

Implementation of Ontario's Fair Hydro Plan

Week of April 10, 2017

Item	Key Deliverables / Considerations	Timing / Next Steps
1) Refinancing the Global Adjustment (ESP/IGS)		
ENERGY, LSB, IESO, OPG, OEB, TBS and MOF	- Legislation - Defining mitigation and recovery mechanism - Establishing roles for IESO, OPG and OEB - Regulation (amend O.Reg. 95/05) - Shareholder Resolution (work with OPG to determine form) - Accounting opinions from E&Y (OPG) and KPMG (IESO) - Financing: - How long will IESO hold short term liability (weeks/months); - When and how frequently will OPG purchase the asset from IESO; - OPG trust rating agency review and 3rd party lender market sounding (e.g., cost/term, etc); - OPG to confirm if it is considering more than one SPV/subsidiary; - OPG to explore tax considerations; - OPG to indicate how it would determine interest rate on sub-debt; and - OPG to provide amount/frequency of equity required and indicate trigger - Third Party Technical Report (e.g., long lived assets, associated assessment of social, health and environmental benefits) <u>Recent Action Items</u> OPG: - OPG to continue to work with lead banks / rating agencies / OFA on financing issues - OPG to confirm accounting if OFA were to act as lead order on borrowing - OPG to determine who will finance / hold the asset until it goes to	- IESO Board meeting on April 12, 2017 – ESP to present on OFHP - AG briefing on April 19, 2017 (TBD) - Provide comfort letter to allow OEB to include in May 2017 RPP - April 21, 2017, “pens down” on Legislative drafting - Approval dates: - TB/LRC on May 1 2017; and - Cabinet on May 3, 2017 - Legislation introduced May 4, 2017. - Opposition Briefing (TBD) - Summer 2017 implementation (June/July). OPG preference for July 1 to align with quarter-end

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	the market • OPG to embed OFA/Energy (as necessary) in their ongoing internal discussions • ESPD, IESO and OPG to continue discussions around refining refinancing modelling • OPG /LSB to work through requirements / help draft a shareholder resolution in a form to be determined. OPG to continue to consider requirements for enhanced indemnification for Board member • OPG providing shareholder resolution to OPG Board committee April 7, 2017 and will be provided to Ministry following that IESO: • IESO to work through technical aspects with IT (i.e., operationalizing the back-office functions) • IESO to work with KPMG in the development of a formal opinion once first draft of legislation is available • IESO to discuss LDC issues with OEB OEB: • OEB to continue to work with ENERGY to finalize draft comfort letter regarding May 1 – Regulated Price Plan (RPP) and OESP • OEB to draft RPP communique to be released publicly by April 20, 2017 Legislative Drafting: • LSB / Blakes / OPG / IESO will continue to work through legislative drafting issues • LSB has drafted a letter for the Minister to send to LDCs re: contempt of the Legislature • Working group meetings Monday and Tuesday • ENERGY / Blakes / IESO / OEB / OPG to meet on Monday to work through issues related to legislation • KPMG / E&Y to continue to be informed so that they can eventually confirm we've met all conditions • Blakes / OPG to work through financing issues related to 10% cap	

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	• Blakes / LSB to work with MAG on a second constitutional law opinion from Peter Hogg • TD engaged through OFA to provide financial advice <u>Considerations</u> • OEB-RPP Filing in May 2017. OEB may also be required to set new GA rate for RPP-eligible consumers. • Ongoing legal, accounting and financing risk assessments. • Impact on Electricity Sector Dedicated Income.	
2) Broadening Rural or Remote Rate Protection (RRRP) (SNAP)		
• ENERGY, LSB and LDCs	• Legislation • Regulation (TBD) <u>Recent Action Items</u> • SNAP convened LDC working group on March 23rd and March 24th • SNAP to continue to monitor rate hearings for RRRP LDCs • SNAP to collect billing implementation timeline estimates from LDCs • SNAP working with CSD / TBS on allocation for each program (RRRP, OESP, FN Rate and OREC) without executive control on each <u>Considerations</u> • Consideration of revising definitions of RRRP program for broadening to other LDCs and continue to have current structure in place to provide to existing consumers in Algoma and Remotes. May require separation of RRRP and broader distribution rate protection into separate programs. • Technical/governance structures needed to flow taxpayer money to programs. Need to work with IESO/OEB/MOF. • Work with LDCs to consider any bill messaging.	• Report back to TB/MBC on May 1, 2017 (TBD) • Fall 2017 implementation (per Cabinet Minute)

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3) Expanding Ontario Electricity Support Program (OESP) (SNAP)		
ENERGY, LSB, MCSS and OEB	- Legislation - Regulation <u>Recent Action Items</u> - LRC package for OESP enhancements (50% increase, expanded eligibility) approved by LRC and Cabinet. - Implementation on May 1 to align with OEB decision to end OESP charge on May 1, and to finance program through variance account. - SNAP to continue to work through OESP automatic qualification with MCSS / OEB - SNAP to continue to work with, MOF, OEB and CRA on OESP wet signature - SNAP to work with TBS map out how funds will flow from fiscal plan after legislation passes <u>Considerations</u> - Ministry is working with OEB on how the OESP enhancement will be announced as part of a communications exercise. - Positive progress with OEB on implementation: - OEB has been engaged on implementation timelines for 50% + new eligibility – OEB working with LDCs to ensure systems are upgraded to reflect new credit amounts - Ongoing work with MCSS to auto-enroll those receiving / applying to social programs. Work plan for implementation being developed with OEB support. - As part of legislation / regulatory amendment work, investigating steps required to transition from OESP variance (approx. \$100 million) to finance the program to financing with tax funds. - Technical/governance structures needed to flow taxpayer money to programs. Need to work with IESO/OEB/MOF.	- Report back to TB/MBC on May 1, 2017 (TBD) - LRC on April 10, 2016 - Program in place in 2017 (per Cabinet Minute)

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4) Providing a First Nations On-Reserve Delivery Credit (SNAP)		
ENERGY and LSB	- Legislation - Regulation (TBD) <u>Recent Action Items</u> - SNAP convened LDC working group on March 24th - SNAP to move forward with including COO in FN rate implementation / work through implementation issues. SNAP working to meet with COO to have preliminary discussion of the FNDC - OEB has not posted FN rate report just yet as conversations are ongoing between Ministry on a letter from the Minister to the OEB acknowledging receipt of the report and outlining the plan for implementation <u>Considerations</u> - On-reserve eligibility considerations require discussion with Chiefs of Ontario - Work with LDCs on implementation details that need to be captured in legislation. - Legislation required to have program funded by taxpayers. - Technical/governance structures needed to flow taxpayer money to programs. Need to work with IESO/OEB/MOF. - Work with LDCs to consider any bill messaging.	- Report back to TB/MBC by Spring 2017 with final program details, including performance management framework, and clarifying how the programs aligns with the significant OEB estimate of program costs, from \$13 million to \$20 million - Program in place in 2017 (per Cabinet Minute)

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5) Establishing an Affordability Fund (CRED) ENERGY, IGS, LSB, Blakes, CSD, OPCD, TBS, MOF and H1 (KPMG and Osler)	- TBC/MBC Submission - Declaration of Trust ("Trust Deed") - Transfer Payment Agreement (TPA) - Administrative Services Agreement (H1-Trust) <u>Recent Action Items</u> - March 23 and 24: Trust Deed and TPA executed. - March 30: Funds transferred to Computershare. - April 7, 2017: Briefing for Advisory Committee members <u>Considerations</u> - Legislative changes not required.	April to May 2017: - Advisory Committee recommends Board of Trustees by May 31, 2017; Computershare appoints full Board of Trustees June 2017: - Trustees expected to engage with distributors, IESO, OEB, others, to define funding criteria and processes. June 2017: - Report back to TB/MBC with final program details and a performance management framework including outcome measures and targets Summer 2017: - LDCs begin to apply to the Trust for funds Late 2017/early 2018: - ENERGY can apply for additional funds through 2018-19 PRRT based on performance and need. Trust term can be extended with amended/new TPA if agreed by Trust

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6) Expanding ICI (ESP)		
ENERGY, LSB, IESO and LDCs	- Regulation (amend O.Reg.429/04) - Regulatory Registry (RR) posting <u>Recent Action Items</u> - ESP working to finalize materials for LRC on April 10, 2017 – draft language from leg. Counsel has been shared with ESP staff - Communications finalized TPA with OCC / ESP, CRED and COMMS to consider providing support to CME (outreach with CME ongoing) <u>Considerations</u> - Amendments need to be in effect as much in advance of the consumer notification date as possible to impact electricity bills this year (May 31, 2017). - Ongoing outreach with LDCs being undertaken by IESO	- RR posting on the proposed amendment – posted March 9, 2017 for 30 days - LRC on April 10, 2016 - Report back to TB/MBC on May 1, 2017 - Effective April/May 2017 (TBD)
7) Energy Sector Efficiencies (i.e., Ontario Energy Board and IESO) (SNAP / ESP)		
ENERGY, LSB, OEB and IESO	OEB: - Directive / Letter (TBD) <u>Considerations</u> - Signal efficiencies intent in OEB business plan letter - Work with OEB/LDCs on LTEP document and proposed directive to OEB IESO: - Directive / Letter (TBD) <u>Considerations</u> - IESO's stakeholder engagement re Market Renewal is ongoing.	Continue this work as part of LTEP

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

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11) Engagement with Officers of the Legislature		
ENERGY, MOF/OFA, Financial Accountability Officer (FAO)	Provide FAO staff with a technical briefing on the OFHP	- March 9, 2017: Preliminary discussion - March 14, 2017: Letter received requesting additional information. March 31, 2017, information provided to the FAO
ENERGY, MOF/OFA, Auditor General (AG)	- Provide the AG with a technical briefing on the OFHP <u>Recent Action Items</u> - Provide AG technical briefing presentation used in media lock-up on OFHP in advance of the technical briefing	- March 2017: Cabinet submissions provided to AG - April 19, 2017: Preliminary discussion on (TBD)
12) Bill Presentment (SNAP/LSB)		
ENERGY	- Ministry to begin work on bill presentment <u>Recent Action Items</u> - MO to clarify bill presentment expectations with PO (Bill inserts will be ready for July 1 with bill redesign to occur in the Fall)	Initial discussion on March 31, 2017