Ontario

Ontario's Fair Hydro Plan Working Group

Ontario Ministry of Energy

June 16, 2017

Communications Update

- Bill Inserts for June have been distributed to LDCs who requested
- Potential bill inserts for July have been put on a Ministry site for download – note that these are still subject to regulatory approval. LDCs are responsible for the printing and distribution of inserts from July onwards.
  - Inserts do not need to be separate products; materials could be included in other materials provided to customers (e.g., newsletters).
  - Inserts are not required to be colour.
- The Ministry is preparing additional supporting materials for LDCs, aligning with the program updates tracking for July 1.
- The ontario.ca/FairHydroPlan website will also be updated at that point.

New and Amended Regulations for Fair Hydro Plan

As part of Ontario's Fair Hydro Plan (FHP), the Government has amended a number of existing regulations as well as creating new regulations to support the implementation of the FHP.

Global Adjustment Refinancing

- New Regulation made under the *Ontario Fair Hydro Plan Act, 2017* (OFHPA)
- Amended O. Reg. 280/14 (IESO Eligible Investments and Borrowing) made under the *Electricity Act, 1998* (EA)

Social Programs

- New Regulation (First Nation Delivery Credit) made under the *Ontario Energy Board Act, 1998* (OEBA)
- New Regulation (Distribution Rate Protection) made under the OEBA
- Amended O. Reg. 442/01(Rural or Remote Electricity Rate Protection) made under the OEBA
- Amended the O. Reg 363/16 (General) under the *Ontario Rebate for Electricity Consumers Act, 2016* (ORECA)

Invoicing

- New Regulation (Invoicing Requirements) made under the OFHPA
- Amended O. Reg. 275/04 (Information on Invoices to Certain Classes of Consumers of Electricity) made under the OEBA
- Amended O. Reg. 364/16 (Invoicing Requirements) made under the ORECA
- Amended O. Reg 314/15 (Ontario Electricity Support Program) made under the OEBA

GA Refinancing Regulations

Global Adjustment Refinancing: Status

- On April 20, 2017, the Ontario Energy Board (OEB) released the May 1, 2017 Regulated Price Plan (RPP) rates that included the expected impact of a portion of GA Refinancing.

- On June 14, 2017, Ontario Regulation 195/17 "Fair Adjustment under Part II of the Act", made under the *OFHPA*, was approved.

  - The regulation sets outlines the methodology that the Ontario Energy Board (OEB) will use in applying OFHPA reductions to eligible consumers who participate in the OEB's Regulated Rate Plan (RPP)) and non-regulated consumers who are eligible for GA refinancing under OFHPA. **Note:** LDCs have been emailed a copy of this regulation on June 15, 2017.

  - The OEB will publish new RPP rates that fully reflect the impact of *OFHPA* will be effective as of July 1, 2017.

  - The OEB will also determine the reduction to be applied to eligible non-RPP consumers (including those on retail contracts).

  - Each LDC/Retailer would ensure that its invoices reflect the reductions as soon as possible after IESO publishes the reductions for eligible non-RPP consumers.

  - **Note:** Regardless of when reductions are reflected in consumer's invoices, the reductions are to be applied by LDCs/Retailers to electricity consumer's usage from July 1, 2017.

- In addition, the Ministry is currently in the process of drafting a proposed "General Regulation" to be made under the *OFHPA* which is scheduled for approval later this month.

Social Program Regulations

Amendments to O. Reg. 442/01 *(Rural or Remote Electricity Rate Protection)*

- Recent amendments to Section 79 of the OEBA, as enacted under the Fair Hydro Act, 2017, enables the government to fund RRRP for prescribed customers from funds appropriated from the legislature.
  - Amendments to O. Reg 442/01 establishes that Hydro One would be reimbursed, for the provision of RRRP to its eligible customers, from money provided for through a legislative appropriation.
- Amendments to O. Reg 442/01 remove the annual fixed amount of RRRP funding for Hydro One's R2 consumers, including the escalating factor and replace it with a monthly fixed amount of $60.50 per customer.
  - Prescribing a fixed monthly RRRP benefit maintains the current level of benefit for consumers and simplifies the reconciliation process.
- A portion of the rate protection provided under RRRP will continue to be funded through rates. The OEB is anticipated to re-set the regulatory charge on June 22, 2017 in time for a July 1, 2017 implementation.

New Distribution Rate Protection Regulation

- Section 79.3, under the OEBA expands distribution rate relief beyond RRRP to include consumers in higher-distribution cost LDCs. The new distribution rate protection regulation establish the program's mechanics.
- The OEB will determines the maximum monthly base distribution charge, using criteria outlined in the new regulation, for a prescribed cohort of LDCs.
  - Atikokan Hydro Inc.
  - InnPower Corporation
  - Chapleau Public Utilities Corporation
  - Sioux Lookout Hydro Inc.
  - Northern Ontario Wires Inc.
  - Lakeland Power Distribution Ltd. (Parry Sound Rate Zone)
  - Algoma Power Inc. (residential)
  - Hydro One Networks Inc. (Low & medium density classified customers)
- The OEB will set the maximum charge before July 1, 2017, and each year thereafter. The OEB expects to issue its first order on June 22nd, 2017.
- Program eligibility begins on July 1st, 2017.
- LDCs will not be required to show the distribution rate protection amount on a separate line item. Any benefits will be included as part of the charges under the delivery line.

New First Nations Delivery Credit (FNDC) Regulation

- The FNDC program provides eligible customers with a credit for the full amount of the monthly delivery charge imposed by the LDC.
- The new FNDC regulation defines eligibility for the credit to include all on-reserve residential customers who are members of a band as defined in the *Indian Act* (Canada) and who are accountholders served by a licensed LDC.
- The Ministry of Energy, in collaboration with the Chiefs of Ontario, is developing a communications strategy to ensure the program is made known to Ontario's indigenous communities. Strategies include:
    - FNDC Postcard distributed by LDCs to eligible customers
    - Chiefs of Ontario Communiqué to be sent to all First Nation Chiefs to encourage them to make sure their members are receiving the HST exemption from their LDC
    - Hydro One is undertaking approaches to inform its First Nation customer base about the FNDC and prepare for the increased activity of signing First Nation customers up for the HST exemption.
- Program eligibility begins on July 1st, 2017
- LDCs will be required to show the First Nations Delivery Credit on the bill as a line item appearing directly below the delivery charge line item. However, the regulation does allow for LDCs to seek an exemption if, for technical reasons, an LDC is unable to comply with the bill presentment requirements.

Invoicing Regulations

OFHP Invoicing Requirements

- As of July 1, 2017, new invoicing requirements introduced under the *Ontario Fair Hydro Plan Act*, 2017 will require electricity vendors and unit sub-meter providers (USMPs) to:
  - ✓ include standardized **on-bill OFHP messaging**;
  - ✓ accompany paper invoices with a descriptive **OFHP bill insert** once per quarter, beginning with the first invoice issued on or after July 1, 2017 until the first invoice issued on or after July 1, 2018 (note, seasonal rate class customers only need to receive bill inserts semi-annually); and
  - ✓ include a **"First Nations Delivery Credit"** as a line item on the invoices of on-reserve customers and demonstrate the associated savings, as applicable.
- In anticipation of these new requirements, the Ministry has revoked the **"8% Provincial Rebate"** messaging requirements from invoices and envelopes under O. Reg. 364/16. Note, the requirement to include an 8% provincial rebate line item remains.
- The Ministry has also revoked the requirement under O. Reg. 275/04 to include informational messaging about the **Debt Retirement Charge (DRC)** from invoices as of July 1, 2017. However, the requirement to include a DRC line item (even for charges of $00.00) and a definition in the "Glossary of Terms" remain.
- Under these new and existing regulations, vendors are able to petition the Minister, via a letter, to seek adjustments and/or exemptions from the specified invoicing requirements due to technical and/or operational limitations (e.g., on-bill space constraints).

Questions?