

## Implementation of Ontario's Fair Hydro Plan

Week of March 13, 2017

| Item                                                                                       | Key Deliverables / Considerations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Timing / Next Steps                                                                                                                                                                                                                                                                                                                                                                                                                                   |
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| <b>1) Refinancing the Global Adjustment (ESP/IGS)</b>                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <ul style="list-style-type: none"> <li>ENERGY, LSB, IESO, OPG, OEB, TBS and MOF</li> </ul> | <ul style="list-style-type: none"> <li>Legislation: <ul style="list-style-type: none"> <li>Defining mitigation and recovery mechanism; and</li> <li>Establishing roles for IESO, OPG and OEB</li> </ul> </li> <li>Regulation (amend O.Reg.429/04)</li> <li>Shareholder Declaration and Resolution</li> <li>Third Party Technical Report re Long Lived Assets (TBD)</li> <li>Accounting opinions from E&amp;Y (OPG) and KPMG (IESO)</li> <li>Financing: <ul style="list-style-type: none"> <li>IESO line of credit to bridge from May-July;</li> <li>OEFC to OPG equity injection structure; and</li> <li>OPG trust rating agency review and 3<sup>rd</sup> party lender market sounding (e.g., cost/term, etc)</li> </ul> </li> </ul> <p><u>Considerations</u></p> <ul style="list-style-type: none"> <li>GA refinancing legislation could also include legislative changes to enable broadening of RRRP, expanding of OESP and establishing of FN delivery credit.</li> <li>Ongoing legal, accounting and financing risk assessments.</li> <li>Impact on Electricity Sector Dedicated Income.</li> <li>OEB-RPP Filing in May 2017. OEB may also be required to set new GA rate for RPP-eligible consumers.</li> </ul> | <ul style="list-style-type: none"> <li>Report back to TBC/MBC by spring 2017, prior to going to LRC with any legislation, on the approach to refinance GA (per TBC/MBC Minute)</li> <li>Report to TBC/MBC, LRC and Cabinet in spring 2017 (per Cabinet Minute)</li> <li>Provide comfort level to allow OEB to include in May 2017 RPP</li> <li>Summer 2017 implementation (June/July). OPG preference for July 1 to align with quarter-end</li> </ul> |
| <b>2) Broadening Rural or Remote Rate Protection (RRRP) (SNAP)</b>                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <ul style="list-style-type: none"> <li>ENERGY, LSB and LDCs</li> </ul>                     | <ul style="list-style-type: none"> <li>Legislation</li> <li>Regulation (TBD)</li> </ul> <p><u>Considerations</u></p> <ul style="list-style-type: none"> <li>Consideration of revising definitions of RRRP program for broadening to other LDCs and continue to have current structure</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <ul style="list-style-type: none"> <li>LDC working group kick-off March 14, 2017</li> <li>Report back to TB/MBC by Spring 2017</li> </ul>                                                                                                                                                                                                                                                                                                             |

| Item                                                                        | Key Deliverables / Considerations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Timing / Next Steps                                                                                                                                                                                                                                                           |
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|                                                                             | <p>in place to provide to existing consumers in Algoma and Remotes. May require separation of RRRP and broader distribution rate protection into separate programs.</p> <ul style="list-style-type: none"> <li>Technical/governance structures needed to flow taxpayer money to programs. Need to work with IESO/OEB/MOF.</li> <li>Work with LDCs to consider any bill messaging.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                             | <ul style="list-style-type: none"> <li>Fall 2017 implementation (per Cabinet Minute)</li> </ul>                                                                                                                                                                               |
| <b>3) Expanding Ontario Electricity Support Program (OESP) (SNAP)</b>       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                               |
| <ul style="list-style-type: none"> <li>ENERGY, LSB, MCSS and OEB</li> </ul> | <ul style="list-style-type: none"> <li>Legislation</li> <li>Regulation</li> </ul> <p><u>Considerations</u></p> <ul style="list-style-type: none"> <li>OEB has been engaged on implementation timelines for 50% + new eligibility – Potentially early Spring.</li> <li>Ongoing work with MCSS to auto-enroll those receiving / applying to social programs. Work plan for implementation being developed with OEB support.</li> <li>As part of legislation / regulatory amendment work, investigating steps required to use OESP variance (approx. \$100M) to reduce current OESP charge to zero and continue funding existing program until tax changes in place. Currently engaging OEB.</li> <li>Technical/governance structures needed to flow taxpayer money to programs. Need to work with IESO/OEB/MOF.</li> </ul> | <ul style="list-style-type: none"> <li>Report back to TB/MBC by Spring 2017</li> <li>Program in place in 2017 (per Cabinet Minute)</li> </ul>                                                                                                                                 |
| <b>4) Providing a First Nations On-Reserve Delivery Credit (SNAP)</b>       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                               |
| <ul style="list-style-type: none"> <li>ENERGY and LSB</li> </ul>            | <ul style="list-style-type: none"> <li>Legislation</li> <li>Regulation (TBD)</li> </ul> <p><u>Considerations</u></p> <ul style="list-style-type: none"> <li>Work with LDCs on implementation details that need to be captured in legislation.</li> <li>Legislation required to have program funded by taxpayers.</li> <li>Technical/governance structures needed to flow taxpayer money to programs. Need to work with IESO/OEB/MOF.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                          | <ul style="list-style-type: none"> <li>Report back to TB/MBC by Spring 2017 with final program details, including performance management framework, and clarifying how the programs aligns with the significant OEB estimate of program costs, from \$13M to \$20M</li> </ul> |

| Item                                                                                | Key Deliverables / Considerations                                                                                                                                                                                                                                                                                                     | Timing / Next Steps                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
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|                                                                                     | <ul style="list-style-type: none"> <li>Work with LDCs to consider any bill messaging.</li> </ul>                                                                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>Program in place in 2017 (per Cabinet Minute)</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>5) Establishing an Affordability Fund (CRED)</b>                                 |                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <ul style="list-style-type: none"> <li>ENERGY, IGS, LSB, TBS, MOF and H1</li> </ul> | <ul style="list-style-type: none"> <li>TBC/MBC Submission</li> <li>Trust Structure</li> <li>Transfer Payment Agreement (multi-party)</li> </ul> <p><u>Considerations</u></p> <ul style="list-style-type: none"> <li>Legislative changes not required.</li> <li>Funding needs to flow to the Trust prior to March 31, 2017.</li> </ul> | <ul style="list-style-type: none"> <li>Ongoing engagement with Hydro One, LSB, OPCD, CSD on development of Transfer Payment Agreement (TPA) and Trust Declaration (including sharing of drafts for comment )</li> <li>Hydro One to finalize establishment of Trust by March 17, 2017</li> </ul> <p><b>Week of March 20, 2017:</b></p> <ul style="list-style-type: none"> <li>Execute TPA between the Ministry and the Trust by March 22<sup>nd</sup></li> <li>Initiate process to flow funds to the Trust; to be completed before March 31<sup>st</sup></li> </ul> <p><b>April to May 2017:</b></p> <ul style="list-style-type: none"> <li>Additional trustees to be appointment; Trust develops further details, e.g. customer eligibility criteria and processes for LDCs to apply for funds; to be developed in consultation with LDCs</li> </ul> <p><b>June 2017:</b></p> <ul style="list-style-type: none"> <li>Report back to TB/MBC with</li> </ul> |

| Item                                                                                    | Key Deliverables / Considerations                                                                                                                                                                                                                                                                                                                                                                                                            | Timing / Next Steps                                                                                                                                                                                                                                            |
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|                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                              | <p>final program details and a performance management framework including outcome measures and targets</p> <p><b>Summer 2017:</b></p> <ul style="list-style-type: none"> <li>LDCs begin to apply to the Trust for funds</li> </ul>                             |
| <b>6) Expanding ICI (ESP)</b>                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                |
| <ul style="list-style-type: none"> <li>ENERGY, LSB, IESO and LDCs</li> </ul>            | <ul style="list-style-type: none"> <li>Regulation (amend O.Reg.429/04)</li> <li>Regulatory Registry (RR) posting</li> </ul> <p><u>Considerations</u></p> <ul style="list-style-type: none"> <li>Amendments need to be in effect as much in advance of the consumer notification date to impact electricity bills this year (May 15, 2017).</li> <li>Working with the Ontario Chamber of Commerce on a targeted outreach campaign.</li> </ul> | <ul style="list-style-type: none"> <li>RR posting on the proposed amendment – posted March 9, 2017 for 30 days</li> <li>Report back to TBC/MBC by spring 2017 (per TBC/MBC Minute)</li> <li>LRC on March 11, 2016</li> <li>Effective May 2017 (TBD)</li> </ul> |
| <b>7) Energy Sector Efficiencies (i.e., Ontario Energy Board and IESO) (SNAP / ESP)</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                |
| <ul style="list-style-type: none"> <li>ENERGY, LSB, OEB and IESO</li> </ul>             | <p><b>OEB:</b></p> <ul style="list-style-type: none"> <li>Directive / Letter (TBD)</li> </ul> <p><u>Considerations</u></p> <ul style="list-style-type: none"> <li>Signal efficiencies intent in OEB business plan letter</li> <li>Work with OEB/LDCs on LTEP document and proposed directive to OEB</li> </ul> <p><b>IESO:</b></p> <ul style="list-style-type: none"> <li>Directive / Letter (TBD)</li> </ul>                                | <ul style="list-style-type: none"> <li>Continue this work as part of LTEP</li> </ul>                                                                                                                                                                           |

| Item                                                                                                 | Key Deliverables / Considerations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Timing / Next Steps                                                                                                        |
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|                                                                                                      | <u>Considerations</u> <ul style="list-style-type: none"> <li>• Opportunity to highlight Market Renewal in the next LTEP.</li> <li>• IESO's stakeholder engagements on Market Renewal is ongoing.</li> <li>• Moving away from a two schedule system could impact consumer prices depending on implementation.</li> <li>• Most of the savings accrue from the move to a capacity auction. These savings do not materialize until the province has capacity requirements.</li> </ul>                                                                                                                                                           |                                                                                                                            |
| <b>8) Additional Initiatives for Small Business and Industrials (i.e., Class B) (ESP)</b>            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                            |
| <ul style="list-style-type: none"> <li>• ENERGY, MEDG, MOF, MOECC, MOL and Small Business</li> </ul> | <ul style="list-style-type: none"> <li>• Identify additional opportunities to assist Class B electricity consumers and small and medium sized manufacturers'</li> </ul> <u>Considerations</u> <ul style="list-style-type: none"> <li>• TBD</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                       | <ul style="list-style-type: none"> <li>• Report back to TBC/MBC and Cabinet in spring 2017 (per Cabinet Minute)</li> </ul> |
| <b>9) Initiatives for Tenants (SNAP)</b>                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                            |
| <ul style="list-style-type: none"> <li>• ENERGY and MOH</li> </ul>                                   | <ul style="list-style-type: none"> <li>• Explore ways to provide direct assistance to tenants that are not sub-metered and do not directly benefit under the existing and proposed rate mitigation programs</li> </ul> <u>Considerations</u> <ul style="list-style-type: none"> <li>• MHO leading any legislative/regulatory changes needed to have tenants benefit from program. Consider whether benefits are limited to 8% and GA (rather than OESP which is harder to provide to tenants who do not pay their bills).</li> <li>• ENERGY working with MCSS to streamline/automate enrollment for ODSP/OW consumers into OESP.</li> </ul> | <ul style="list-style-type: none"> <li>• Report back to TBC/MBC and Cabinet in spring 2017 (Per Cabinet Minute)</li> </ul> |
| <b>10) Stakeholder/Agency Outreach (Communications)</b>                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                            |
| <ul style="list-style-type: none"> <li>• ENERGY</li> </ul>                                           | <ul style="list-style-type: none"> <li>• Minister's letters to: <ul style="list-style-type: none"> <li>○ Ratepayers;</li> <li>○ LDCs;</li> <li>○ Business (e.g., OCC, CME, Concerned Manufactures, etc); and</li> </ul> </li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                         | <ul style="list-style-type: none"> <li>• Early-mid March</li> </ul>                                                        |

| Item                                                                                                        | Key Deliverables / Considerations                                                                           | Timing / Next Steps                                                                                                                                            |
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|                                                                                                             | <ul style="list-style-type: none"> <li>○ Agencies (i.e., IESO, OPG, OEB and H1)</li> </ul>                  |                                                                                                                                                                |
| <b>11) Engagement with Officers of the Legislature</b>                                                      |                                                                                                             |                                                                                                                                                                |
| <ul style="list-style-type: none"> <li>• ENERGY, MOF/OFA, Financial Accountability Officer (FAO)</li> </ul> | <ul style="list-style-type: none"> <li>• Provide FAO staff with a technical briefing on the OFHP</li> </ul> | <ul style="list-style-type: none"> <li>• March 9, 2017: Preliminary discussion.</li> <li>• Awaiting formal letter requesting additional information</li> </ul> |
| <ul style="list-style-type: none"> <li>• ENERGY, MOF/OFA, Auditor General (AG)</li> </ul>                   | <ul style="list-style-type: none"> <li>• Provide the AG with a technical briefing on the OFHP</li> </ul>    | <ul style="list-style-type: none"> <li>• Preliminary discussion in April 2017 (TBD)</li> </ul>                                                                 |