

Implementation of Ontario's Fair Hydro Plan

Week of April 24, 2017

Item	Key Deliverables / Considerations	Timing / Next Steps
1) Refinancing the Global Adjustment (ESP/IGS) ENERGY, LSB, IESO, OPG, OEB, TBS and MOF	- Legislation / Regulations - Ministry has retained Navigant to prepare a report on long lived assets and associated assessment of value, Ministry to work with OPG to ensure alignment with OPG internal report for its Board - 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; - OPG working with the Ministries of Energy and Finance on equity injection mechanics, approvals and valuation approach; and - Ministry of Finance and Energy are working with TD on a non-disclosure agreement <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 the market – IESO/OPG to work together on outstanding issues	- AG briefing on April 19, 2017 (TBD) - April 28, pens down on Legislation - KPMG and E&Y opinions to be provided by May 1 - OPG Board to meet on May 1 for approval (Note: Sub-Committee meetings will occur in advance) - Approval dates: - TB on May 9 2017; and - LRC/Cabinet on May 10, 2017 - Legislation introduced May 11, 2017: - Opposition Briefing (TBD) - Summer 2017 implementation (June/July). OPG preference for July 1 to align with quarter-end

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	regarding OPG cash flows • MOF (IGS) to work through equity injection mechanics and report back next week • 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 letter in a form to be determined. OPG to continue to consider requirements for enhanced indemnification for Board member • OPG provided draft letter to OPG Board sub-committee on April 7, 2017 and provided to Ministry for comment. April 13, 2017, Minister of Energy sent letter to the OPG Chair • OPG to develop note on rationale for 51/49 capital structure of the Trust • OPG to confirm proposed tax status of the Special Purpose Vehicle (SPV) • OPG / OFA to comment / report on overall structure and financibility for TB report back • OPG to draft terms of guarantee to dealers (which will be presented to dealers) IESO: • IESO to work with KPMG in the development of a formal opinion once first draft of legislation is available • IESO to work through technical aspects with IT (i.e., operationalizing the back-office functions) • IESO to discuss LDC issues with OEB • IESO to work with KPMG on IESO recovery mechanism OEB: • OEB working to finalize RPP rates and release by April 20 Legislative Drafting: • LSB / Blakes / OPG / IESO / OEB / Key Ministries will continue to	

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	work through legislative drafting issues including asking dealers about whether a rate class can be named as the backstop in legislation instead of individual ratepayers • LSB has drafted a letter for the Minister to send to LDCs re: contempt of the Legislature. • LSB to circulate legislation for review and comment over the weekend – comments requested by end of day Sunday April 23 • ENERGY / Blakes / IESO / OEB / OPG / Key Ministries to meet on Monday to work through issues related to legislation • Blakes / LSB to work with MAG on any constitutional law issues <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 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 • Ministry to develop briefing note on why LDCs with RRRP continue to track to OEB for rate increases <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	• April 28, pens down on Legislation • Report back to TB/MBC on May 9, 2017 (TBD) • Implementation of expanded program and reduction in RRRP charge is targeted for July 1 2017

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	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.	
3) Expanding Ontario Electricity Support Program (OESP) (SNAP)		
• ENERGY, LSB, MCSS and OEB	• Legislation • Regulation <u>Recent Action Items</u> • SNAP to continue to work through OESP automatic qualification with MCSS / OEB • Legislation to include provision to allow for sharing of data between MCSS and OEB • SNAP to continue to work with, MOF, OEB and CRA on OESP wet signature • OEB decision this week on removing OESP from bill as of May 1. • SNAP to work with TBS to ensure funds flow from fiscal plan as soon as 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 use OESP variance (approx. \$100 million) to reduce current OESP charge to zero and continue funding	• April 28, pens down on Legislation • Report back to TB/MBC on May 9, 2017 (TBD) • Enhanced benefits and removal of OESP charge will take effect in May 2017

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	existing program until tax changes in place. Technical/governance structures needed to flow taxpayer money to programs. Need to work with IESO/OEB/MOF.	
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.	- April 28, pens down on Legislation - Ministry to meet with COO on April 26 regarding FN Rate implementation - 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 - Introduction of FNDC program targeting July 1 2017
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)	April to May 2017: Advisory Committee recommends Board of Trustees by May 31, 2017;

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	<u>Recent Action Items</u> • March 23 and 24: Trust Deed and TPA executed. • March 30: Funds transferred to Computershare. • April 7, 2017: Hydro One letter to Advisory Committee members to schedule next meeting and ask members to start thinking of qualified Trustees • Affordability Fund advisory committee met this week and reached consensus on three LDCs + two social agencies to be represented on Trust Board (Ottawa Carlton UW / Advocacy Centre for Tenants Ontario / Thunder Bay Hydro / Hydro One / Alectra) <u>Considerations</u> • Legislative changes not required.	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
6) Expanding ICI (ESP)		
• ENERGY, LSB, IESO and LDCs	<u>Recent Action Items</u> • Communications finalized TPA with OCC / ESP, CRED and COMMS to consider providing support to CME (outreach with CME ongoing) <u>Considerations</u> • Ongoing outreach with LDCs being undertaken by IESO.	• Report back to TB/MBC on May 9, 2017 • Effective April 2017

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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
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	Report back to TBC/MBC and Cabinet in fall 2017 (Per Cabinet Minute)

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	<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.	
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
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 by March 24, 2017 - March 31, 2017: Ministry submitted responsive materials
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	Preliminary discussion on April 19, 2017 (TBD)

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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) - Ministry to develop deck on bill presentment with high level slides on legislation	Initial discussion on March 31, 2017