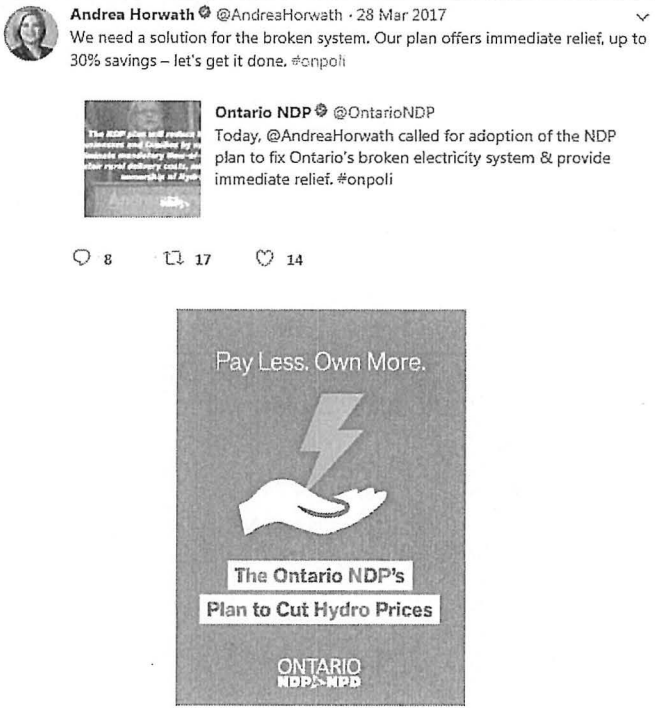
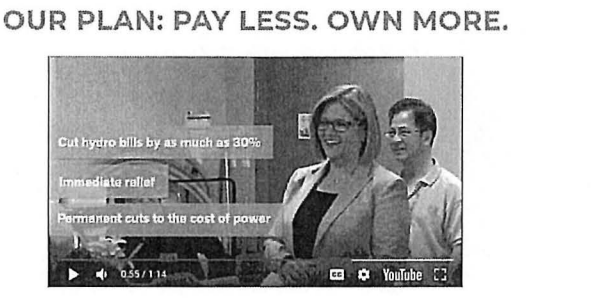
APPENDIX "A" – Other Political Commitments and Claims in Regards to Hydro Bill Savings

The Progressive Conservative Party's platform and campaign materials include claims that are similar to the 25% reduction claim (without qualification).

Claim	Representation
The Ontario PC platform for the 2018 election (People's Guarantee) includes specific commitments in relation to the costs of hydro paid by consumers, including committing to "12% more off your hydro bill". The only qualification re timing is that it will occur in the first mandate of a PC government. A long form description of the Ontario PC's various commitments related to hydro are set out at pp. 36-39 of the platform with a footnote explaining the 12% reduction: *30: Note that the rebate is approximately 11.7% and rounded to 12%. The total is also using the average monthly bill of $123 for 2018, which can be found in the 2017 long-term energy plan (page 28) – Government of Ontario, "Ontario's Long-Term Energy Plan 2017: Delivering Fairness and Choice"*	
The Ontario PC website includes the same content as pages 10-11 of the platform with no further detail or links to additional information.	

Claim	Representation
A November 25, 2017 tweet from Patrick Brown referenced the "12% more off" claim without qualification or any link to further detail.	
A November 25, 2017 tweet from Patrick Brown referencing the "12% more off" claim without qualification. A series of tweets was made on November 29, 2017 using the same message, including one that used the same image with the unqualified "12% more off" commitment.	
On November 29, 2017, Patrick Brown made additional statements on the hydro bill reduction commitment. This included a video posted on twitter which contains no qualifications with respect to the timeframe of the commitment. In the video, Brown states the platform commitment to "lower the average hydro bill by an additional 12% that means the average family will save $173 a year off their hydro bill".	

The Ontario New Democratic Party has also made commitments in regards to savings on hydro bills. Below are excerpts of some of those communications that outline their plan which includes "up to 30% savings" on hydro.

Claim	Representation
The Ontario NDP released a policy plan on March 28, 2017 that included the claim of "up to 30% savings" on hydro. In the 14 page plan, there are a number of different references to savings including: "bring down hydro bills by 20 to 30 percent" "Reducing bills by as much as 30 percent is an ambitious but realistic goal" "These initial steps will create savings reaching as much as 17 per cent16 for residential customers. Rural customers could see savings reaching 32 per cent" More detail on this final point is provided in a footnote: *16 Minimum of a permanent 8% HST reduction, and potentially also including 5% federal HST reduction, a 3.2% reduction from Hydro One's deferred asset tax benefit, and a conservative estimate of 0.8% savings through capping private profits, a more robust OEB and minimal TOU savings (17%). Customers paying rural delivery rates would see an additional 15% from lowered delivery rates.*	
The Ontario NDP website on hydro claims the plan "will cut your bill by about 30%". Video on this website includes claim by Andrea Horwath that, "My plan is ambitious and will drop hydro bills for all Ontarians, for some by as much as 30%."	

Claim	Representation
A March 31, 2017 tweet by Andrea Horwath claims customers would "save up to 30%"	**Andrea Horwath** @AndreaHorwath · 31 Mar 2017 .@ssbbqhouse today w/ owner Terrilea in #HamOnt talking abt her soaring hydro costs and how the #onpp plan will help her save up to 30% 4 6 7
A May 9, 2017 tweet by Andrea Horwath claims her plan would "lower hydro bills by 30%".	**Andrea Horwath** @AndreaHorwath · 9 May 2017 Electricity shouldn't be a luxury – that's why I have a plan to bring hydro back under public control & lower hydro bills by 30%. #onpoli
An October 19, 2017 tweet by the Ontario NDP claims the Ontario NDP's plan will "cut bills 30%".	**Ontario NDP** @OntarioNDP · 19 Oct 2017 Conservatives say they'll keep Wynne's bad hydro plan. Only the #ONDP have a plan to return hydro to the public & cut bills 30%. #onpoli **Lib Tory same old privatization story** The Conservatives say they plan to keep Kathleen Wynne's disastrous hydro plan in place. Andrea Horwath and the Ontario NDP have a plan to return hydro to the public and reduce hydro bill by 30%. 10 55 48

Appendix "B" – How the Board Achieved a 25% Reduction

The Board implemented the following measures to reduce invoiced amounts to residential consumers by 25%:

- A portion of the fixed costs of running Ontario's power generation fleet and conservation programs were refinanced over a longer term. This accounted for a 15% reduction to the Electricity line on hydro bills. To achieve the reductions for consumers, the Board lowered the time-of-use prices per kilowatt hour (kWh) effective July 1, 2017.

- The Board shifted the costs associated with social support programs such as the Ontario Electricity Support Program and the Rural or Remote Protection Program from rate payers to the general revenue fund, resulting in a 2% reduction.

- The Government issued an 8% rebate for the provincial portion of the HST.

The Board determined that the rates effective July 1, 2017 under the Program resulted in a typical monthly bill of $121, which is 25% lower than the $162 bill the consumer would have received absent the Program.

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w/o the benefit of the complaint.

January 17, 2018

Joshua A. Krane
Partner
Dir: 416-863-4187
joshua.krane@blakes.com

VIA E-MAIL
CONFIDENTIAL

Reference: 14229/1

Mr. Rafe Engle
R.S. Engle P.C.
26 Sussex Avenue
Toronto, ON M5S 1J7

PRIVILEGED AND CONFIDENTIAL – DRAFT

Dear Rafe:

Twitter Matter

Further to your email of January 4, 2018, we are writing to respond to the issues you raised concerning a complaint received by Ad Standards on December 28, 2017 with respect to a tweet from Premier Kathleen Wynne highlighting the government's policy decision to reduce electricity bills by 25%.

don't like

My client's position is that your email represents a significant departure from Ad Standards' previous statement regarding the 25% Reduction Claim. In any event, the Claim is regarding a provincial government policy and, therefore, excluded from the application of the Code. Further, the suggestion in your email that the Ministry breached its commitment to Ad Standards is very concerning to my client and it strongly opposes this view.

→ not paid ad

It is our view that the Premier's tweet is not reviewable under the Code. The tweet is a political message by the Premier about a government policy. Please see examples in Appendix "**A**" below of comparable messages from other political leaders concerning the same area of government policy.

Moreover, and as set out in our October 31, 2017 letter, the 25% Reduction Claim requires no additional explanation or clarification. The letter explained how the Ontario Energy Board, pursuant to Ontario Regulation 195/17, ensured that a typical consumer's electricity invoice was 25% lower than the invoice that consumer would have received absent the adjustment under the Fair Hydro Plan. The memo of November 13, 2017 acknowledged that Ad Standards had no further issues with this claim provided its understanding of how the program worked was correct. It was.

The Premier's tweet was not part of the advertising campaign in issue. The complainant acknowledges this. It remains the case that the Ministry has not revised the same advertising campaign.

We elaborate on these points in the remainder of this letter.

1. *The Premier's Tweet is not "Political Advertising"*

This point seems to muddy the otherwise clear point that organic social is not paid adva

Ad Standards has made it clear that "it is not intended that the Code govern or restrict the free expression of public opinion or ideas through 'political advertising' or 'election advertising', which are excluded from the application of this Code."[1] While the Code could have excluded political expression from the definition of "advertising", it instead adopted a very broad definition of advertising but carved out political expression/advertising as an express exclusion. Under the Code, "political advertising" is defined as "'advertising' appearing at any time regarding a political figure, a political party, a government or political policy or issue publicly recognized to exist in Canada or elsewhere, or an electoral candidate."[2] This is in contrast to advertising intended to promote a business interest, which is the main focus of the Code.[3]

The measures taken to reduce Ontarians' electricity bills by 25% on average under the Fair Hydro Plan is government policy. On March 2, 2017, the Office of the Premier released a news release indicating that the government would take measures to lower electricity bills by 25% on average for all residential customers.[4] On May 11, 2017, the Minister of Energy introduced the *Fair Hydro Act, 2017* to direct the Ontario Energy Board to implement the reduction (see Appendix "**B**").[5] On May 31, 2017, the Legislature passed the *Fair Hydro Act, 2017*.[6] On June 22, 2017, the Ontario Energy Board announced how bills would be reduced by an average of 25% as of July 1, 2017.[7] The Premier has reiterated in the

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[1] See "Exclusions", online: http://www.adstandards.com/en/Standards/canCodeOfAdStandards.aspx#codeProvisions.

[2] Emphasis added.

[3] See *Competition Act*, R.S.C. 1985, c. C-34, s. 74.01(1).

[4] See Ontario, Office of the Premier, "Ontario Cutting Electricity Bills by 25 Per Cent" (March 2, 2017), online: https://news.ontario.ca/opo/en/2017/03/ontario-cutting-electricity-bills-by-25-per-cent.html:

> Ontario is lowering electricity bills by 25 per cent on average for all residential customers as part of a significant system restructuring that will address long-standing policy challenges and ensure greater fairness.
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> Starting this summer, Ontario's Fair Hydro Plan would provide households with this 25 per cent break.

[5] See Ontario, Ministry of Energy, "Ontario Cutting Electricity Bulls by 25 Per Cent" (May 11, 2017), online: https://news.ontario.ca/mei/en/2017/05/ontario-cutting-electricity-bills-by-25-per-cent.html.

[6] See Ontario, Ministry of Energy, "Ontario Passes Legislation to Lower Electricity Bills by 25 Per Cent" (May 31, 2017), online: https://news.ontario.ca/mei/en/2017/05/ontario-passes-legislation-to-lower-electricity-bills-by-25-per-cent.html: "Ontario passed legislation today that will lower electricity bills by 25 per cent on average for all residential customers to provide significant rate relief and ensure greater fairness."

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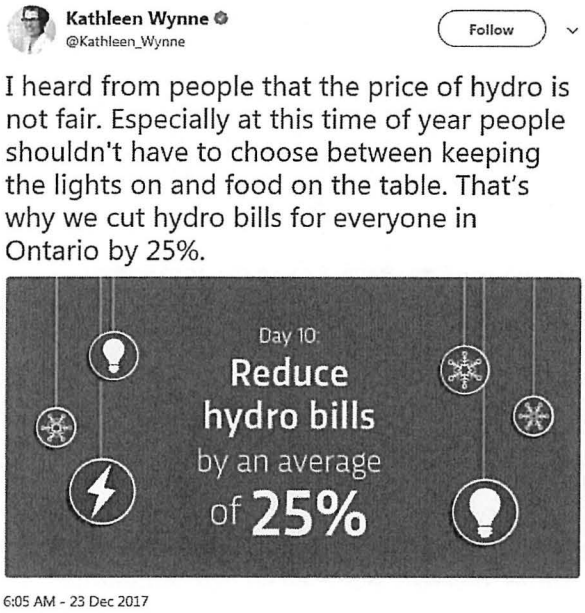
> For residential and small business customers that buy their electricity from their utility, the OEB has set new lower Regulated Price Plan (RPP) electricity prices that build on the reduction in RPP prices that came into effect on May 1. With the new RPP prices that will start to apply on

Legislature how the Fair Hydro Plan has resulted in an average 25% cut to residential ratepayers' invoices.[8]

The Premier's tweet, which is reproduced below, falls squarely within Ad Standards' definition of political advertising as it is clearly advertising regarding government policy.

Figure 1 – Tweet of Premier Kathleen Wynne (December 23, 2017, 6:05 am)

I don't agree. It's not advertising at all.



The policy being expressed in this communication is the reduction in electricity bills by 25%. This is a policy being promoted to the electorate by the Premier.

It would be inconsistent with the Code for Ad Standards or a Standards Council to treat communications from the Premier expressing a policy choice as reviewable. The Code includes an express exclusion for advertising regarding government policy. It is not intended for a Standards Council to review communications between elected representatives and their constituents on matters of public policy, as is plain in the text of the Code. Ad Standards' mandate is to protect consumers not voters. It is up to the voters of Ontario to assess the policy statements made by political leaders and candidates.

]?

July 1, the total bill for the proxy customer described under the Fair Hydro Act, 2017 will be about $121. That is about $41 or 25% lower than it would have been without the following mitigation:

[8] Ontario, Legislative Assembly, Official Report of Debates (Hansard), 41st Parl, 2nd Sess, No 106 (18, October 2017) at 5709 (Hon. Kathleen O. Wynne).

2. *The 25% Reduction Claim is Accurate*

It is our view that the Code does not apply to this tweet. In any event, the claim in the tweet is accurate for the reasons set out in our October 31, 2017 letter. That letter described the 25% Reduction Claim as follows: "Household electricity bills will be an average of 25% less". There was no reference in that letter to qualifying language being part of this claim. We see no reason why this language should have to be included now.

The memo to me of November 13, 2017 acknowledged that Ad Standards had no further issues with the 25% Reduction Claim provided its understanding below was correct – which it is:

> Ad Standards does not, at this time, take issue with the "25% reduction" claim made in the advertising which, Ad Standards understands, is this: electricity bills to hydro's customers will be lowered, on average, by 25% effective now; and, for the next four years, any increases to these reduced rates will not exceed the annual rate of inflation. On that basis, Ad Standards would not ask Council to adjudicate on the merits of the complaints about "issue one".

The memorandum did not indicate that the claim was acceptable, *so long as* it included qualifying language.

~~While the government disagrees that any qualification or explanation is required when communicating the 25% Reduction Claim~~, consumers are routinely getting this information from their LDCs as required by regulation. Indeed, every residential electricity consumer in Ontario must receive a bill insert at least once a quarter that expressly states that a) "electricity bills will be lowered by 25 per cent on average for residential consumers", b) "rate increases will be held to inflation for four years", c) "the benefit will vary for individual consumers depending on electricity usage and service territory and these measures include the eight per cent rebate introduced in January 2017 and build on previous initiatives to deliver broad-based relief on all electricity bills", and d) "to find out more, visit ontario.ca/FairHydroPlan".

3. The Ministry did not breach its commitment to Ad Standards

The Ministry has not breached its commitment to Ad Standards. The advertising in question, namely the radio advertising referenced in the three complaints, was discontinued. The Premier's tweet was not part of the advertising campaign in issue and does not apply to the scope of the response by the Ministry. Further, the complainant acknowledges this in its Complaint. It remains the case that the Ministry has not revised the same advertising campaign.

* * * * *

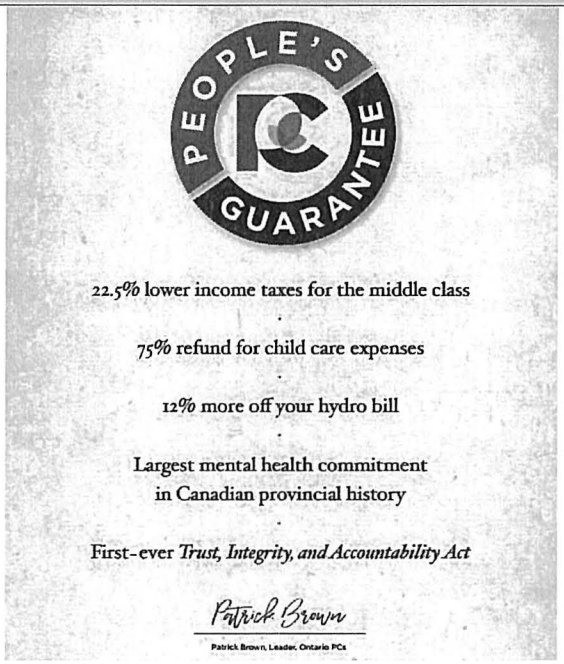
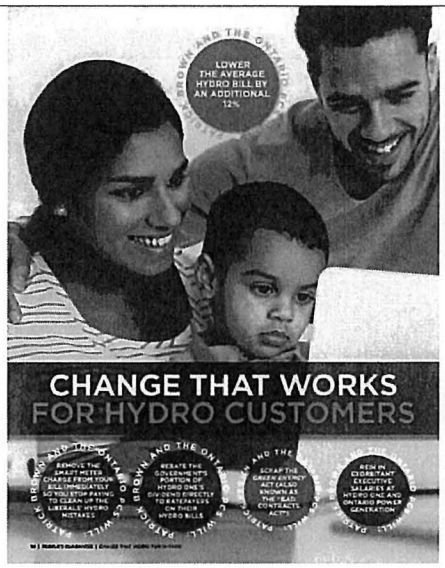
Yours very truly,

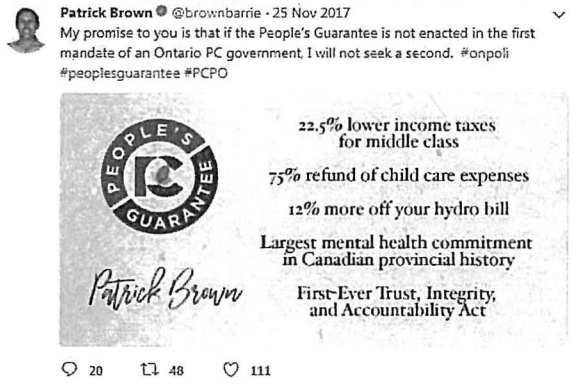
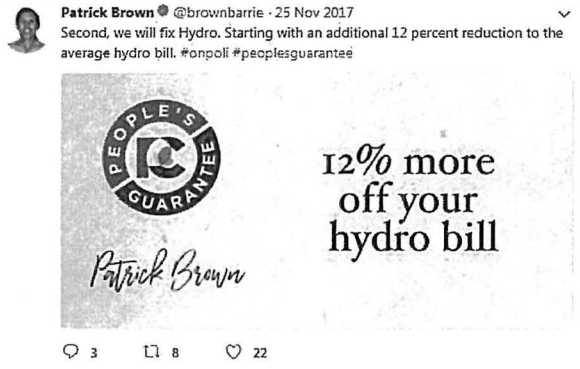
Joshua A. Krane

c. Maud Murray and Alena Thouin, *Legal Services Branch*

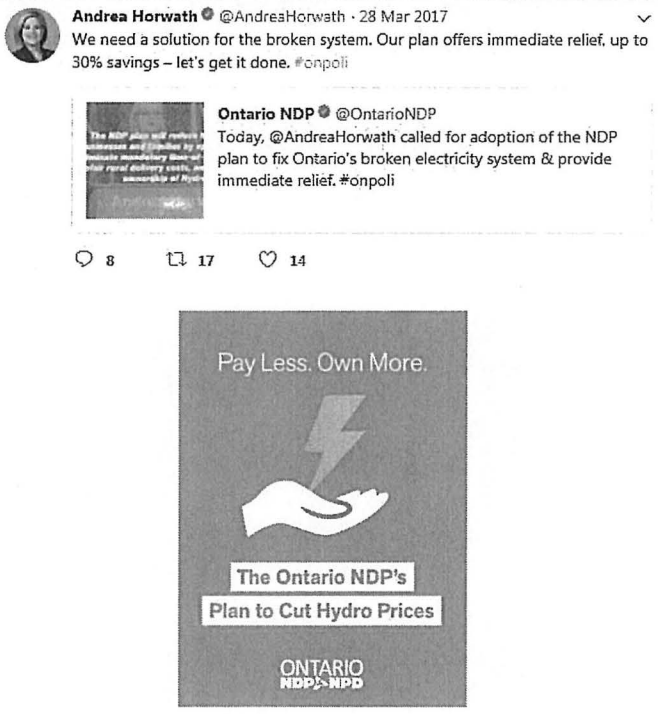
APPENDIX "A" – Other Political Commitments and Claims in Regards to Hydro Bill Savings

The Progressive Conservative Party's platform and campaign materials include claims that are similar to the 25% reduction claim (without qualification).

Claim	Representation
The Ontario PC platform for the 2018 election (People's Guarantee) includes specific commitments in relation to the costs of hydro paid by consumers, including committing to "12% more off your hydro bill". The only qualification re timing is that it will occur in the first mandate of a PC government. A long form description of the Ontario PC's various commitments related to hydro are set out at pp. 36-39 of the platform with a footnote explaining the 12% reduction: *30: Note that the rebate is approximately 11.7% and rounded to 12%. The total is also using the average monthly bill of $123 for 2018, which can be found in the 2017 long-term energy plan (page 28) – Government of Ontario, "Ontario's Long-Term Energy Plan 2017: Delivering Fairness and Choice"*	
The Ontario PC website includes the same content as pages 10-11 of the platform with no further detail or links to additional information.	

Claim	Representation
A November 25, 2017 tweet from Patrick Brown referenced the "12% more off" claim without qualification or any link to further detail.	
A November 25, 2017 tweet from Patrick Brown referencing the "12% more off" claim without qualification. A series of tweets was made on November 29, 2017 using the same message, including one that used the same image with the unqualified "12% more off" commitment.	
On November 29, 2017, Patrick Brown made additional statements on the hydro bill reduction commitment. This included a video posted on twitter which contains no qualifications with respect to the timeframe of the commitment. In the video, Brown states the platform commitment to "lower the average hydro bill by an additional 12% that means the average family will save $173 a year off their hydro bill".	

The Ontario New Democratic Party has also made commitments in regards to savings on hydro bills. Below are excerpts of some of those communications that outline their plan which includes "up to 30% savings" on hydro.

Claim	Representation
The Ontario NDP released a policy plan on March 28, 2017 that included the claim of "up to 30% savings" on hydro. In the 14 page plan, there are a number of different references to savings including: "bring down hydro bills by 20 to 30 percent" "Reducing bills by as much as 30 percent is an ambitious but realistic goal" "These initial steps will create savings reaching as much as 17 per cent16 for residential customers. Rural customers could see savings reaching 32 per cent" More detail on this final point is provided in a footnote: *16 Minimum of a permanent 8% HST reduction, and potentially also including 5% federal HST reduction, a 3.2% reduction from Hydro One's deferred asset tax benefit, and a conservative estimate of 0.8% savings through capping private profits, a more robust OEB and minimal TOU savings (17%). Customers paying rural delivery rates would see an additional 15% from lowered delivery rates.*	
The Ontario NDP website on hydro claims the plan "will cut your bill by about 30%". Video on this website includes claim by Andrea Horwath that, "My plan is ambitious and will drop hydro bills for all Ontarians, for some by as much as 30%."	

Claim	Representation
A March 31, 2017 tweet by Andrea Horwath claims customers would "save up to 30%"	**Andrea Horwath** @AndreaHorwath · 31 Mar 2017 .@lissbbqhouse today w/ owner Terrilea in #HamOnt talking abt her soaring hydro costs and how the #ondp plan will help her save up to 30% 4 6 7
A May 9, 2017 tweet by Andrea Horwath claims her plan would "lower hydro bills by 30%".	**Andrea Horwath** @AndreaHorwath · 9 May 2017 Electricity shouldn't be a luxury – that's why I have a plan to bring hydro back under public control & lower hydro bills by 30%. #onpoli
An October 19, 2017 tweet by the Ontario NDP claims the Ontario NDP's plan will "cut bills 30%".	**Ontario NDP** @OntarioNDP · 19 Oct 2017 Conservatives say they'll keep Wynne's bad hydro plan. Only the #ONDP have a plan to return hydro to the public & cut bills 30%. #onpoli **Lib Tory same old privatization story** The Conservatives say they plan to keep Kathleen Wynne's disastrous hydro plan in place. Andrea Horwath and the Ontario NDP have a plan to return hydro to the public and reduce hydro bill by 30%. 10 55 48

Appendix "B" – How the Board Achieved a 25% Reduction

The Board implemented the following measures to reduce invoiced amounts to residential consumers by 25%:

- A portion of the fixed costs of running Ontario's power generation fleet and conservation programs were refinanced over a longer term. This accounted for a 15% reduction to the Electricity line on hydro bills. To achieve the reductions for consumers, the Board lowered the time-of-use prices per kilowatt hour (kWh) effective July 1, 2017.

- The Board shifted the costs associated with social support programs such as the Ontario Electricity Support Program and the Rural or Remote Protection Program from rate payers to the general revenue fund, resulting in a 2% reduction.

- The Government issued an 8% rebate for the provincial portion of the HST.

The Board determined that the rates effective July 1, 2017 under the Program resulted in a typical monthly bill of $121, which is 25% lower than the $162 bill the consumer would have received absent the Program.

Blakes

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Reference: 14229/1

January 17, 2018

VIA E-MAIL
CONFIDENTIAL

Mr. Rafe Engle
R.S. Engle P.C.
26 Sussex Avenue
Toronto, ON M5S 1J7

PRIVILEGED AND CONFIDENTIAL – DRAFT

Dear Rafe:

Twitter Matter

Further to your email of January 4, 2018, we are writing to respond to the issues you raised concerning a complaint received by Ad Standards on December 28, 2017 with respect to a tweet from Premier Kathleen Wynne highlighting the government's policy decision to reduce electricity bills by 25%.

My client's position is that your email represents a significant departure from Ad Standards' previous statement regarding the 25% Reduction Claim. In any event, the Claim is regarding a provincial government policy and, therefore, excluded from the application of the Code. Further, the suggestion in your email that the Ministry breached its commitment to Ad Standards is very concerning to my client and it strongly opposes this view.

It is our view that the Premier's tweet is not reviewable under the Code. The tweet is a political message by the Premier about a government policy. Please see examples in Appendix "**A**" below of comparable messages from other political leaders concerning the same area of government policy.

Moreover, and as set out in our October 31, 2017 letter, the 25% Reduction Claim requires no additional explanation or clarification. The letter explained how the Ontario Energy Board, pursuant to Ontario Regulation 195/17, ensured that a typical consumer's electricity invoice was 25% lower than the invoice that consumer would have received absent the adjustment under the Fair Hydro Plan. The memo of November 13, 2017 acknowledged that Ad Standards had no further issues with this claim provided its understanding of how the program worked was correct. It was.

The Premier's tweet was not part of the advertising campaign in issue. The complainant acknowledges this. It remains the case that the Ministry has not revised the same advertising campaign.

We elaborate on these points in the remainder of this letter.

1. *The Premier's Tweet is "Political Advertising"*

Ad Standards has made it clear that "it is not intended that the Code govern or restrict the free expression of public opinion or ideas through 'political advertising' or 'election advertising', which are excluded from the application of this Code."[1] While the Code could have excluded political expression from the definition of "advertising", it instead adopted a very broad definition of advertising but carved out political expression/advertising as an express exclusion. Under the Code, "political advertising" is defined as "'advertising' appearing at any time regarding a political figure, a political party, a government or political policy or issue publicly recognized to exist in Canada or elsewhere, or an electoral candidate."[2] This is in contrast to advertising intended to promote a business interest, which is the main focus of the Code.[3]

The measures taken to reduce Ontarians' electricity bills by 25% on average under the Fair Hydro Plan is government policy. On March 2, 2017, the Office of the Premier released a news release indicating that the government would take measures to lower electricity bills by 25% on average for all residential customers.[4] On May 11, 2017, the Minister of Energy introduced the *Fair Hydro Act, 2017* to direct the Ontario Energy Board to implement the reduction (see Appendix "**B**").[5] On May 31, 2017, the Legislature passed the *Fair Hydro Act, 2017*.[6] On June 22, 2017, the Ontario Energy Board announced how bills would be reduced by an average of 25% as of July 1, 2017.[7] The Premier has reiterated in the

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> Ontario is lowering electricity bills by 25 per cent on average for all residential customers as part of a significant system restructuring that will address long-standing policy challenges and ensure greater fairness.
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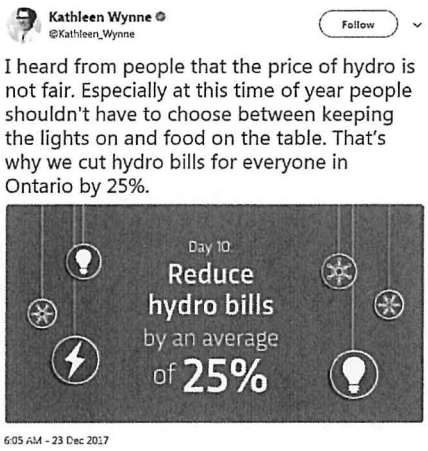
> For residential and small business customers that buy their electricity from their utility, the OEB has set new lower Regulated Price Plan (RPP) electricity prices that build on the reduction in RPP prices that came into effect on May 1. With the new RPP prices that will start to apply on

Legislature how the Fair Hydro Plan has resulted in an average 25% cut to residential ratepayers' invoices.[8]

The Premier's tweet, which is reproduced below, falls squarely within Ad Standards' definition of political advertising as it is clearly advertising regarding government policy.

Figure 1 – Tweet of Premier Kathleen Wynne (December 23, 2017, 6:05 am)



The policy being expressed in this communication is the reduction in electricity bills by 25%. This is a policy being promoted to the electorate by the Premier.

It would be inconsistent with the Code for Ad Standards or a Standards Council to treat communications from the Premier expressing a policy choice as reviewable. The Code includes an express exclusion for advertising regarding government policy. It is not intended for a Standards Council to review communications between elected representatives and their constituents on matters of public policy, as is plain in the text of the Code. Ad Standards' mandate is to protect consumers not voters. It is up to the voters of Ontario to assess the policy statements made by political leaders and candidates.

Commented [KJ1]: In response to MAG Comments #5-6, we removed the reference to the *Laurentide* case; however, we suggest bolstering this argument with some law on the distinction between "policy" and "operational" matters.

The point here is that reviews of policy matters happen in the electoral process, whereas operational matters can be the subject of adjudication.

We suggest contrasting the making of broad statements about a government plan with how that plan is implemented (including in advertising).

July 1, the total bill for the proxy customer described under the Fair Hydro Act, 2017 will be about $121. That is about $41 or 25% lower than it would have been without the following mitigation:

[8] Ontario, Legislative Assembly, Official Report of Debates (Hansard), 41st Parl, 2nd Sess, No 106 (18, October 2017) at 5709 (Hon. Kathleen O. Wynne).

2. ***The 25% Reduction Claim is Accurate***

It is our view that the Code does not apply to this tweet. In any event, the claim in the tweet is accurate for the reasons set out in our October 31, 2017 letter. That letter described the 25% Reduction Claim as follows: "Household electricity bills will be an average of 25% less". There was no reference in that letter to qualifying language being part of this claim. We see no reason why this language should have to be included now.

The memo to me of November 13, 2017 acknowledged that Ad Standards had no further issues with the 25% Reduction Claim provided its understanding below was correct – which it is:

> Ad Standards does not, at this time, take issue with the "25% reduction" claim made in the advertising which, Ad Standards understands, is this: electricity bills to hydro's customers will be lowered, on average, by 25% effective now; and, for the next four years, any increases to these reduced rates will not exceed the annual rate of inflation. On that basis, Ad Standards would not ask Council to adjudicate on the merits of the complaints about "issue one".

The memorandum did not indicate that the claim was acceptable, *so long as* it included qualifying language.

While the government disagrees that any qualification or explanation is required when communicating the 25% Reduction Claim, consumers are routinely getting this information from their LDCs as required by regulation. Indeed, every residential electricity consumer in Ontario must receive a bill insert at least once a quarter that expressly states that a) "electricity bills will be lowered by 25 per cent on average for residential consumers", b) "rate increases will be held to inflation for four years", c) "the benefit will vary for individual consumers depending on electricity usage and service territory and these measures include the eight per cent rebate introduced in January 2017 and build on previous initiatives to deliver broad-based relief on all electricity bills", and d) "to find out more, visit ontario.ca/FairHydroPlan".

Commented [KJ2]:

In response to Comment #2 in the email of January 14, 2018 and MAG Comment #8, we did not address the inclusion of the word "everyone" in the Premier's tweet. First, Ad Standards did not raise this issue. Second, the words "on average" appear in the more prominent graphic below.

Commented [KJ3]: In response to MAG Comment #9, we would suggest not deleting this paragraph since it reminds Ad Standards that consumers are provided all relevant information about the 25% reduction in their invoices and bill inserts.

Accordingly, electricity consumers regularly receive "qualifying" information from LDCs about the invoice reductions.

We are not aware of the constitutional vulnerability of the Regs that was mentioned in the comment. Additional context would be helpful.

3. The Ministry did not breach its commitment to Ad Standards

The Ministry has not breached its commitment to Ad Standards. The advertising in question, namely the radio advertising referenced in the three complaints, was discontinued. The Premier's tweet was not part of the advertising campaign in issue and does not apply to the scope of the response by the Ministry. Further, the complainant acknowledges this in its Complaint. It remains the case that the Ministry has not revised the same advertising campaign.

Commented [KJ4]: We initially proposed to indicate that the Premier's tweet was made independently of the Ministry or of the Government more generally. Since the Government is proposing to respond with one voice, we did not include this statement in the paragraph.

* * * * *

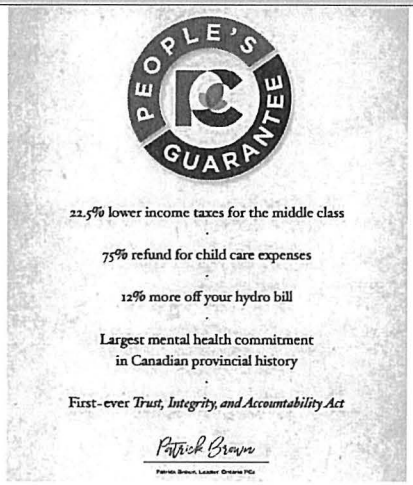
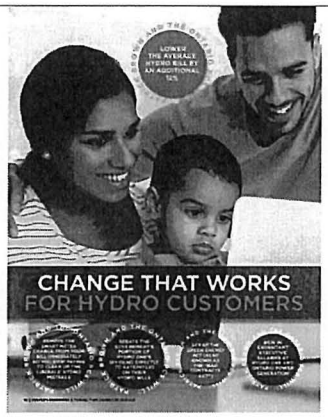
Yours very truly,

Joshua A. Krane

c. Maud Murray and Alena Thouin, *Legal Services Branch*

APPENDIX "A" – Other Political Commitments and Claims in Regards to Hydro Bill Savings

The Progressive Conservative Party's platform and campaign materials include claims that are similar to the 25% reduction claim (without qualification).

Claim	Representation
The Ontario PC platform for the 2018 election (People's Guarantee) includes specific commitments in relation to the costs of hydro paid by consumers, including committing to "12% more off your hydro bill". The only qualification re timing is that it will occur in the first mandate of a PC government. A long form description of the Ontario PC's various commitments related to hydro are set out at pp. 36-39 of the platform with a footnote explaining the 12% reduction: *30: Note that the rebate is approximately 11.7% and rounded to 12%. The total is also using the average monthly bill of $123 for 2018, which can be found in the 2017 long-term energy plan (page 28) – Government of Ontario, "Ontario's Long-Term Energy Plan 2017: Delivering Fairness and Choice"*	
The Ontario PC website includes the same content as pages 10-11 of the platform with no further detail or links to additional information.	

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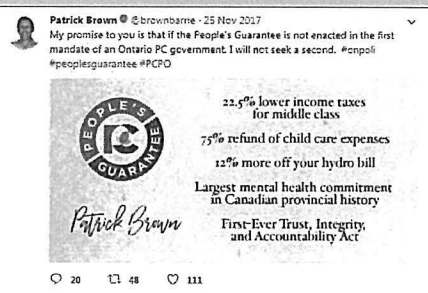
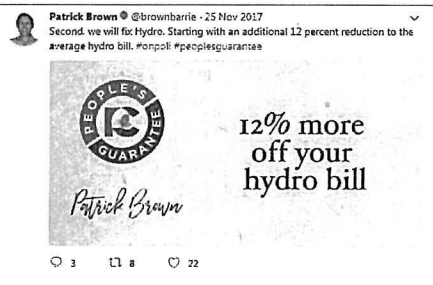
A November 25, 2017 tweet from Patrick Brown referenced the "12% more off" claim without qualification or any link to further detail.	
A November 25, 2017 tweet from Patrick Brown referencing the "12% more off" claim without qualification. A series of tweets was made on November 29, 2017 using the same message, including one that used the same image with the unqualified "12% more off" commitment.	
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The Ontario New Democratic Party has also made commitments in regards to savings on hydro bills. Below are excerpts of some of those communications that outline their plan which includes "up to 30% savings" on hydro.

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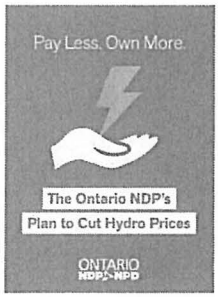
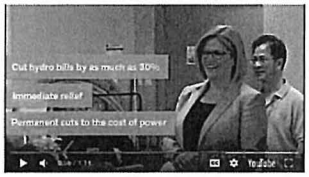
The Ontario NDP released a policy plan on March 28, 2017 that included the claim of "up to 30% savings" on hydro. In the 14 page plan, there are a number of different references to savings including: "bring down hydro bills by 20 to 30 percent" "Reducing bills by as much as 30 percent is an ambitious but realistic goal" "These initial steps will create savings reaching as much as 17 per cent16 for residential customers. Rural customers could see savings reaching 32 per cent" More detail on this final point is provided in a footnote: *16 Minimum of a permanent 8% HST reduction, and potentially also including 5% federal HST reduction, a 3.2% reduction from Hydro One's deferred asset tax benefit, and a conservative estimate of 0.8% savings through capping private profits, a more robust OEB and minimal TOU savings (17%). Customers paying rural delivery rates would see an additional 15% from lowered delivery rates.*	**Andrea Horwath** @AndreaHorwath · 28 Mar 2017 We need a solution for the broken system. Our plan offers immediate relief, up to 30% savings – let's get it done. #onpoli **Ontario NDP** @OntarioNDP Today, @AndreaHorwath called for adoption of the NDP plan to fix Ontario's broken electricity system & provide immediate relief. #onpoli 8 17 14 
The Ontario NDP website on hydro claims the plan "will cut your bill by about 30%". Video on this website includes claim by Andrea Horwath that, "My plan is ambitious and will drop hydro bills for all Ontarians, for some by as much as 30%."	OUR PLAN: PAY LESS. OWN MORE. 

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A March 31, 2017 tweet by Andrea Horwath claims customers would "save up to 30%"	**Andrea Horwath** @AndreaHorwath · 31 Mar 2017 .@[illegible] today w/ owner Terrilea in #HamOnt talking abt her soaring hydro costs and how the #ondp plan will help her save up to 30% 4 6 7
A May 9, 2017 tweet by Andrea Horwath claims her plan would "lower hydro bills by 30%".	**Andrea Horwath** @AndreaHorwath · 9 May 2017 Electricity shouldn't be a luxury – that's why I have a plan to bring hydro back under public control & lower hydro bills by 30%. #onpoli
An October 19, 2017 tweet by the Ontario NDP claims the Ontario NDP's plan will "cut bills 30%".	**Ontario NDP** @OntarioNDP · 19 Oct 2017 Conservatives say they'll keep Wynne's bad hydro plan. Only the #ONDP have a plan to return hydro to the public & cut bills 30%. #onpoli **Lib Tory same old privatization story** The Conservatives say they plan to keep Kathleen Wynne's disastrous hydro plan in place. Andrea Horwath and the Ontario NDP have a plan to return hydro to the public and reduce hydro bill by 30%. 10 55 48

Appendix "B" – How the Board Achieved a 25% Reduction

Commented [KJ5]: In response to MAG Comments #10-12, the language below was previously approved by MOE and included verbatim in the October 31, 2017 letter to Ad Standards.

Accordingly, we would not propose to alter the language since we received feedback from Ad Standards on the basis of this language.

The Board implemented the following measures to reduce invoiced amounts to residential consumers by 25%:

- A portion of the fixed costs of running Ontario's power generation fleet and conservation programs were refinanced over a longer term. This accounted for a 15% reduction to the Electricity line on hydro bills. To achieve the reductions for consumers, the Board lowered the time-of-use prices per kilowatt hour (kWh) effective July 1, 2017.

- The Board shifted the costs associated with social support programs such as the Ontario Electricity Support Program and the Rural or Remote Protection Program from rate payers to the general revenue fund, resulting in a 2% reduction.

- The Government issued an 8% rebate for the provincial portion of the HST.

The Board determined that the rates effective July 1, 2017 under the Program resulted in a typical monthly bill of $121, which is 25% lower than the $162 bill the consumer would have received absent the Program.