

**Memorandum of Understanding
Relating to the Process for Payment
Under of
Programs Addressed Under the *Fair Hydro Act, 2017*
("MOU")**

Dated: [TBD]

Between:

Her Majesty the Queen in right of Ontario
As represented by the Minister of Energy ("**Ministry**")

And:

Independent Electricity System Operator (the "IESO")

Whereas:

1. The Ministry and the IESO have entered into a Memorandum of Understanding Relating to the Ontario Rebate for Electricity Consumers dated **January 1, 2017** (the "Existing MOU");
2. The Ministry and the IESO wish to enter into a Memorandum of Understanding relating to payments for programs under the Ontario Fair Hydro Plan.
3. Pursuant to subsection 79.4 (6) of the *Ontario Energy Board Act, 1998*, (the "OEBA"), distributors and other prescribed persons or entities are entitled to be compensated for any lost revenue resulting from the provision of on-reserve delivery credits ("FNDC") under section 79.4 of the OEBA;
4. Pursuant to subsection 79 (3) of the OEBA, distributors are entitled to be compensated for lost revenue resulting from rate reductions ("RRRP") provided to rural or remote consumers under subsection 79 (1) of the OEBA;
5. Pursuant to subsection 79.3 (4) of the OEBA, prescribed distributors are entitled to be compensated for lost revenue resulting from the provision of distribution rate protection ("DRP") to distribution rate-protected residential consumers under section 79.3 of the OEBA;
6. Pursuant to subsection 79.2 (10) of the OEBA as set out in section 2 of Schedule 2 of the *Fair Hydro Act, 2017*, which section comes into force on a day to be named by proclamation of the Lieutenant Governor, distributors, unit sub-meter providers and other prescribed persons or entities are entitled to be

compensated for lost revenue resulting from the provision of rate assistance ("OESP Assistance") under the Ontario Electricity Support Program;

7. Reimbursement for FNDC, RRRP, DRP and OESP (collectively "Reimbursement") will flow to the persons or entities entitled to receive it ("Payment Recipients") through the IESO in accordance with the OEBA;
8. Under the OEBA, the IESO will be required to provide the Minister of Energy with information ("Payment Information") about the amount of Reimbursement that the IESO is required to provide for a month (the "Payments") to Payment Recipients.
9. The IESO is required to make the Payments provided for under the OEBA and will receive funds from or on behalf of the Ministry for that purpose, which funds will be paid out of the monies appropriated by the Legislature for that purpose;
10. The Ministry and the IESO wish to enter into this MOU in order to confirm their agreement regarding the terms upon which the IESO will provide the Ministry with the Payment Information, and the Ministry or an entity acting on its behalf will provide the IESO with sufficient funds for it to make the Payments, and the terms which relate to the IESO making the Payments;

Therefore:

The Ministry and the IESO agree as follows:

1. Payment Process

- a) The IESO will provide the Ministry with the Payment Information by giving the Ministry access to a secure IESO portal containing the Payment Information ("IESO Portal"). If required by the IESO, the Ministry will register with the IESO as an IESO program participant in order to have access to the IESO Portal. The IESO will ensure that the Payment Information on the IESO Portal is kept up to date at all times.
- b) On the dates specified in the IESO's Physical Market Settlement Schedule and Payments Calendar, the IESO will issue an invoice to the Ministry ("IESO Invoice") on the IESO Portal, setting out the Payment amount and the associated Payment Information, and a summary report providing the Payment Information for OESP, RRRP, DRP and FNDC Reimbursement as per the Ministry's requirements. The Ministry will continue to have all necessary and full access to its IESO account and other related data in order to participate in and to monitor transactions as necessary.

- c) The Payments will be made by or on behalf of the Ministry to the IESO in accordance with the timelines set out in the IESO Market Rules and IESO Manuals for settlements and billing of market participants, as from time to time. The parties acknowledge that the current timeline is two business days after issuance of the IESO Invoice. The Ministry acknowledges that delay in receipt by the IESO of the amounts necessary to make the Payments may result in a delay in the IESO making the Payments to the Payment Recipients.
- d) The Payments will be made by the IESO to the Payment Recipients, as provided for under the OEBA and the Market Rules, within the time or times provided for in the OEBA and the Market Rules.

2. Reporting Requirements

- a) The IESO will provide to the Ministry and/or its agents such information and reports on the payments made by the IESO to Payment Recipients as may be reasonably required by the Ministry for the proper administration of the OESP, RRRP, DRP and FNDC.
- b) The IESO will keep and maintain all records related to the OESP, RRRP, DRP and FNDC as required by applicable law, and in the case of records contemplated under subsection 79.7(3) of the OEBA until authorization is given under that subsection to destroy those records.
- c) The reporting requirements under this section shall survive any termination of this MOU.

3. Limited Role of the IESO

- a) The IESO will be responsible for collecting the Payment requests from Payment Recipients, and making the Payments required by the OEBA and the Market Rules within the time provided by the OEBA and the Market Rules. For greater clarity, the IESO will not be responsible for auditing or otherwise verifying the correctness of information provided to the IESO by Payment Recipients.
- b) The IESO will also be responsible for collecting and providing the information from the submissions of the IESO's online forms in regards to the *Fair Hydro Act, 2017* to allow the Ministry to verify Payment claims.

4. Review and Termination

- a) The Ministry and the IESO will review this MOU annually.
- b) This MOU may be terminated by either party at any time, on 90 business days notice.

5. No Service Charges

The IESO will not charge the Ministry for registering as an IESO program participant or accessing and using the IESO Portal and use of the IESO Portal, or for the IESO's services or for its disbursements or other expenses incurred under this MOU.

6. Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU, the IESO's contact person is:

Jeannette Briggs, Director – Settlements

Tel: 905-855-6364.

email: jeannette.briggs@ieso.ca

c) As of the date of this MOU, the Ministry's contact person is:

For matters relating to FNDC, RRRP, DRP, or OESP:

Carolyn Calwell, Assistant Deputy Minister, Strategic, Network and
Agency Policy Division

Tel: (416) 212-8392

Email: carolyn.calwell@ontario.ca

d) Either party may designate a different member of its staff as its contact person by providing notice to the other party in accordance with section 7.

7. Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.

b) In the case of the IESO, the addresses for notice are:

Hand Delivery:

Independent Electricity System Operator

1600 – 120 Adelaide Street West

Toronto, ON M5H 1T1

Attention: General Counsel and Corporate Secretary

email: general.counsel@ieso.ca

c) In the case of the Ministry, the addresses for notice are:

For matters relating to FNDC, RRRP, DRP or OESP:

Hand Delivery:

Ministry of Energy, Strategic, Network and Agency Policy Division
6th Floor, 77 Grenville St
Toronto, ON M7A 2C1
Attention: Carolyn Calwell, Assistant Deputy Minister
email: carolyn.calwell@ontario.ca

8. Amendment and Restatement

As of the date first above written, the Existing MOU is and restated in its entirety by this MOU.

9. Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by: _____

Name: Carolyn Calwell
Title: Assistant Deputy Minister, Strategic, Network and Agency Policy Division,
Ministry of Energy

by: _____

Name: Robert Burns
Title: Chief Administrative Officer & Assistant Deputy Minister, Corporate
Services Division, Ministry of Energy

Independent Electricity System Operator

by: _____

Name: Kim Marshall
Title: Vice-President – Corporate Services and Chief Financial Officer